BUSINESS AFFAIRS SUB-COUNCIL

July 19, 2011

MINUTES

The meeting began at 9:00 a.m. in the TBR Board Room. Present were Ms. Cynthia Brooks (TSU); Mr. Horace Chase (JSCC); Dr. David Collins (ETSU); Ms. Beth Cooksey (VSCC); Mr. John Cothern (MTSU); Ms. Mary Cross (NaSCC); Mr. Danny Gibbs (RSCC); Mr. Mike Gower (MTSU); Mr. Lowell Hoffman (DSCC); Mr. Ken Horner (CoSCC); Mr. Tim Hurst (APSU); Dr. Rosemary Jackson (WSCC); Ms. Renee Moore (PSCC); Mr. Mitch Robinson (APSU); Mr. Stanley Robinson (STCC); Ms. Jeannie Smith (UOM); Dr. Claire Stinson (TTU); Ms. Tammy Swenson (ChSCC); Ms. Hilda Tunstill (MSCC); Mr. Tommy Wright (ClSCC); Mr. Jeff Young (TTU); Mr. David Zettergren (UOM); Mr. Tom Danford, Ms. Angela Flynn, Ms. Tammy Gourley, Ms. Deanna Hall; Ms. Lisa Hall, Ms. Pat Massey, Ms. Mary Moody, Mr. Dale Sims, Ms. Renee Stewart, Mr. Don Ungurait, and Mr. Bob Wallace (TBR).

The Maxine Smith fellows were recognized as guests attending the meeting.

1. <u>Report of the Committees</u>

A. Internal Audit

Tammy Gourley highlighted the following items from the July 7, 2011 Internal Auditors meeting.

- Presidential Expense Audits

  A sample of presidential expense reports has been selected for audit and the appropriate personnel notified. The reports are due to TBR on October 20, 2011.

- IIA Practice Advisory

  The committee discussed the IIA Practice Advisory and related articles on IT governance assessments. Internal audit will review IT governance structures, policies, and guidelines. An audit program is under development.

- Senate Bill 0750

  The committee discussed the new state statute that describes items that may be considered audit working papers and not subject to open records requests. These items include correspondence and emails.

The Internal Audit Committees minutes were approved.

B. Finance Committee

Dr. Collins highlighted the following issues from the July 6, 2011 Finance Committee meeting.

- Background Checks

  The committee discussed the new background check requirements that were recently passed. The new law states that criminal history background checks must be performed before employment on employees, including Resident Directors and Resident Assistants, who will have access to student rooms or apartments.

  TBR institutions will charge students accounts the $28.50 cost of the background check and then award a scholarship in the same amount. A plan is still being developed to handle the $28.50 cost for employees. Institutions were reminded to forward to Renee Stewart the number of positions not currently background checked that will have background checks required under the new statute.

- Guideline B-070

  The committee discussed the calculation of deferred payment when a student receives financial aid. The current guideline requires that after the financial aid is applied, the student is required to pay 50% of the remaining balance with two equal payments to follow. One institution had recommended that this guideline be revised to include financial aid as a part of the initial 50% required payment. The committee also discussed the possibility of having three equal payments instead of the current payment plan which is the initial payment of 50% with two remaining payments of 25%. There was very little support among BASC members for changing the current guideline. The BASC recommended that institutions wanting to offer a deferred payment plan with a different payment structure request an exception from the Chancellor.

- Discount for Dependent of State Employees and Public School Teachers (Guideline B-061)

  The committee discussed the discount for dependents of state employees and public school teachers. The committee was reminded that the discount only applies to maintenance fees and no other fees.

  Subsequent to the BASC meeting, it was determined that Guideline B-061 erroneously includes technology access fees in the definition of tuition. A revision was proposed and emailed to all BASC members for comment (Attachment A). If no problems are noted with the revision, it will be included on the next Presidents Council agenda for approval.

- Efficiency Plans

  Mr. Sims is developing instructions for the efficiency plans due in September. The instructions will include enough flexibility to ensure that the plan fits the institution. It was noted that the efficiency plans should not be limited to business processes but should consider the institution as a whole.

- Findings and Weaknesses

  The committee was given all findings and weaknesses published since the last quarterly Finance Committee meeting (Attachments B and C). Mr. Sims reminded the committee that the TBR Audit Committee continues to be concerned with the number of audit findings that appear to indicate a lax preparation of financial statements. Last year the financial statement calendar included additional weeks for campus review, yet little improvement was noted in the number of audit findings. This year the due date is two weeks later than normal to allow campuses to build in the appropriate reviews.

- Guideline B-060

  The committee recommended revising Guideline B-060 to state that community colleges will no longer be assessing the graduation fee (Attachment D). Mr. Sims recommended the proposed revision be amended to include an effective date of July 1, 2011.

The Finance Committee minutes were approved with the addition to the proposed revision to Guideline B-060.

C. Human Resources

Ms. Smithson highlighted the following items from the June 29, 2011 Human Resource Officers Committee meeting.

- Guideline P-130

  The HR committee clarified that dependent children can receive the educational assistance benefit for five years after the death or retirement of an employee. There had been some confusion about whether the benefit is available for five years or until the dependent child reaches the age of 26.

- Moving Expenses

  The TBR HR Office will add the appropriate IRS regulations to the moving expenses section of the General Personnel policy.

- Guideline P-080

  The Title VI Compliance Division has stated that Guideline P-080 should be revised to reflect that a Title VI claim must be filed within 180 days instead of the current language of 365 days. The HR Committee is reviewing this guideline for other needed revisions and will bring all revisions forward in the next cycle.

- Return to Work Policy

  The HR Committee is developing a systemwide policy/guideline for returning to work after worker's compensation leave. This policy/guideline is expected to be ready in the next cycle.

The HR Officers minutes were approved.

2. <u>Workforce Training Contact Hours</u>

The committee discussed the issue of which institution will report the workforce training contact hours when one TBR community college contracts with another TBR community college to provide the training. A recommendation was made to follow the precedent established by RODP – the contact hours would be reported by the home institution. Ms. Cooksey did not think that it was appropriate for the provider institution to not report any workforce contact hours, but did not offer an alternative proposal. Mr. Sims requested that all community colleges respond to him within the next two to three weeks either concurring with the proposal or offering an alternative proposal for consideration.

3. <u>Policy 1:03:02:50 Access to and Use of Campus Property and Facilities</u>

Mr. Ungarait discussed the proposed policy and cover sheet (Attachment E). The proposed policy will repeal two current student policies (Student Policies 3:01:10:00 and 3:02:02:00) and replace them with the merged General Policy 1:03:02:50.

A question was raised regarding whether foundations are considered affiliated entities or non-affiliated entities. Mr. Ungarait responded that under the proposed policy a foundation would be a non-affiliated entity.

A motion was made to approve the new policy with the stipulation that any revisions suggested by the other sub-councils come back to the BASC for consideration. The motion passed.

4. Council of Buyers Update

Although the Council of Buyers did not meet this quarter, Ms. Flynn updated the BASC on the following items.

- A pre-proposal conference has been held for the student refund RFP. Several vendors have expressed an intent to propose.

- Ms. Flynn and Ms. Moody are reviewing Guideline G-030 and Policy 4:02:10:00 Purchasing Policies and Procedures for necessary revisions.

- The price increases submitted by the student athletic insurance vendor appear out of line with claims for some TBR institutions. Also, it was noted that the deductibles are not the same for all institutions. Ms. Flynn and Mr. Sims are working with the vendor to obtain explanations and lower costs, where possible. The renewal is due August 1, 2011.

- Mr. Sims reminded institutions to ensure that personnel authorized to sign contracts on behalf of their institutions are aware that indemnification and hold harmless clauses are not allowable. Ms. Moody noted that sometimes these clauses do not use the words “indemnification” or “hold harmless” but state “institution is solely liable for damages”. If anyone is unsure if a clause is allowable, please contact Ms. Moody for advice before signing the contract.

5. New IRS Withholding Requirements

BASC recommended that Tom Danford begin exploring with Sungard whether Banner will be updated to support the new vendor withholding requirements effective January 1, 2013. These new requirements, if not repealed, will require all public institutions to withhold 3% of all vendor payments for goods and services in excess of $10,000. Mr. Danford agreed to speak with Sungard regarding this issue.

The meeting was adjourned at 11:00 a.m.

Attachment A

Subject: Educational Assistance for State Employees and Dependents of State Employees and Public School Teachers

B-061 - Support for Educational Assistance

The Tennessee Board of Regents is committed to the need for the continued professional growth and development of employees. Support for educational assistance of personnel and their dependents is an important vehicle for addressing that need. The programs for TBR employees and dependents are available subject to funds being budgeted and available within the institution/technology center/Central Office. The Office of Human Resources is responsible for the administration of the various programs with the exception of the program for dependents of veterans (B-062) and two programs offered to general state employees and the dependents of licensed teachers and State employees (B-061). Exceptions to the provisions of the programs for TBR employees can be made upon recommendation of the president/director and approval by the Chancellor.

Types of Support for Educational Assistance

The guidelines for Educational Assistance (P-130, P-131, B-061, B-062) contain a total of eleven (11) programs. The Programs in P-130 provide benefits to personnel at TBR institutions, Tennessee Technology Centers and the Central Office to further their formal education. The Program in P-131 provides benefits for dependents of TBR employees. The programs in B-061 provide assistance to state employees and dependents of public school teachers. The programs in B-062 provide assistance to dependents of veterans and to state employees 65 years of age and older. The programs are:

P-130 – **Educational Assistance for TBR Employees**

I. Faculty or Administrative/Professional Staff Grant-in-Aid Program

II. Faculty or Administrative/Professional Staff Tuition or Maintenance Fee Reimbursement Program

III. Employee Audit/Non-credit Program

IV. Clerical and Support Staff Maintenance Fee Payment Program

V. Fee Waiver for TBR/UT System Employees Program (PC 191)

P-131 – Educational Assistance for Spouse and Dependents of TBR Employees

I. Fee Discount for Spouse and/or Dependent Children Program

B-061 – Educational Assistance for State Employees and Dependents of State

Employees or Public School Teachers

I. Public Higher Education Fee Waiver for State Employees Program

II. Fee Discount for Dependent Children of Licensed Public School Teachers or State Employees Program

B-062 – Other Educational Assistance Programs

I. Veterans' Dependents' Post-Secondary Education Program

II. Age 65 or Above Program

Complete eligibility information is contained within each Guideline.

