TENNESSEE BOARD OF REGENTS
Committee on Audit

AGENDA
May 30, 2018

I.   INFORMATIONAL REPORTING (Mike Batson)
   a. **Highlights of Audit Findings and Recommendations**
   b. **Comptroller's Office and Internal Audit Reports**
   c. **University Updates**
   d. **System-wide Internal Audit Updates**

II.   CONSENT AGENDA (Mike Batson)
   a. **Review of Revisions to Fiscal Year 2018 Internal Audit Plans**
   b. **Review of Revised Internal Audit Charters**

III. REVIEW OF SYSTEM-WIDE INTERNAL AUDIT BUDGET (Mike Batson)

IV.   REVIEW OF TBR FINANCIAL OVERSIGHT
   a. **Review of TBR Financial Oversight Comptroller Letter (Mike Batson)**
   b. **Financial Status Report (Danny Gibbs)**

V.   NON-PUBLIC EXECUTIVE SESSION (Mike Batson)

tbr THE COLLEGE SYSTEM of TENNESSEE

BOARD TRANSMITTAL

MEETING: Committee on Audit

SUBJECT: Highlights of Audit Findings and Recommendations

DATE: May 30, 2018

PRESENTER: Mike Batson

ACTION REQUIRED: Informational Report

STAFF'S
RECOMMENDATION: Accept Report

The following items will be discussed with the Audit Committee:

Chattanooga State Community College –
        Special Review of an Allegation Regarding Campus Police

Return to Title IV Calculations

NeSCC iOPTiN eBooks Review

STATUS SUMMARY FOR PREVIOUSLY REPORTED FINDINGS

Comptroller's Audit Reports - Following is a summary on the status of previously reported Comptroller's Office findings for informational purposes. Internal Audit generally performs a follow-up review of Comptroller's Office findings within six months of issuance. A follow-up report is prepared and submitted to the Comptroller's Office and the Legislature's Office of Fiscal Review. An executive summary of each follow-up audit is included in the Audit Committee's quarterly materials.

Internal Audit Reports - Following is a summary on the status of previously reported findings and observations as of March 31, 2018. Campus auditors conduct follow up procedures to determine if management has taken adequate corrective action and include their conclusions on the summary log. A follow-up report may be issued by the campus auditor if adequate corrective action has not been taken by management.