Taxation of Educational Assistance Programs

Undergraduate and graduate course tuition, up to $5250 per year, paid by the Tennessee Board of Regents institutions and the University of Tennessee System for their employees is eligible for exclusion from the employees' gross annual income, in accordance with Internal Revenue code (IRC) Section 127.

I. Public Higher Education Fee Waiver for State Employees Program

(This fee waiver program is for general state employees exclusive of TBR and UT system employees.)

These rules implement the provisions of the T.C.A. § 8-50-1. The Code enables full-time employees of the State of Tennessee to be eligible for enrollment in one course per term at any State supported college or university or Tennessee technology center without paying tuition charges, maintenance fees, debt service fees, student activity fees, technology access fees, RODP on-line course fee**,** or registration fees. Employees are responsible for special course fees, books and supplies, application fees, applied music fees, lab fees, off-campus facilities fees, parking fees and traffic fines.

Pursuant to T.C.A. § 10-5-101 et seq., employees of the State's regional library system became employees of the Department of State, effective July 1, 1999. As such, they became eligible to participate in the State's educational assistance programs. In addition, effective September 8, 1999, the Tennessee Higher Education Commission determined that Human Resource Agency employees are not State employees as that term is defined in the Commission's rules governing these programs and thus are not eligible for fee waivers.

Course enrollment will be permitted on a "space available" first-come-first served basis. State employees may register no earlier than four (4) weeks prior to the first day of classes. No tuition paying student shall be denied enrollment in a course because of state employee enrollments pursuant to this section.

State employees must receive credit for the course in which they are enrolled. In addition, changes may not be made from credit to audit during the course of the term. Other guidelines and procedures for administration of this program are printed on the reverse side of the Request for Public Higher Education Fee Waiver for Employees of the State of Tennessee form. These forms are available from the Tennessee Higher Education Commission.

II. Fee Discount for Dependents of Licensed Public School Teachers or State Employees Program

These rules implement the provisions of T.C.A. § 49-7-101 et seq. and § 8-50-101 et seq. The Codes enable children under the age of twenty-four (24) to receive a twenty-five percent (25%) discount on tuition at any state operated institution of higher learning if their parent: (1) is employed as a full-time licensed teacher in any public school in Tennessee or as a full-time employee of the state of Tennessee, (2) is a retired employee of the state of Tennessee who retired after a minimum of twenty-five (25) years of full-time creditable service, (3) was killed in the line of duty while a full-time employee of the state of Tennessee, or (4) died while a full-time employee, though not "in the line of duty."

Tuition includes undergraduate maintenance fees~~,~~ **and** technology center program fees~~, and technology access fees~~; it does not include application for admission fees, student activity fees, debt service fees, lab fees, applied music fees, books and supplies, dormitory charges or meal plans.

Other guidelines and procedures for administration of this program are printed on the reverse side of the Request for Public Higher Education Fee Discount for Dependents of Certified Public School Teachers form. These forms are available from the Tennessee Higher Education Commission.

Source: Presidents Meeting, February 7, 2006; Presidents Meeting, November 6, 2006; President Meeting, May 15, 2007; Presidents Meeting November 6, 2007.

Tennessee Board of Regents
Audit Committee
June 7, 2011
Review of Comptroller's Office Audit Reports
Financial and Compliance Audits—Finding Reported

Institution	For the Years Ended	Fairness of Financial Statement Presentation	Report on Internal Control	Report on Compliance	Findings
Tennessee State University	June 30, 2010	Unqualified Opinion	One finding identified as a material weakness	No instances of noncompliance required to be reported	1

Finding – As noted in the prior audits, the university and foundation did not ensure that amounts were properly reported in the financial statements and accompanying notes to the financial statements

The audit noted that management did address many of the issues from the prior audit report related to the incorrect journal entries and certain notes. However, it indicated that neither the Associate Vice President of Business and Finance nor the Fiscal Accounts Manager for the foundation ensured that the financial statements and the accompanying notes were free of material misstatements.

Errors in the preparation of the foundation's financial statements and notes

- Cash Flow Statement Errors – Maturities from the sales and maturities of investments were understated by $452,311, while purchases of investments were overstated by $162,079, creating an overstatement in income on investments of $290,232. A communication failure caused a transfer from one foundation account to another to be treated as a cash receipt resulting in an additional overstatement of income on investments of $70,407 for a total overstatement of income on investments of $360,640.
- Errors in the Notes to the Financial Statements – The failure to classify funds of $1,289,362 properly from one money market fund account and cash of $139,525 created misstatements in the investment securities schedule and the credit risk disclosure note. These errors resulted in an overstatement to cash and cash equivalents in bank accounts, an understatement in cash in money market accounts and the $70,407 overstatement of investment income. |

Errors in the preparation of the university's notes to the financial statements

- The disclosure of debt service requirements to maturity for the university's TSSBA bonds were overstated for the years 2021–2025 and 2026–2030 and understated by the same amount for the years 2031–2032 because debt service reserves were deducted from the wrong year for presentation.
- The Voluntary Buyout Program note contained multiple errors. Expenses for severance payments were stated at $1,446,814 as of June 30, 2010, but had been paid by September 30, 2009. Because of incorrect calculations, expenses for the payout of accrued annual leave in the note were understated $49,271.

These errors were corrected in the audited financial statements.

Management's Comment – Management concurred with the finding, stating that all errors but the one regarding a foundation cash receipt error were related only to financial presentation and not to the amounts from the accounting system and that action has been taken to address each of the issues noted. Management indicated additional steps including periodic meetings with staff and evaluation of investment classifications, a pre-closing review process, updating the year-end checklist and specific assignment of responsibilities for statement and note preparation.

Internal Audit Follow-Up: A follow-up audit on this finding will be reported to the Audit Committee in a subsequent meeting.

FINDING AND RECOMMENDATION

As noted in the prior audits, the university and foundation did not ensure that amounts were properly reported in the financial statements and accompanying notes to the financial statements

Finding

Our audit of the financial statements of Tennessee State University—including its foundation, which is a discretely presented component unit of the university—discovered various reporting errors.

As stated in the prior audit reports, neither the Associate Vice President of Business and Finance nor the Fiscal Accounts Manager ensured that the financial statements and the accompanying notes to the financial statements were free of material misstatement. Although management did address many of the issues from the prior audit report related to the incorrect journal entries and certain notes, we still noted several financial reporting errors in the 2010 financial report.

ERRORS IN THE PREPARATION OF THE FOUNDATION'S FINANCIAL STATEMENTS AND NOTES

The responsibility for financial reporting for the foundation is split between the Associate Vice President of Business and Finance and the Fiscal Accounts Manager for the foundation, who is an employee of the university's Development Office.

Cash Flow Statement Errors

The Fiscal Accounts Manager excluded $452,311.13 of maturities from the sales and maturities of investments on the cash flows statement, causing the line to be understated. Also, purchases of investments were overstated by $162,079.19 on the cash flows statements. These combined changes create an overstatement in the income on investments of $290,231.94. The Statement of Cash Flows was corrected.

Along with these changes, a communication failure between the Fiscal Accounts Manager and a Financial Analyst created a cash receipt totaling $70,407.15 to be included as Income on Investments. This entry should have been a transfer from one foundation account to another, therefore increasing the total overstatement of Income on Investments to $360,640.68. The financial statements were corrected.

Errors in the Notes to the Financial Statements

The Fiscal Accounts Manager for the foundation excluded the funds totaling $1,289,362.30 from one money market fund account from the investment maturities schedule for the Notes to the Financial Statements. In addition, cash of $139,524.84 was incorrectly included as money market accounts, making the necessary net change an increase of money market accounts by $1,149,837.46 and an increase to savings accounts by $139,524.84. The note was corrected.

As a result of the error in the preceding paragraph, cash and cash equivalents in bank accounts were overstated by $1,220,244.61, and cash in money market accounts was understated by $1,149,837.46. The difference between these two amounts is the $70,407.15 incorrectly included as investment income (as stated above). The notes were corrected accordingly.

According to Governmental Accounting Standards Board Statement 40, *Deposit and Investment Risk Disclosures,* Paragaph 7, money market funds are considered debt investments and therefore should be included in the credit risk disclosure. The Fiscal Accounts Manager for the foundation did not consider these funds as debt investments and did not include money market funds totaling $1,289,362.30 in the credit risk disclosure. The note was corrected.

ERRORS IN THE PREPARATION OF THE UNIVERSITY'S NOTES TO THE FINANCIAL STATEMENTS

In addition to the errors involving the foundation, we also noted errors within the financial statements and notes to the financial statements for the university itself. According to the Associate Vice President for Business and Finance, he, the Assistant Director of Finance and Accounting, and the Associate Director of Finance and Accounting gather information from individuals in the business office, prepare certain portions of the notes to the financial statements, and ask each other to review their work. The errors noted are described below.

As discussed in Note 7, the Tennessee State School Bond Authority has issued bonds that the university must repay. For certain bond issuances, a debt service reserve was established. The liabilities for these issuances are shown net of these reserve proceeds. In addition, in the debt service requirements schedule in the note, the reserves should be considered in the final year of maturity for that particular issuance. Instead of reducing the years corresponding with the issuance's maturity, the Associate Vice President of Business and Finance deducted all reserves from the final year of maturity for all outstanding TSU debt. As a result, the amount scheduled to mature between 2021 and 2025 was overstated by $471,141.97; the amount scheduled to mature between 2026 and 2030 was overstated by $59,331.59; and the amount scheduled to mature between 2031 and 2032 was understated by $530,473.56. The note was corrected accordingly.

The Voluntary Buyout Program note (Note 19) contained multiple errors. The note stated that $1,446,814.12 in expenses for severance payments was accrued at June 30, 2010; however, these expenses were paid in full by September 30, 2009. In addition, the Assistant Director of Budget and Travel incorrectly calculated the disclosure of expenses for payout of accrued annual leave, compensatory time, worked holidays, and tuition assistance for the Voluntary Buyout Plan in this note. The employer portions of certain taxes were calculated correctly on the employees' buyout checks but were not calculated correctly for the note disclosure. Additionally, one of the two accrued leave accounts was omitted from the calculation. The total understatement of Expenses for Payout of Accrued Annual Leave in the note was $49,270.66. The note was corrected.

CONCLUSION

In summary, these reporting errors resulted in significant misstatements on the university and foundation's financial statements, as well as their note disclosures. Better cooperation and communication between financial statement preparers along with an improved review process could have prevented these reporting errors.

Recommendation

The Vice President of Business and Finance and the Vice President for Development should ensure that communication and cooperation between these departments improve and that information necessary for the compilation of the financial statements and notes is completed timely to facilitate a proper review.

The Vice President of Business and Finance should ensure that all accounting staff seek technical advice when instructions or tasks are not understood. They should carefully and thoughtfully review the financial statements and related notes. The Vice President of Business and Finance should ensure that the amounts reported in the financial ledgers are accurate, that all notes to the financial statements are accurate at year-end and in agreement with the respective amounts in the financial statements, and that all financial reporting is done in accordance with generally accepted accounting principles. The President and Vice President of Business and Finance should assign specific staff the responsibility of monitoring the processes for preparing year-end entries and, ultimately, the financial statements and related notes, to mitigate the risk of material misstatement in the financial statements.

The Vice President of Business and Finance should ensure that steps are taken to improve coordination among all staff and management involved in all aspects of preparing the financial statements and notes. Management should continue to evaluate risks and include them in documented risk assessment activities.

Management should ensure that staff who are responsible for the design and implementation of internal controls to adequately mitigate those risks and to prevent and detect exceptions in a timely manner are continually evaluating those controls. Management should ensure that staff who are responsible for ongoing monitoring for compliance with all requirements are indeed monitoring and taking prompt action when exceptions occur. All controls and control activities, including monitoring, should be adequately documented.

Management's Comment

Management concurs with this finding. With the exception of the one foundation cash receipt error, the issues noted were related only to the financial presentation and not to the amounts from the accounting system. Action has been taken to address each of the issues noted in this presentation.

The Associate Vice president for Business and Finance will have periodic meetings with the Fiscal Accounting Manager and Executive Director of the foundation for reviewing various aspects of financial reporting. Investment transactions included in the various investment statements will be reviewed, categorized, and documented as to how they should be reported on the foundation's Statement of Cash Flows. The Executive Director of the foundation will ensure that supporting documentation for the foundation statements prepared by the Fiscal Accounting Manager and the completed notes are submitted to the Associate Vice President for Business and Finance by the end of the third week of July.

For fiscal year 2011 and forward, a pre-closing will be conducted following the closing of the month of April to identify potential classification errors.

For the university's notes, the Tennessee State School Bond Authority note has been added to the year-end checklist to ensure reserves are deducted from the proper maturity date. The Voluntary Buyout Program was a one-time event and the note therefore will not be included in future statements.

The Vice President for Business and Finance has assigned specific staff the responsibility of monitoring the year-end process, including preparing the financial statements and related notes. We recognize that errors may occur, and during year-end closing and reporting for future periods, everything practicable will be done to ensure that items are displayed properly in the unaudited financial statements. However, given the limited time allowed to close the fiscal year and complete the unaudited statements, the possibility of undectected errors and mistakes cannot be completely eliminated.

Management will continue to evaluate risks and include them in documented risk assessment activities. The university is very cognizant of the risks involved with financial reporting and remains committed to the establishment of internal controls necessary to minimize these risks.

Tennessee Board of Regents
Audit Committee
June 7, 2011
Review of Comptroller's Office Audit Reports
Financial and Compliance Audits—Finding Reported

Institution	For the Years Ended	Fairness of Financial Statement Presentation	Report on Internal Control	Report on Compliance	Findings
Roane State Community College Foundation	June 30, 2008 and June 30, 2009	Unqualified Opinion	One finding identified as a material weakness	No instances of noncompliance required to be reported	1

Finding – The foundation did not ensure that the disclosures in the notes to the financial statements were complete

Foundation financial accounting and reporting are the responsibility of the Foundation Coordinator and the Vice President, both employees of the college. Neither employee was aware of certain disclosure changes for endowments required by Financial Accounting Standards Board (FASB) standards, resulting in material misstatements to the financial statements. The college did include all the required disclosures in its financial report (under the standards of the Governmental Accounting Standards Board) for the fiscal year ended June 30, 2009, and the disclosures were revised in this report in accordance with FASB guidelines.

Each year the Tennessee Board of Regents Central Office sends instructions for preparation of the financial statements to the state's colleges and universities. A template provided for the component unit note in the college's report included the new disclosure changes, and if followed by the Vice President and the Foundation Coordinator, the omission could have been avoided.

The audit referred to management's May 2007, risk assessment of Accounting and Financial Reporting, which included the risk of inaccurate or untimely financial reporting for the college and foundation. To mitigate this risk, management identified monitoring all aspects of financial operations. However, their monitoring failed to detect the material misstatements in the notes of the foundation, which could ultimately lead to improper financial decisions for the foundation.

Management's Comment – Roane State foundation management concurred with this finding, indicating the omissions occurred due to a misunderstanding of the new requirements. They indicated the template from TBR will be reviewed and evaluated for inclusion in the FASB statements in the future. Management will continue to evaluate risks and include them in documented risk assessments.

Internal Audit Follow-Up: A follow-up audit on this finding will be reported to the Audit Committee in a subsequent meeting.

Finding and Recommendation

<u>The foundation did not ensure that the disclosures in the notes to the financial statements were complete</u>

Finding

Our audit of the financial statements and accompanying notes to the financial statements of the Roane State Community College Foundation found that the endowment disclosures in the notes to the financial statements were not complete. The foundation is a discretely presented component unit of Roane State Community College. The responsibility for financial reporting for the foundation is split between the Foundation Coordinator and the Vice President, who serves as the executive director of the foundation, both of whom are employees of the college.

Roane State Community College reports under standards of the Governmental Accounting Standards Board (GASB), while Roane State Community College Foundation reports under standards of the Financial Accounting Standards Board (FASB). The scope of our audit includes only the foundation's FASB financial statements and notes. As a component unit of the college, the foundation also prepares GASB statements and notes that are included in the college's financial report.

More detailed information on the omission is presented below.

FASB Staff Position Number FAS 117-1, Paragraph 11, states:

> At a minimum, an organization shall disclose the following information for each period for which the organization presents financial statements:
>
> a. A description of the governing board's interpretation of the law(s) that underlies the organization's net asset classification of donor-restricted endowment funds.
>
> b. A description of the organization's policy(ies) for the appropriation of endowment assets for expenditure (its endowment spending policy[ies]).
>
> c. A description of the organization's endowment investment policies. The description shall include the organization's return objectives and risk parameters; how those objectives relate to the organization's endowment spending policy(ies); and the strategies employed for achieving those objectives.
>
> d. The composition of the organization's endowment by net asset class at the end of the period, in total and by type of endowment fund, showing donor-restricted endowment funds separately from board-designated endowment funds.

e. A reconciliation of the beginning and ending balance of the organization's endowment, in total and by net asset class, including, at a minimum, the following line items (as applicable): investment return, separated into investment income (for example, interest, dividends, rents) and net appreciation or depreciation of investments; contributions; amounts appropriated for expenditure; reclassifications; and other changes.

Based on discussion with the Foundation Coordinator, neither she nor the Vice President was aware of the disclosure changes described above. As a result, the foundation's financial report did not include any of the required disclosures described above, and the foundation's notes to the financial statements were materially misstated. The college did include all the required disclosures in its financial report for the fiscal year ended June 30, 2009, and the disclosures were revised in this report in accordance with FASB guidelines.

Each year the Tennessee Board of Regents (TBR) Central Office sends instructions for preparation of the financial statements to the state's colleges and universities. The instructions include templates for the notes to the financial statements. The template for the component unit note in the college's report included the new endowments disclosures required by FAS 117-1. If the Vice President and the Foundation Coordinator had reviewed and updated the foundation's financial report based on the guidance received from TBR, this omission could have been avoided.

In May 2007, Roane State Community College management completed the Accounting and Financial Reporting section of the college's risk assessment. The foundation is included in the risk assessment of the college. The college identified inaccurate or untimely financial reporting as a medium impact, medium probability of occurrence risk of financial management. Management's intention is to mitigate this risk by monitoring all aspects of financial operations. However, their monitoring failed to detect material misstatements of the notes of the foundation. Incomplete financial statement notes could ultimately lead to improper financial decisions for the foundation.

Recommendation

The Vice President and the Foundation Coordinator should ensure all required note disclosures are included in the foundation's financial report. The Vice President and the Foundation Coordinator should obtain a copy of the annual instructions and notes template for colleges and universities from the TBR Central Office, review the instructions and notes, and ensure the foundation's financial report includes the appropriate disclosures.