		TBR SWIA - Status Report on State Audit Findings							
		(Reports sorted by Status, Institution, Report Release Date)							
Institution	Report Release Date	Recommendation	Responsible Staff	Date Management's Actions to be Implemented	Revised Date Management's Actions to be Implemented	# of Changes to Date Management's Actions to be Implemented	Initial Date of Internal Audit Follow-up	Most Recent Date of Internal Audit Follow-up	Status
ChSCC	18-Sep-17	ChSCC FY 15-16- Timesheets of Federal Work-Study Students Were Not Properly Monitored. During the year ended June 30, 2016, supervisors of Federal Work-Study Program students did not properly monitor student hours to ensure that students were not paid for working during class time. In addition, inadequate monitoring led to other errors, including duplicate payments for reported time.	Financial Aid Office	31-Dec-17		0	26-Feb-18		Action Completed
ClSCC	17-Oct-17	ClSCC FY 2015-2016: The timesheets of federal work-study students were not properly monitored. During the year ended June 30, 2016, supervisors of Federal Work-Study Program students did not properly monitor student hours to ensure that students were not paid during class time or scheduled athletic events or practices.		1-Jul-17		0	29-Jan-18	14-Mar-18	Action Completed
ClSCC	17-Oct-17	ClSCC FY 2015-2016: As noted in the prior audit, the College did not provide adequate internal controls in one area. The college did not design and monitor internal controls in one specific area. The details of this finding are confidential pursuant to Section 10-7-504(i), Tennessee Code Annotated.		2-Jan-17		0	6-Dec-17	14-Mar-18	Action Completed
CoSCC	21-Dec-17	CoSCC FY 15-16: CoSCC does not have controls in place to ensure compliance with the requirements of the Federal Work Study program.	Director, Financial Aid	31-Dec-17		0	19-Jan-18	13-Apr-18	Action Completed
CoSCC	21-Dec-17	CoSCC FY 2015-16: The college did not perform required Direct Loan reconciliations.	Director, Financial Aid	31-Dec-17		0	19-Jan-18	13-Apr-18	Action Completed
STCC	29-Jun-17	STCC-FY 2014-15: Management needs to improve procedures for preparing and reviewing financial statements to prevent errors.		1-Dec-17		0	12-Apr-18		Action Completed
STCC	29-Jun-17	STCC FY 2014-15: - The college has not properly reported the costs associated with construction projects.		1-Dec-17		0	12-Apr-18		Action Completed
STCC	29-Jun-17	STCC FY 2014-15: - Management did not approve employee timesheets prior to payroll preparation.		1-Dec-17		0	12-Apr-18		Action Completed
STCC	29-Jun-17	STCC FY 2014-15: - The college does not have controls in place to ensure compliance with the requirements of the Federal Work Study program.		1-Dec-17		0	12-Apr-18		Action Completed
STCC	29-Jun-17	STCC FY 2014-15: The college did not have adequate controls over credit cards.		1-Dec-17		0	12-Apr-18		Action Completed
STCC	29-Jun-17	STCC FY 2014-15: As noted in the prior audit, the college did not provide adequate internal controls in five specific areas.	CIO	1-Dec-17		0	12-Apr-18		Action Completed
VSCC	6-Dec-17	VSCC FY 2015-16: The college used incorrect term start date to calculate Title IV funds earned by students who withdrew in the spring 2016 semester, resulting in some unearned funds not being returned to the federal government.	Director of Financial Aid	30-Sep-17		0	5/4/2018		Action Completed
CoSCC	21-Dec-17	CoSCC FY 2015-16: The college made errors in calculating and reporting funds to be returned to Title IV.	Director, Financial Aid	31-Oct-17		0	19-Jan-18		In Progress
CoSCC	21-Dec-17	CoSCC FY 2015-2016 LOU: CoSCC did not provide adequate internal controls in four areas.	Associate Vice President, Information Technology	31-Dec-17		0	1-Feb-18	6-Feb-18	In Progress
NeSCC	7-Sep-16	NeSCC FY 2014-15: LOU-NeSCC did not provide adequate internal controls in four specific areas Management should ensure that these conditions are remedied by the prompt development and consistenet implementation of internal controls. Management should implement effective controls to ensure compliance with applicable requirements; assign staff to be responsible for ongoing monitoring of the risks and mitigating controls; and taken action if deficiencies occur.	CIO	15-Jan-17	31-May-18	4	23-Mar-17	13-Oct-17	In Progress

TBR SWIA - Status Report on State Audit Findings **(Reports sorted by Status, Institution, Report Release Date)**									
Institution	**Report Release Date**	**Recommendation**	**Responsible Staff**	**Date Management's Actions to be Implemented**	**Revised Date Management's Actions to be Implemented**	**# of Changes to Date Management's Actions to be Implemented**	**Initial Date of Internal Audit Follow-up**	**Most Recent Date of Internal Audit Follow-up**	**Status**
RSCC	7-Sep-16	RSCC FY 2014-15: LOU- Management did not provide adequate internal controls in three specific areas Management should ensure that these conditions are remedied by the prompt development and consistent implementation of internal controls. Management should implement effective controls to ensure compliance with applicable requirements; assign staff to be responsible for ongoing monitoring of the risks and mitigation controls; and take action if deficiencies occur.	CIO	15-Jan-17	30-Nov-17	3	1-Mar-17	19-Jan-18	In Progress
STCC	29-Jun-17	STCC FY 2014-15: - The college did not prepare proper bank reconciliations.		1-Dec-17		0			In Progress
VSCC	6-Dec-17	VSCC FY 2015-16: As noted in the prior audit, Volunteer State Community College did not provide adequate internal controls in two areas.	Chief Information Officer	31-Mar-18		0	5/4/2018		In Progress