Management should continue to evaluate risks and include them in documented risk assessments. Management should ensure that staff who are responsible for the design and implementation of internal controls to adequately mitigate those risks and to prevent and detect exception timely are continually evaluating those controls. Management should ensure that staff are monitoring and taking prompt action should exceptions occur. All controls and control activities, including monitoring, should be adequately documented.

Management's Comment

Roane State Foundation Management concurs with this finding. Although all required information was included in the component unit section of the Roane State Community College financial statements, the information was omitted from the Foundation notes. This was due to a misunderstanding of the new requirements. In the future, the template from TBR will be reviewed and evaluated for inclusion in the FASB statements. Management will continue to evaluate risks and include them in documented risk assessments. Staff will continually monitor controls and take prompt action should exceptions occur.

Tennessee Board of Regents
Audit Committee
June 7, 2011
Review of Comptroller's Office Audit Reports
Financial and Compliance Audits—Finding Reported

Institution	For the Years Ended	Fairness of Financial Statement Presentation	Report on Internal Control	Report on Compliance	Findings
Roane State Community College	June 30, 2008 and June 30, 2009	Unqualified Opinion	One finding identified as a material weakness	No instances of noncompliance required to be reported	1

Finding – RSCC needs improved review procedures to prevent errors in the preparation of the college's financial statements

The audit identified a significant misstatement in the classification of expenses on the financial statements caused by a coding error in the college's accounting system. The absence of an adequate review of accounts within the accounting system to combine for purposes of financial reporting allowed this misstatement to occur.

- Expenses for "Utilities, supplies, and other services" on the Statement of Revenues, Expenses, and Changes in Net Assets were overstated for the years ended June 30, 2009, and June 30, 2008. Expenses for "Scholarship and fellowships" were understated by the same amount.
- These same transactions were also misstated on the Statement of Cash Flows and in the Notes to the Financial Statements.

These errors were corrected in the audited financial statements.

Management's Comment – Management concurred and stated that beginning immediately, the Assistant Vice President for Fiscal and Auxiliary Services and the Director of Accounting Services will maintain a list of all accounting changes as may be required by accounting standards or TBR for review by the Director of Accounting Services prior to the preparation of the annual financial report. The Assistant Vice President for Fiscal and Auxiliary Services will closely review these areas when performing the final review of the financial reports for accuracy. Management also stated that although an error was made, the error had no impact on the net operating income (loss) or on the net assets reported in the financial statements.

Internal Audit Follow-Up: A follow-up audit on this finding will be reported to the Audit Committee in a subsequent meeting.

Finding and Recommendation

Roane State Community College needs improved review procedures to prevent errors in the preparation of the college's financial statements

Finding

Our audit of the financial statements of Roane State Community College found a significant misstatement in classification of expenses on the financial statements. The misstatement was caused by a coding error in the college's accounting system. The absence of an adequate review of which accounts within the accounting system are combined for purposes of financial reporting allowed this misstatement to occur.

Expenses for "Utilities, supplies, and other services" on the Statement of Revenues, Expenses, and Changes in Net Assets were overstated by $3,645,627 and $3,396,716 for the years ended June 30, 2009, and June 30, 2008, respectively. Expenses for "Scholarships and fellowships" were understated by the same amounts. These same transactions were also misstated on the Statement of Cash Flows and in the Notes to the Financial Statements. These errors were corrected in the audited financial statements.

After being informed of the misstatement, the Assistant Vice President for Fiscal and Auxiliary Services established new account codes configured to properly report student financial assistance payments as expenses for scholarships and fellowships.

Recommendation

The Assistant Vice President for Fiscal and Auxiliary Services and the Director of Accounting Services should ensure that general ledger accounts are appropriately combined by the accounting system for financial reporting purposes. As changes in the financial reporting requirements are identified, as might result from new accounting standards, account code configurations should be reviewed and modified as needed to ensure the system is accumulating and reporting data as intended.

Management's Comment

We concur with the finding and the recommendation. Beginning immediately, the Assistant Vice President for Fiscal and Auxiliary Services and the Director of Accounting Services will maintain a list of all accounting changes as may be required by GASB reporting standards or Tennessee Board of Regents to be reviewed by the Director of Accounting Services prior to the preparation of the annual financial report to ensure compliance in reporting. The Assistant Vice President for Fiscal and Auxiliary Services will closely review these areas when performing the review of the financial reports as a final review for accuracy. We would like to note that although an error was made, the error had no impact on the net operating income (loss) or on the net assets as reported in the financial statements.

Tennessee Board of Regents
Audit Committee
June 7, 2011
Review of Comptroller's Office Audit Reports
Financial and Compliance Audits—No Findings Reported

Institution	For the Years Ended	Fairness of Financial Statement Presentation	Report on Internal Control	Report on Compliance	Findings
Austin Peay State University	June 30, 2009	Unqualified Opinion	No material weaknesses identified	No instances of noncompliance required to be reported	0
East Tennessee State University	June 30, 2010	Unqualified Opinion	No material weaknesses identified	No instances of noncompliance required to be reported	0
Middle Tennessee State University	June 30, 2010	Unqualified Opinion	No material weaknesses identified	No instances of noncompliance required to be reported	0
Tennessee State University - Endowment for Educational Excellence	June 30, 2010	Unqualified Opinion	No material weaknesses identified	No instances of noncompliance required to be reported	0
University of Memphis	June 30, 2010	Unqualified Opinion	No material weaknesses identified	No instances of noncompliance required to be reported	0
Northeast State Community College *	June 30, 2009 and June 30, 2008	Unqualified Opinion	No material weaknesses identified	No instances of noncompliance required to be reported	0

* The Observations and Comments section of this report referenced an internal audit performed on the relationship between Northeast State Community College and the Northeast State Community College Foundation. It identified three areas requiring corrective action: 1) a clinical affiliation agreement that may not be in the best interest of the school and students; 2) improper handling of a $1,000,000 gift to the foundation, and; 3) misrepresentation of grant revenues.

Austin Peay State University
Items Discussed at the Field Exit
Not Addressed in the Audit Report
For the Fiscal Year Ended June 30, 2009

NOTES TO THE FINANCIAL STATEMENTS

1. Unsupported Amount in Pledged Revenues Note

The amount of $3,022,185.38 reported as principal and interest paid for the fiscal year in the pledged revenues note (Note 10) was not properly supported. Management could not provide the support for that amount. The Director of Accounting Services stated that the correct amount should be the total of bonds and notes retired and interest from Schedule 9 or Appendix VI. Based on our discussions with the Director of Accounting Services and review of the related schedule and appendix, we determined that the correct amount was $2,628,064.71, a difference of $394,120.67. We corrected the note for our audit report.

> *Response: This note and related information was specifically discussed during the year-end process with the Director of Accounting Services. The information presented in the notes was reviewed as carefully and to the extent possible in the allotted time. During year-end closing and reporting, everything practicable will be done to ensure that items are displayed properly in the unaudited financial statements and the related notes. However, given the time allowed to close the fiscal year, and complete the unaudited statements, and the related notes, the possibility of undetected errors and mistakes cannot be completely eliminated.*

ACCOUNTS RECEIVABLE

1. Overstatement of Student Accounts Receivable

Student accounts receivable was overstated by $300,366.83 on the statement of net assets. This error was detected by the Bursar when performing an accounts receivable reconciliation in February 2010. This error occurred because when the Bursar was performing the June 30, 2009, receivables reconciliation between Banner and the accounts receivable TZRARSA report, she added student accounts receivable of $302,721.63 and the student accounts receivable offset account of ($2,354.80) to E&G Student Receivables even though the student accounts receivable amount was already recorded in Auxiliary Student Receivables. The TZRARSA report did not include the offset account. The Bursar did not realize at the time that the related account number for Student Accounts Receivable was present in both the E&G and Auxiliary Funds. We made an audit adjustment to correct the student accounts receivable balance for our audit report.

> *Response: As noted, this was discovered and corrected by the current Bursar. The mistake was made due to new staff and unfamiliarity with higher education fund structure. Timely reconciliations, training, on-going discussion, and reviews have been put in place to help prevent this error. During year-end closing and reporting, everything practicable will be done to ensure that items are displayed properly in the unaudited financial statements.*

Austin Peay State University
Items Discussed at the Field Exit
Not Addressed in the Audit Report
For the Fiscal Year Ended June 30, 2009

2. Supporting Documentation Not Maintained for Pledges Receivable

As we noted in a prior audit finding, pledges were not written off from the accounting records in a timely manner and proper supporting documentation was not maintained for pledges receivable. We noted the following problems related to pledges receivable

- Based on our review of the pledges write-off listing that we obtained, 451 of 522 (86%) of pledges were not written off timely from the accounting records. The Prospect Research Manager in University Advancement did not remove pledges that went beyond 365 days. During the prior audit, we had noted that there were no policies or procedures in place to periodically monitor the pledges receivable to determine which amounts should be written off. We had stated in our prior audit finding that 365 days was a reasonable period to use in determining if a pledge receivable was uncollectible and should be written off. According to University Advancement's Office Policy, which was developed during fiscal year 2010 after management became aware of the prior audit finding, "Any pledge below $99 may be removed after 365 days." The University Advancement office has currently developed a policy to review these files on an annual basis and at year-end to determine what amounts should be written-down. The office has also developed written procedures to monitor the accounts that are deemed uncollectible. We noted, per our discussions with the Assistant Vice-President for Finance, that pledges receivable are presented "net" of the allowance account on the financial statements. At year-end, as noted based on our review of the year-end pledges listing and the fiscal year 2009 pledges aging report, any pledge more than 365 days outstanding was included in the allowance account and considered 100% uncollectible.

- We had noted in the prior audit finding that due to space limitations in the University Advancement Office, documentation was only maintained for the previous two phonathons and all other documentation was destroyed. Phonathons are held in the spring and fall of each year. For 6 of 8 (75%) pledges receivable that we tested for the fiscal year ended June 30, 2009, pledges receivable documentation, which included phonathon pledges and regular pledges, was unavailable for our review. Based on our discussion with the Director of University Advancement, the University Advancement office had started keeping records of phonathon pledges for the current semester and the prior two fiscal years. We noted that all pledges where documentation was unavailable were for pledges prior to the fall of 2008. Also, the Prospect Research Manager in University Advancement was not keeping supporting documents of regular pledges. The Prospect Research Manager stated that this was due to space limitations.

Austin Peay State University
Items Discussed at the Field Exit
Not Addressed in the Audit Report
For the Fiscal Year Ended June 30, 2009

In the prior audit finding that management received on October 28, 2009, management agreed in their response to follow the Tennessee Board of Regents record retention policy. Based on our discussion with the Executive Director of University Advancement, the Office of University Advancement will start keeping the supporting documents for "regular pledges" as well as "phonathon" pledges for 3 years after the pledge date. This 3 year statue will mirror the Tennessee Board of Regents' record retention policy *Guideline G-70 Subject: Disposal of Records* - RDA 2161:I - BUSINESS RECORDS. That guideline states, "In addition, prior to disposal or destruction, these business records must have been subject to the completion of an annual or bi-annual audit conducted by the State Audit Division of the Comptroller's Office as required in [*Tennessee Code Annotated,* Section] 4-3-304. . . .'Completion' includes the issuance of the final audit report and the resolution of any audit exceptions or questions arising from the audit."

Since management has developed an office policy concerning the write-off of uncollectible pledges receivable and since management is now maintaining support for phonathon pledges for a period longer than just the prior two phonathons, this portion of the prior audit finding will not be repeated. As documented above, the financial statements were not impacted by the lack of a timely write-off due to the use of an allowance account.

> *Response: The University Advancement Office continues to follow University Advancement's policy, which indicates, "Any pledge below $99 may be removed after 365 days". Current University Advancement policy is followed as these files are reviewed on an annual basis and at year-end to determine what amounts should be written-down. Accounts that are deemed uncollectible are monitored as indicated in office policy.*
>
> *University Advancement policy maintains supporting documentation for "regular pledges" as well as "phonathon" pledges for three years after the pledge date. This 3 year statute mirrors the Tennessee Board of Regents' record retention policy Guideline G-70 Subject: Disposal of Records – RDA 2161:1 – BUSINESS RECORDS.*

NCAA AGREED-UPON PROCEDURES

1. Corporate Sponsorships Incomplete

Sponsorships are reported on Line 12 - "Royalties, Licensing, Advertisements, and Sponsorships" of the NCAA Statement of Revenues and Expenses. We compared the corporate agreements on file to the Banner gifts-in-kind listing of sponsorship revenue obtained from University Advancement. The Banner gifts-in-kind listing reported non-program specific corporate sponsorships received of $322,420. However, the corporate agreements we reviewed only totaled $140,022, a difference of $182,398. We noted the following problems when performing this comparison

- The amounts on many of the agreements did not match what was recorded on the Banner gifts-in-kind listing. Also, no amount was listed on the agreement for a sponsor who gave $49,200;
- Some of the amounts recorded on the gifts-in-kind listing did not have corresponding agreements;
- Some of the agreements were not signed;
- Some of the agreements reviewed did not refer to sponsorship revenue in the agreement, but rather only to cash promises, which would be recorded separately as contributions; and
- The Advancement office is not being consistent in the support they are using and maintaining to record information in the general ledger.

The Executive Director of University Advancement stated that there are cases where a sponsor will agree to a sponsorship and not follow through. He also stated that there are cases where a sponsor is unwilling to sign an agreement. He stated that in those cases, no agreement is completed. We also noted cases where an agreement was typed but not signed. Through our discussions with both the Technical Clerk and Office Manager in University Advancement, we determined that the support used to record information in the general ledger was not consistent. In some cases, the amounts came directly from the agreements. Other items were recorded based on emails and/or listings from the sponsor or other Austin Peay State University (APSU) personnel, including the Sports Information Director, the baseball coach, and the Director of Public Relations.

We met with the Executive Director of University Advancement on April 12, 2010, and made the following recommendations:

- All follow up conversations with corporate sponsors should be documented. The related documentation should be maintained, preferably in the sponsor's file or another suitable location decided upon by Advancement and/or Athletics.

- An agreement needs to be completed for all sponsors, including cases where the sponsor is unwilling to sign the agreement.

- For any amounts that are recorded in Advancement based on information from other APSU personnel or the sponsor, the Executive Director should ensure that related support should be reviewed by Advancement personnel to ensure that the information being reported to them is correct. Copies of the related support should be maintained for audit purposes.

The Executive Director agreed to work on implementing these recommendations. During the prior audit, we reported similar problems and many others related to pledges and contributions in a finding. Due to the overall improvement made by management in these areas, the finding was not repeated.

Response: A staffing change has been made in this area of responsibility. Since, July 1, 2010, the following changes have been put into effect.

- *Agreements were reviewed, to ensure that the services APSU promised the Partner had been completed.*
- *A full review of signage on the fields and inside the Dunn Center was made to ensure we had signed agreements with Partners where a sign was displayed. Several signs were removed, and we have attained agreements with many Partners that had signs, and were providing services to the Athletic Department, but had no agreement on file.*
- *The Athletics Administrative Assistant is keeping all copies of the contracts in a binder in the Athletic Department. The Assistant is also responsible for billing the partners and monitoring the Gift in Kind sections of the agreements. Only one agreement exists where the partner agreed to but would not sign the agreement. A notation was placed on the contract that indicated this and signed by appropriate staff in University Development.*
- *In the case of one Sponsor, additional support is provided for the university outside of Athletics that is considered a gift, which accounts for the agreement not matching in athletics. Process will be evaluated to correct the confusion.*

2. Other Revenues Overstated

On the NCAA Statement of Revenues and Expenses, "Total Operating Revenues" were overstated by $192,372. The Athletics Compliance Coordinator incorrectly used the amount of $7,459,360 from the Athletic Revenues and Expenditures Supplemental Schedule 5 as "Total Operating Revenues." This amount from the Supplemental Schedule 5 included endowment income, which was already included on line 14 of the NCAA Statement of Revenue and Expenses. The Athletics Compliance Coordinator should have used the amount of $7,266,988 for "Total Operating Revenues." This total included all athletic revenues recorded in the general ledger as well as the general fund support that was received. Since the wrong amount was used for "Total Operating Revenues," this caused the "Non-Program Specific Other Revenue" amount to be incorrect as well, since the Coordinator backed into this number by using "Total Operating Revenues" as the basis for the calculation. We adjusted the NCAA Statement of Revenues and Expenses to correct this error.

Response: During the year-end process, the specific line item relating to "Total Operating Revenues" was discussed with the Athletic Compliance Coordinator to ensure this error was corrected. The information presented in the report was *reviewed as carefully and to the extent possible as time allowed. During year-end closing and reporting, everything practicable will be done to ensure that items are displayed properly in the NCAA Statement of Revenues and Expenses. However, given the time allowed to close the fiscal year, and complete the unaudited statements, and the related notes, the possibility of undetected errors and mistakes cannot be completely eliminated.*

EAST TENNESSEE STATE UNIVERSITY
LIST OF ITEMS DISCUSSED AT THE FIELD EXIT CONFERENCE
NOT ADDRESSED IN THE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2010

Compliance Testwork

One of 25 students tested in federal financial aid eligibility testwork for the 2010 fiscal year was found to have been overawarded by $690.76. The student received a Subsidized Stafford Student Loan of $1,949 for the Fall 2009 semester and a Subsidized Stafford Student Loan of $1,949 for the Spring 2010 semester. The students' unmet need was $3,207.24. The student was therefore overwarded by $690.76. The overaward was corrected by the Assistant Director of Financial Aid when she was informed by the auditors.

Management's Comments

Management concurs. The error was corrected when identified. The Assistant Director of Financial Aid has conducted training with her staff to ensure an overaward does not occur in the future.

MIDDLE TENNESSEE STATE UNIVERSITY
Responses to Items Discussed at the Field Exit Conference
Not Included in the Audit Report
Fiscal Year End June 30, 2010

RECEIVABLES

1. The Manager of Grants and Contracts understated grants receivables by $26,234.88 because two invoices were not properly recorded at fiscal year-end. The invoices for fiscal year 2010 were received by the grants office in the same pile as invoices for fiscal year 2011, and were overlooked as fiscal year 2010 invoices.

   Response: *The Business Office has contacted this grant department and stressed the importance of both 1) sending over invoices at year end promptly and 2) clearly identifying payment requests by grant year. As usual, accounts payable staff will review invoices closely for determining the proper fiscal year for payment.*

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SEFA)

2. The Grants Fiscal Director misstated several titles on the Schedule of Federal Assistance (SEFA). Those misstatements include:

   - The Oral History Project for Congaree National Park (CESU) program on the SEFA should have been reported as Ethnographic Oral History Interviews.
   - The ARRA-Education and Human Resources program on the SEFA should have been reported as ARRA-Trans-NSF Recovery Act Research Support.
   - The Office of Science Financial Assistance Program on the SEFA should have been reported as Load-Balancing for Leadership Class Computers and Scalable System Software.
   - The Aerobic Decomposition - Alternative Method for Managing Large Scale Animal Fatalities program should have been reported as Aerobic Decomposition - Research.
   - The Chronic Diseases: Research, Control, and Prevention program should have been reported as Assistance Programs for Chronic Disease Prevention and Control.
   - The other identifying number for the Grants for Agricultural Research, Special Research Grants program was not correct and should have been reported as 2009-38907-20003.

   The Manager of Grants and Contracts prepared a corrected copy of the SEFA to submit to the Department of Finance & Administration.