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ChSCC	28-Mar-18	The Police Department will adhere to the policy and submit all compensatory or over-time activities for prior approval to the President through divisional management.	Police Chief	28-Mar-18		0	12-Apr-18		Action Completed
ChSCC	28-Mar-18	The Police Chief should develop management oversight procedures and rules for use of his proxy for web-time entry approvals.	Executive Director-Plant Operations and Police Chief	28-Mar-18		0	12-Apr-18		Action Completed
ChSCC	28-Mar-18	Management should evaluate working relationships in the Police Department and appropriately apply the Nepotism Policy and/or internal controls to ensure an employee's family member is not responsible for supervising their work activity at any time.	Executive Vice President - Business and Finance and Executive Director - Plant Operations	28-Mar-18		0	12-Apr-18		Action Completed
ChSCC	28-Mar-18	Additional training should be provided to all employees to ensure that they can properly enter their time and/or leave in web-time entry as well as how to submit leave corrections.	Executive Director - Plant Operations and Police Chief	30-Jun-18		0	12-Apr-18		Action Completed
ClSCC	21-Jun-17	The Emergency Management Team review the plan and make the necessary changes to as required by TBR Guideline B-100.		31-Dec-17	28-Feb-18	1	18-Aug-17	7-Mar-18	Action Completed
CoSCC	20-May-16	Workforce development could improve reporting accuracy by strengthening segregation of duties, and ensuring data is independently reviewed and reconciled.	Executive Director, Workforce Development	1-Jul-16	30-Jun-17	2	30-Aug-16	13-Apr-18	Action Completed
DSCC	11-Jan-17	DSCC-Building Security and Key Controls- Observation 2 of 3 As door locks, both interior and exterior, are updated as prescribed by the current DB70 Capital Project, a review of the need for access to these areas should be performed prior to reissuing the corresponding keys. Only personnel with a definite and consistent need to these areas should be granted master key access. A review of all employees in possession of master keys is needed to determine the necessity of those issued keys.	VP for Finance and Administration Director of Physical Plant Assistant Director of Physical Plant	31-May-17	24-May-17	1	29-Mar-18	29-Mar-18	Action Completed
MSCC	25-Aug-17	2. Athletic policies, procedures, handbooks, and forms should be approved.	Vice President of Marketing and Campus Activities and Athletic Director	23-Feb-18		0	15-Mar-18		Action Completed
MSCC	25-Aug-17	5. Student-athlete injuries should be reported immediately following appropriate policies and procedures.	Vice President of Marketing and Campus Activities and Athletic Director	23-Feb-18		0	22-Mar-18		Action Completed
MSCC	25-Aug-17	6. All coaching staff should follow appropriate protocols regarding student-athlete injuries and medical restrictions.	Vice President of Marketing and Campus Activities and Athletic Director	23-Feb-18		0	22-Mar-18		Action Completed