   Response: *An additional step will be added to the preparation of the SEFA where staff will download the CFDA descriptions from the CFDA website prior to submission. An Excel command function will be used to lookup the CFDA numbers on our report and replace the description on our report with the description from the website. All other information will be verified closely with the information we have obtained for each award.*

THE UNIVERSITY OF MEMPHIS

University Response to Items Discussed At the Field Exit Conference
Not Included in the Audit Report
Reported by Division of State Audit for the Year Ended June 30, 2010

FINANCIAL STATEMENTS

1. The university has not developed a formal written disaster recovery plan. The Information Technology Division is developing a new plan to reflect both the changes to Banner and in the disaster recovery environment. The Director of Enterprise Infrastructure Services hoped to test the plan in 2010 and complete it in 2011. As of December 16, 2010, the university had not tested the plan. They have successfully tested disk-to-disk backups offsite at the alternate processing site in Nashville. The Director stated that they have also been able to successfully recover data from backup tapes for Banner HR and Banner Finance. While the actual procedures in place do appear adequate, the university needs to document the procedures in writing.

UNIVERSITY RESPONSE

We concur with this weakness. The completed Information Technology Division Disaster Preparedness and Recovery plan was provided to the University Coordinator of Emergency Preparedness on January 21, 2011. The plan will be reviewed and updated as additional phases of the plan are completed and as testing identifies areas for improvement. The testing results of the Disaster Preparedness and Recovery Plan were provided to the University Coordinator of Emergency Preparedness and to University Internal Audit on February 17, 2011. Testing will continue as additional phases of the plan are completed and/or as tools and resources change.

INVESTMENTS

2. The university extended the contract between the university and New South Management for investment advisory services expired on December 31, 2009. The parties signed an extension from January 1 to June 30, 2010 and a new contract effective July 1, 2010 to June 30, 2015. Neither the university nor New South Management could locate a copy of the extension agreement. We were unable to confirm that a contract existed for the period 1/1/2010 to 6/30/2010, but we did observe a copy of the new contract.

UNIVERSITY RESPONSE

We concur with this weakness. In the future, contracts and contract extensions will be scanned and electronically saved on the Finance Department's shared network in addition to the paper document that is maintained in the Finance Office.

EXPENSES

3. In order to support the allocation of utilities, supplies, and other services expenses of $77,725,338.54 reported in the Statement of Revenues, Expenses, Changes in Net Assets to the functional classification of expenses presented in the expense note, the Financial Reporting Manager had to make an adjustment of $1,645,456.11 to fully allocate other operating expenses. She prepared an adjusting entry to eliminate total departmental revenues and total departmental expenses. However, she stated that she could not match inter-departmental revenues and expenses by function. Inter-departmental revenues and the corresponding inter-

departmental expenses may not be budgeted to the same function. The Financial Reporting Manager should consider discussing this matter with the fiscal staff at other universities.

UNIVERSITY RESPONSE

The University is exploring alternative approaches to preparing the financial statement note disclosure to report expenditures by natural classifications with functional classifications, including discussions with other TBR institutions. The need for an allocation in future years will be minimized to the greatest extent possible.

NCAA

4. The Administrative Assistant I reported numerous transactions in the incorrect category on the NCAA Statement of Revenues and Expenses.

Men's basketball
A guarantee paid was included in the other expenses category rather than in the guarantees paid category.

Medical supplies were included in the other expenses category but should have been in the medical expenses/insurance category.

Membership dues were included in the other expenses category but should have been in the membership dues category.

Expenses for maintenance repairs were included in the other expenses category but should have been in the direct facilities category.

Interest income that was classified under men's basketball was actually interest income for the women's basketball program.

Football
Expenses for team or group instate travel were shown in the other expenses category rather than the team travel category.

Medical supplies were shown in the other expenses category rather than the medical expenses/insurance category.

Women's basketball
Guarantees received for a women's basketball game were shown in the non-program specific column.

Interest earned for women's basketball was incorrectly shown in men's basketball.

Membership dues were included in the guarantees paid category rather than the membership dues category.

Olympic sports
In women's golf, expenses for equipment maintenance, building maintenance, maintenance of grounds, and other maintenance and repairs were shown in athletic scholarship category rather than in the direct facilities category.

Northeast State Community College
List of Items Discussed at the Field Exit Conference
Not Addressed in the Audit Report
Division of State Audit
May 11, 2011

1. On the college's 2009 Statement of revenues, expenses, and changes in net assets the Business Manager overstated student tuition and fees by $450,000 and overstated scholarships and fellowships by $450,000. A transposition error was made in the year-end scholarship discount and allowance entry.

   Management's Response:
   We concur. In the future, a reconciliation will be done to insure no transposition errors are made concerning the scholarship discount and allowance entry.

2. In note 4, in the college's 2008 financial report, the Business Manager misclassified "Business and Industry accounts receivable" (account 13310) totaling $16,538.50 as student accounts receivable rather than other receivables.

   Management's Response:
   We concur. In the future, the Business Manager will classify this receivable as a nonstudent receivable.

Tennessee Board of Regents

OFFICE OF GENERAL COUNSEL
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MEMORANDUM

TO: Dale Sims
Vice Chancellor
Business & Finance

Dr. Paula Myrick Short
Vice Chancellor
Academic Affairs

FROM: Christine Modisher CM
General Counsel

Donald R. Ungurait DU
Assistant General Counsel

DATE: July 12, 2011

RE: Approval for proposed new TBR Policy No. 1:03:02:50 Policy on Access to and Use of Campus Property and Facilities

Approval for deletion of TBR System-wide APA Rule No. 0240-01-01, Use of Campus Property and Facilities; as well as TBR Student Policies No. 3:01:10:00, Off Campus Speakers; and 3:02:02:00 Use of Campus Property and Facilities

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BACKGROUND INFORMATION:

The Business Officers, Academic Affairs, Student Affairs, and Faculty Sub-Councils will be asked to recommend approval of proposed new TBR General Policy No. 1:03:02:50 Policy on Access to and Use of Campus Property and Facilities. They are also asked to recommend repeal of TBR APA Rule No. 0240-01-01, Use of Campus Property and Facilities; as well as TBR Student Policies No. 3:01:10:00, Off Campus Speakers; and 3:02:02:00 Use of Campus Property and Facilities. A copy of the proposed new TBR

Policy, No. 1:03:02:50, Policy on Access to and Use of Campus Property and Facilities is attached. The following summarizes the highlights of the proposed policy:

Rationale

- Move of policy to more logical place under Governance.
- Revision and consolidation of rule/policies that have not been reviewed or substantially revised in more than twenty (20) years.
- Enhances government efficiency and responsiveness to changed circumstances.
- Reflects evolution in law.
- Addresses recent access issues.

Section I. Purpose

- Provides clear statement that TBR facilities/property are not open for access/use by the general public unless specifically designated for such use/access and where same will not disrupt primary educational function of the institution.
- Directs TBR institutions to implement policies consistent with TBR requirement and subject to TBR approval

Section II. Definitions

- Provides definitions regarding terms essential to Policy
- Modifies definition of "Affiliated Group or Organization", includes only officially recognized student groups. Excludes reference to "faculty groups" or "employee groups" because no TBR institution has a process for recognizing such groups.
- Faculty, staff, and individual students retain right to apply for use/access as "affiliated individuals"

Section III. Access To Campuses & Use Of Property/Facilities

A. Access to Facilities & Prioritized Users

- Directs TBR Institutions to establish a process & standards for groups/individuals to apply to have access/use of campus property/facilities.
- Provides that unaffiliated entities may have access to facilities or space if sponsored or invited by an affiliated entity.
- Provides that short term leases with affiliated/unaffiliated entities, may be permitted.
- Provides a specific instruction for institutions to specifically identify at least one (1) external space/facility on campus where unaffiliated entities may request access/use on their own.
- Directs institutions to establish a priority system for access/use of campus property/facilities. Highest priority always reserved for academic/administrative purposes.

B. Geographic Locations & Buildings

- Provides specific instruction for institution to designate the spaces and facilities that are available for use by affiliated entities.
- Provides a specific instruction that any facility or space not so designated is not available for use/access other than by the institution.
- Directs institutions to identify certain activities and/or time periods for which requests for access/use will not be permitted/granted.
- Directs institutions to identify buildings/facilities that are available for short term rent, e.g. auditoriums, athletic facilities, theatres, etc.

C. Application & Permitting Process

- Applications for use to be filed in writing at least five (5) days in advance of requested use.
- Directs institutions to identify person(s)/office(s) where applications will be filed.
- Approval/denial with written reasons. Electronic posting permitted. Burden on requester to obtain.
- Denials based on stated policy reasons applied ***in viewpoint neutral*** manner.
- Provides non-exclusive list of valid ***viewpoint neutral*** reasons for denial of applications.

D. General Conditions for Use of Property or Facilities

- Provides a non-exclusive, *viewpoint neutral*, list of rules governing access/use of campus facilities.

E. Certain Facilities, Fees, and Costs

- Provides that institutions may charge to recover certain fees/costs associated with certain uses if a schedule of such fees and the types of facilities and/or events to which they apply are published in advance.
- Requires ***viewpoint neutral*** application.

F. Insurance/Indemnity

- All users required to indemnify/hold harmless the institution.
- Provides that institutions may require liability insurance for users, associated with certain uses if a schedule of facilities and/or events to which they apply are published in advance.

G. Distribution of Leaflets, Literature, Pamphlets, Etc. - Commercial Use/Solicitation Prohibited

- Prohibits for-profit commercial solicitation on campus.
- Provides that non-commercial distribution of literature or solicitations only through application per this policy. Limits areas for distribution.

Draft

<u>For Discussion Only</u>

Policy 1:03:02:50

Subject: Policy on Access to and Use of Campus Property and Facilities

I. PURPOSE

The purpose of this policy is to provide a uniform basis upon which the Universities, Community Colleges, and Technology Centers governed by the Tennessee Board of Regents ("TBR" or "the Board") can regulate and facilitate the use of campus property and facilities. It is intended to operate consistent with each institution's educational purpose and mission, through the implementation of reasonable, content/viewpoint neutral regulations. This policy, and all campus policies developed in compliance with the policy, shall be implemented and construed so as to ensure no undue disruption of that mission, promote an educational atmosphere on campus; prevent commercial exploitation of students; preserve residential tranquility; and prevent use of campus property and facilities contrary to federal, state or local law, regulation, or the rules and policies of the TBR, the institutions, and schools.

In establishing this policy, and the related institutional policies, the TBR recognizes the importance to the educational process and environment for persons affiliated with the respective institutions including officially recognized student organizations and other groups to have reasonable access to, and use of, the educational facilities on their respective campuses, to hear various views. Simultaneously, the TBR also makes clear that its facilities and that of its constituent institutions are not open public forums, but are instead intended solely for use consistent with the advancement and orderly administration of its educational mission for the benefit of its students, staff, and affiliated entities. As such, TBR Institutions do not ordinarily make its buildings or other facilities available to outside individuals or outside groups. Exceptions may be made only if the proposed use is consistent with this policy and institutional policy and mission.

All TBR Institutions shall implement policies governing access to and/or use of their specific property and facilities consistent with the provisions of the policy set forth here, and below, subject to prior review and approval by the TBR.

II. DEFINITIONS

For the purposes of these regulations, the following definitions shall apply:

(1) "Affiliated Entities" - an officially registered student, student group or <u>student</u> organization.

(2) "Affiliated Individuals" - persons officially connected with the institution including students, faculty, and staff.

(3) "Non-affiliated Entities" - any person, group, or organization which is not an "affiliated entity or individual."

(4) "Non-affiliated Individual" - Any person who is not an "affiliated individual".

(5) "Student" - a person who is currently registered for a credit course or courses, non-credit course or program at the institution, including any such person during any period which follows the end of an academic period which the student has completed until the last day for registration for the next succeeding regular academic period.

III. ACCESS TO CAMPUSES & USE OF PROPERTY/FACILITIES

A. Access to Facilities & Prioritized Users

1. Access to and use of campuses, facilities, and property of TBR institutions and schools is restricted to the institution, institutional administration for official functions, affiliated individuals/entities, and invited or sponsored guests of the institutions or schools except as specifically provided by this policy, institutional policy, or when part or all of a campus, its buildings or facilities are open to the general public for a designated time and purpose.
2. Institutional policies shall set forth the process, and requirements, pursuant to which designated campus properties and/or facilities may be accessed for other than official institutional use. Such policies shall be consistent with the requirements set forth in this policy and will be subject to prior review and approval by the TBR.
3. Institutions may designate certain facilities as available for rent to the general public in relation to one (1) time only events and/or for short term, intermittent, and/or repeat use pursuant to this policy, where the length/frequency of occupancy, use of campus facilities, or the nature of a particular building, facility or property or a particular purpose makes such agreements appropriate. Institutional policies shall set forth the process, and requirements, pursuant to which designated campus properties and/or facilities may be rented at market rates. Institutional policies shall specify that **rent** agreements with non-affiliated entities not engaged in a business relationship with the institution are only permitted on a short term, temporary, basis. Such agreements shall 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 for the facility/space. Agreements for any period for which the institution effectively cedes occupancy or control of any institution property for the duration of the lease are not covered by this policy and will be executed subject to appropriate TBR policies and guidelines governing the lease of TBR or institutional property, including, but not limited to, TBR Policy No. 1:03:02:10 and TBR Guideline B-026.
4. Access/Use of campus property or facilities, other than for those scheduled for official institutional, administrative and/or normal educational purposes, shall be through a process of application, review, and administrative approval as established by institutional policy consistent with this policy.

5. Institutional policies shall identify a person(s) and/or office(s) where application for use of campus facilities or property may be filed.
6. Institutional policies shall set forth the priority to be applied to individuals or groups applying to use campus facilities and/or property, consistent with institutional mission(s). Such provisions shall address, at minimum, the relative priority of applications made by affiliated entities/individuals as well as unaffiliated entities/persons (where permitted). Highest priority shall always be given to administrative and educational uses.
7. Institutional policies may permit affiliated entities to obtain permission for the repeated use of a particular campus facility or space to conduct regular meetings using campus facilities or property without requiring repeated application and approval for each occurrence of the event if the meetings are limited to members of the organization.
8. Institutional policies may authorize faculty and/or affiliated entities to extend invitations to uncompensated, unaffiliated guest speakers for regular class sessions and/or meetings, without prior application as set forth in this policy where attendance at the class session or meeting will be limited to members of the class or affiliated entity and where no fee or compensation from state funds will be paid to the speaker.
9. Institutional policies shall require that access to or use of campus facilities or property by affiliated entities and affiliated individuals for an event other than a regular meeting of its membership that will include an invited guest speaker and/or be open to persons outside group membership must be made through the procedures set forth in the institutional policy, established pursuant to this policy. The sponsoring entity will be responsible for the conduct of both the speaker and non-affiliated guests at the event as well as for compliance with all laws, TBR and campus rules or policies while present on campus or using campus facilities or property. An application for such access or use of campus facilities or property must clearly set forth the identities of both the affiliated individual/entity filing/sponsoring the application as well as the non-affiliated entity being sponsored. The application will be subject to the same procedures and regulations applicable to all applications for use of campus facilities.
10. Institutional policy may permit non-affiliated entities/individuals, conditioned on sponsorship by an affiliated entity or individual, to apply for use of, or access to, locations on campus specifically identified in institutional policy.
11. Institutional policy shall identify one (1) or more areas or facilities on campus for which non-affiliated entities/individuals, may apply for use or access individually, without sponsorship from an affiliated individual/entity. Such applications shall be limited to those locations on campus specifically identified in institutional policy for access/use by unaffiliated individuals/entities. Such applications shall be subject to the same procedures and requirements.
12. Institutional policies shall specify that, in all cases where an application for access or use of campus facilities or property is approved, such use will be subject to the execution of an appropriate written agreement regarding the conditions applicable to the approved access/use, which shall include, but not be limited to, the terms and conditions set forth in this policy.

Institutions may utilize differing forms of agreement appropriate for the nature of the entity seeking access/use, or the nature of the event or facility associated with the access/use.

13. Institutional policy shall permit access to and use of facilities consistent with the requirements of T.C.A. §8-50-1001. Institutions may require that meetings, or other gatherings, conducted pursuant to this statutory provision be subject to an application for use pursuant to this policy, for the sole purpose of ensuring that administrative, educational, and/or workplace functions are not interrupted. Institutional policy may permit repeated access, pursuant to this provision, without repeated application.

B. Geographic Locations & Buildings

1. Institutional policies shall establish and identify specific buildings and/or other areas of campus that will be made available for use by affiliated entities/individuals. Where certain buildings or areas of campus, are available for use by affiliated entities/individuals, but not for unaffiliated entities/individuals, institutional policy will so specify. Highest priority for use of institutional buildings, facilities, and/or property shall always be reserved for administrative and educational uses.
2. Where appropriate, institutional policy shall identify certain categories of events or uses of campus facilities or property that will be limited to specific facilities or locations appropriate for the nature of the activity, e.g., concerts, athletic events, theatrical presentations, etc.
3. Institutional policies shall specify, where appropriate, dates, times, periods in an academic term, etc., when identified facilities shall not be available for use/access pursuant to the requirements of this policy and/or institutional policy.
4. Institutional policies shall provide that buildings, facilities, and/or property, not specifically identified as available for use are specifically unavailable for use other than for normal administrative or educational purposes.
5. Institutional policies shall identify specific facilities, e.g. athletic facilities, auditoriums, theater buildings, etc., if any, that are available for lease or rental at market rates. Such use shall be subject to application, approval, and an appropriate written lease or rental agreement, pursuant to the institutional policy established in compliance with this policy.

C. Application & Permitting Process - The policies and procedures related to the application for access/use of campus property/facilities shall include the following:

1. Institutional policies shall require that all application(s) for access to, or use of, campus facilities or property must be submitted in writing at least five (5) working days in advance of the proposed use (excluding weekends and holidays) to the appropriate location/official at the institution. Where an application for a proposed outside speaker involves payment of a total fee and/or expenses in excess of $2,500.00 from institutional funds, the request must be

submitted at least twenty (20) working days prior to the date of the proposed speaking engagement.