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MSCC	25-Aug-17	7. Completion Coach duties should be clear and involve regular and ongoing review of each student-athlete's academic performance.	Vice President of Marketing and Campus Activities and Athletic Director	23-Feb-18		0	15-Mar-18		Action Completed
MSCC	25-Aug-17	8. A current memorandum of understanding should be in place regarding the auto dealership provided courtesy vehicle.	Vice President of Marketing and Campus Activities and Athletic Director and Director of the Foundation	23-Feb-18		0	15-Mar-18		Action Completed
STCC	2-May-15	STCC-Industrial Readiness Grants Finding 1 of 1: The first year grant projections were not achieved.	Director of Grants Management	30-Oct-15	31-Aug-17	1	30-Jun-17		Action Completed
STCC	5-May-15	STCC-Tuition Statements Finding 1 of 1: Incorrect IRS Form 1098-T's, tuition statements, were issued for the calendar year ended December 31, 2012, because early registration was not included in the reporting period.	Department of Finance	30-Oct-15		0	30-Jun-17		Action Completed
STCC	28-Oct-15	Access and Diversity The Finance department should improve internal controls and procedures over the Access and Diversity reports. A. Access and Diversity funds should be recorded in three cost centers in the amount allocated to those categories by TBR OESI; Scholarships and Fellowships, Student Recruitment and Retention and Faculty/Staff Recruitment and Retention. The college has continued to use cost centers for categories of funds which are not a part of Access and Diversity. B. The quarterly Report should agree with Banner. The amounts reported to TBR OESI as match and carryover funds for the Fiscal Year ended June 30, 2014 and June 30, 2015 did not agree with Banner and should be corrected and resubmitted. Exhibits 1 and 2 in this report agree with the amounts recorded in Banner. C. Carryover funds should be recalculated and Fund Balances should be adjusted to recognize the correct amounts in Access and Diversity funds. Since the inception of Access and Diversity programs, the revenue was posted to incorrect cost centers. D. The Ambassador process for paying students should be reviewed with the Human Resources and Finance department to determine if payments should be processed through payroll rather than accounts payable.	Executive Director, Special Academic Programs	29-Apr-16	30-Aug-17	1	30-Jun-17		Action Completed

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STCC	3-Mar-16	STCC-International Education Program-Collection Procedures. TBR Policy: B-010 Collection of Accounts Receivable requires each institution to establish a written systematic process and procedure for collecting receivables from all persons including students and employees. The Finance Department, follows TBR guidance, but must establish a systematic process and procedure for Southwest Tennessee Community College.	Director of International Education Program	31-Aug-16	31-Aug-17	1	30-Jun-17		Action Completed
STCC	3-Mar-16	SSTC-International Education Program-Waivers TBR Guidelines A-76 Development and Operations of Off-Campus International Educational programs states "Institutions should not charge tuition for students enrolled in TNCIS Study Abroad program. Two students were charged tuition. A procedure should be put in place to ensure TnCIS students are not charged tuition.	Director of Finance	31-Aug-16	31-Aug-17	1	30-Jun-17		Action Completed
ChSCC	31-Jul-14	IT Disaster Recovery Plan 1 of 7: All non-Banner applications, including applications and servers housed in various ChSCC Departments, should be reviewed to determine if any are "mission critical" and should be include in the DRP.	AVP ITS	30-Sep-14	30-Jun-18	5	4-Dec-14	2-Nov-17	In Progress
ChSCC	31-Jul-14	IT Disaster Recovery Plan 2 of 7: As a departmental joint project, evaluate the effect of a disaster on departmental servers and complete departmental DRP's.	AVP ITS	31-Mar-15	30-Jun-18	5	4-Dec-14	2-Nov-17	In Progress
ChSCC	31-Jul-14	IT Disaster Recovery Plan 3 of 7: Complete the service level agreements with ChSCC departments for each application and/or the department as a whole.	AVP ITS	31-Mar-15	30-Jun-18	5	4-Dec-14	2-Nov-17	In Progress
ChSCC	31-Jul-14	IT Disaster Recovery Plan 4 of 7: An equipment inventory should be included in each Department's DRP.	AVP ITS	30-Sep-14	30-Jun-18	4	4-Dec-14	2-Nov-17	In Progress
ChSCC	29-Jun-16	An internal control step should be developed to include review of the Volkswagen Academy Workforce Training Contact Hours spreadsheet by the Dean of Engineering and Information Technologies and/or the Volkswagen/Mechatronics Department Manager before the training data is submitted to the Economic and Community Development department for inclusion into the workforce training contact hour totals for the college.	Dean of Engineering & Information Technologies/ Director Continuing Education and Workforce Development	31-Aug-16	31-Dec-18	2	31-Jan-17	27-Mar-18	In Progress
ChSCC	21-Apr-17	ChSCC Sensitive Equipment 1 of 7: ChSCC Sensitive Equipment policy 05:12:01 should be updated to note the current responsible area for the Sensitive Equipment inventory and the process for the coordination of efforts between Technology and the Business Office especially in relation to donated equipment.	VP of Technology	31-Dec-17	30-Jun-18	1	12-Jan-18		In Progress