2. Institutional policies shall permit Presidents, the Vice Chancellor for Technology Centers, or their designees, to approve applications for registration filed less than five (5) working days, twenty (20) days in the case of a speaker paid from institutional or school funds, before the event, if it is determined that the use of property requested can be reasonably accommodated and that adequate cause exists for late filing of the application for registration. Approval of late applications shall be within the sole discretion of the official designated in the institutional policy. The decision of such official will be final.
3. Institutional policies shall provide for written notice of approval or disapproval of the application for use of campus property or facilities. Such notice shall be provided to the applicant within a reasonable time from the date an application is submitted.
4. Institutional policies shall provide that, at minimum, notices of approval/disapproval will be made available at the office of the designated campus official. Institutional policies may provide for additional forms of notice, e.g., electronic delivery. It shall be the responsibility of the applicant to obtain notice of the approval or denial of any application submitted pursuant to this policy.
5. Institutional policies shall require that notices of disapproval shall include a statement of the basis for disapproval.
6. Institutional policies shall provide that any denial of a request to access/use campus facilities and/or property shall be based solely on factors related to reasonable regulations in light of the institution's mission and the nature of the facility or property requested and rendered in a content/viewpoint neutral manner.
7. Institutional policies shall publish a list of the various considerations potentially leading to a denial of an application. Such list shall include, at minimum, the following:
    (a) The property or facilities have been previously reserved by another group, organization or individual with equal or higher priority,
    (b) Frequency of previous use during an academic period in comparison to that of a contemporaneous applicant,
    (c) Use of the property or facilities requested would be impractical due to scheduled usage prior to or following the requested use, or due to other extenuating circumstances,
    (d) The applicant or sponsor of the activity has not provided accurate or complete information required on the application for registration,
    (e) The applicant or sponsor of the activity has been responsible for violation of institutional policy during a previously registered use of campus property or facilities,
    (f) The applicant has previously violated any conditions or assurances specified in a previous registration application,

(g) The facility or property requested has not been designated as available for use for the time/date

(h) The anticipated size or attendance for the event will exceed building/fire codes, established safety standards, and/or the physical or other limitations for the facility or property requested,

(i) The activity is of such nature or duration that it cannot reasonably be accommodated in the particular facility or area for which application is made,

(j) A determination that the size and/or location of the requested use would cause substantial disruption or interference with the normal activities of the institution, the educational use of other facilities or services on campus or the flow of vehicular or pedestrian traffic,

(k) The activity conflicts with existing contractual obligations of the institution,

(l) The activity presents a clear and present danger for physical harm, coercion, intimidation, or other invasion of lawful rights of the institution's officials, faculty members, or students, the damage or destruction, or seizure and subversion, of the institution's or school's buildings, other property, or for other campus disorder of a violent or destructive nature. In determining the existence of a clear and present danger, the responsible official may consider all relevant factors,

(m) A determination that the requested use would be contrary to local, state, or federal law, regulation, or the policies or regulations of the Board of Regents, or the institution.

8. The office(s)/official(s) at each institution responsible for receiving and processing applications for use of campus facilities or property pursuant to this policy shall maintain a copy of the institutional policy for inspection by groups, organizations, and individuals interested in the use of campus property and/or facilities and shall provide a copy of such policy upon request.

D. General Conditions for Use of Property or Facilities

Institutional policies shall set forth the policies and conditions governing activities conducted pursuant to approved applications for access to or use of campus facilities or property. Policies established at the institutional level will be limited to those that reflect reasonable regulations in light of the institution's mission and the nature of the facility or property requested. Such policies will be enforced uniformly to all uses of campus facilities and/or property in a content/viewpoint neutral manner. Violation of, or failure to comply with, the requirements set forth in this policy or institutional policy may result in the immediate revocation of previously granted approval for access/use of campus facilities or property. Institutional policies shall include, at a minimum, the following:

1. Where applicable, institutional policies shall state limitations as to the number of persons who may attend in accordance with appropriate building and fire codes and safety standards applicable to particular facility and/or property at issue,
2. Institutional policies shall require compliance with regulations, policies or rules for the conduct of assemblies, meetings and demonstrations as a condition for use/access to campus facilities and/or property,
3. Institutional policies shall specify that sound amplification equipment may be used only when prior approval has been requested and granted by the appropriate official taking into account the institution's mission and the nature of the facility or property requested, location, time of day, etc.
4. Institutional policies shall specify the conditions applicable to the use of institution equipment in connection with the use of campus property and/or facilities, the required approvals as well as whether any additional agreements, leases or costs shall be associated with such use,
5. Institutional policies shall specify that all groups, organizations and individuals, by making application for registration of an activity and by subsequent use after approval by the institution, agree to indemnify the institution and hold it harmless from any and all liabilities arising out of such use of the property and/or facilities of the institution, including, but not limited to, personal injury, property damage, court costs and attorney's fees.
6. Institutional policies shall specify that all persons operating motor vehicles in conjunction with an approved use/access of campus facilities and/or property shall be subject to institution, and TBR rules, regulations, policies and procedures regarding traffic and parking.
7. Institutional policies shall specify that users of facilities or property and/or their sponsor(s) are responsible for all activities associated with the event.
8. Institutional policies shall specify that use of the requested facility and/or property shall be limited to the declared purpose in the application for use/access to campus facilities and/or property.
9. Institutional policies shall specify that access to, or use of, campus facilities and/or shall not be permitted overnight unless specifically requested and approved pursuant to the requirements of this policy and institutional policy. Such use shall be limited to the specific time and location set forth in the notice of approval/ registration document.
10. Institutional policies shall specify that all persons on the campus of any institution in conjunction with an approved application for use/access, shall provide adequate identification upon request to appropriate officials and security personnel of the institution. Persons or groups who refuse to provide such identification may be subject to immediate removal from campus and/or disciplinary action. In appropriate circumstances, such persons may become subject to arrest and/or prosecution.
11. Institutional policies shall specify that the institution shall have the right to terminate the use of campus facilities or property by any group, organization or individual which violates any provision of this policy, Institutional policy, local, state, or federal law or regulation.

E. Certain Facilities, Fees, and Costs

Institutional policies may establish a system of required fees or charges for specific costs and/or services (e.g., maintenance, janitorial, utilities, and/or security) related to the nature and uses of particular facilities and/or locations on campus as well as the anticipated event size or attendance for any use of campus facilities and/or property. Where such fees or costs are established, the fee/cost schedule, facilities and/or event/crowd size to which they apply shall be set forth in the institutional policy and applied to all similar uses on a content/viewpoint neutral basis. Payment of such fees/costs in advance of an event, if required, shall be stated clearly in the institutional policy.

F. Insurance/Indemnity

1. Institutional policies shall require that individuals/entities using institutional facilities pursuant to this policy indemnify the institution and shall further set forth the circumstances and uses where the institution will require:
   a. Adequate bond or other security for damage to the property or facilities;
   b. Personal injury and property damage insurance coverage;
   c. A performance bond or insurance guaranteeing or insuring performance of its obligations under the contract; and/or
   d. Other types of insurance in such amounts as are designated by the institution
2. Institutional policy shall identify specific facilities, uses, or events for which bond, security, and/or liability insurance will be required. In setting its policy, institutions may consider, the nature and uses of particular facilities and/or locations on campus ,and the anticipated event size or attendance for any use of campus facilities and/or property. Buildings, locations or events, for which bond, security, and/or liability insurance will be required shall be set forth clearly in the institutional policy. Proof of compliance with this provision may be required in advance of an event. This provision shall be applied and enforced in a content/viewpoint neutral manner

G. Distribution Of Leaflets, Literature, Pamphlets, Etc. - Commercial Use/Solicitation Prohibited

1. Schools and institutions may establish locations where the sale or distribution of literature associated with an approved application for access or use of campus property or facilities may be allowed.
2. Institutional policies shall specify that literature and/or advertisements may only be sold or distributed in conjunction with an approved application for use of campus facilities. Requests to distribute or sell literature shall be included with the underlying application to use campus facilities and/or property, using the same form utilized for use of campus facilities or property. Such applications shall be evaluated by the same standards established under this policy for the associated use/access of campus facilities and/or property.
3. Institutional policies however, shall not permit such activity within:

a. Classroom, library or other academic buildings or facilities;
b. Administrative and employee offices and work areas; or,
c. Student residence halls, dormitories or apartment buildings.

4. Institutional policies may permit the distribution or sale of literature, non-commercial solicitations, or advertising in designated locations within the lobbies or other general use areas of the above buildings or other campus facilities designated for the placement of literature for distribution or sale.
5. Institutional policies shall provide that any literature which is distributed or sold and any advertisement shall comply with all applicable local, state, and, federal laws and regulations, as well as the rules and policies of the institution, and TBR.
6. Institutional policies shall specify that no obscene literature or material, as defined by law, shall be distributed on any property owned or used by a TBR institution.
7. Institutional policies shall specify that campus property and facilities may not be used by any non-affiliated entity/individual for the conduct of profit-making activities except when engaged in a business relationship, pursuant to a contract, with the institution and/or when a rental or lease agreement is in place specifically for such temporary purpose.

H. Miscellaneous

1. Bulletin Boards/Posting

a. Institutional policies may permit the establishment of bulletin boards or approved areas for posting for specific uses and/or entities,

b. Institutional policies may identify individual boards/areas and specify or limit the authorized uses and/or entities for such boards/areas as well as the types of materials which may be posted on a board or area, the maximum size and duration of any notice, and any other special conditions on use,

c. Such limits shall be conspicuously posted on each board or posting area, and shall control the use of the board when posted,

d. Institutional policies may require prior approval for the use of any or all bulletin boards or posting areas on campus, and if required, the name of the official authorized to approve use of the board shall be posted on the board. Use of a board may be denied on the basis of one or more of the following:

(i) The person or group is not authorized to use the board in question;

(ii) The material is not the type authorized for the board in question, or fails to meet any special conditions as posted on the board;

(iii) The material is obscene or otherwise violates any federal or state law or regulation of the institution; or

(iv) There is insufficient space available for the material on the board in question due to the previous posting of other materials,

c. Institutional policy shall provide that areas not specifically identified and/or authorized for posting are not available for such purpose for any individual or entity, whether affiliated or unaffiliated,

d. Exceptions to this policy can be made upon approval of the Chancellor of the TBR.

2. Food/Catering Policies

   a. Institutions may establish a food/catering policy to be utilized in conjunction with approved use of campus facilities and/or property.

   b. Institutional policies shall specify the facilities/property where such policy shall apply.

   c. Institutional policies shall specify any associated cost or inform users where such cost information may be obtained.

I. Remainder

Institutions may address any matter with regard to use/access to campus facility not specifically addressed in this policy, in its individual institutional policy, if it is not inconsistent with any provision of this policy and subject to the general requirement that such provisions are limited to reasonable regulations capable of implementation in a content/viewpoint neutral manner. Such policies are also subject to prior review and approval by the TBR.

Source: ______________________