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ChSCC	21-Apr-17	ChSCC Sensitive Equipment 5 of 7: Management should verify that all divisions have sensitive equipment tracking processes, a current inventory listing, and an assigned coordinator. This coordinator will work with Educational Technology when any adjustments are made to the division's sensitive equipment inventory.	VP of Technology/ Director of Educational Technology	31-Dec-17	30-Jun-18	2	12-Jan-18		In Progress
ChSCC	21-Apr-17	ChSCC Sensitive Equipment 6 of 7: In-service and Surplused sensitive equipment inventories should be maintained separately. Additionally, Tennessee College of Applied Technology - Chattanooga items should be listed separately from the remainder of college.	VP of Technology/ Director of Educational Technology	31-Dec-17	30-Jun-18	1	12-Jan-18		In Progress
ChSCC	9-Aug-17	Written procedures detailing each department staff member's job duties and to outline guidance of how the college will comply with ChSCC and TBR policies should be completed.	Executive Director Human Resources	31-Dec-17	30-Jun-18	1	29-Jan-18		In Progress
ChSCC	9-Aug-17	Human Resources 4 of 10: Human Resources, Payroll, Academic Affairs, and Technology should form a task force to develop centralized document storage for shared employment documents in the Banner Document Management System (BDMS) to eliminate duplication of documents and electronic storage locations while maintaining security of documents unique to each department's functions.	Management of each area	31-Dec-17	30-Jun-18	1	29-Jan-18		In Progress
ChSCC	9-Aug-17	Human Resources 5 of 10: The Search Committee and Hiring Handbook should be followed for every hiring transaction. Approval of the handbook should be documented and the handbook should be reviewed annually to update the process for any changes to laws, rules and other ChSCC and TBR policies.	Executive Director Human Resource	31-Aug-17	30-Jun-18	1	29-Jan-18		In Progress
ChSCC	9-Aug-17	Human Resources 8 of 10: Human Resources should consider developing supervisor training to increase communication concerning certain common management duties or issues.	Executive Director Human Resources	31-Oct-17	30-Jun-18	1	29-Jan-18		In Progress
ChSCC	9-Aug-17	Human Resources 9 of 10: Human Resources should provide hiring managers with the Search Committee and Hiring Handbook to guide them through the hiring process and maintain consistency of information concerning the hiring process.	Executive Director Human Resources	30-Sep-17	30-Jun-18	1	29-Jan-18		In Progress

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ChSCC	10-Jan-18	It is recommended that ChSCC management remind all employees at least annually that the acceptance of anything of value from any current or potential vendor is prohibited according to the TBR policy regardless of the monetary amount of the item.	All ChSCC Executive Management	31-Mar-18	31-May-18	1	13-Apr-18		In Progress
ChSCC	28-Mar-18	Management should review the auditor's leave sheet discrepancies, adjust the affected employee's leave balances for unrecorded time, and determine appropriate disciplinary actions in accordance with ChSCC policies.	Executive Director-Plant Operations	30-Apr-18		0	12-Apr-18		In Progress
ClSCC	13-Feb-17	ClSCC Building Access and Keys December2016 Management should update the key listing to show the current keys outstanding.	Assistant VP of Finance	30-Jun-17	28-Feb-18	3	26-Jul-17	11-Apr-18	In Progress
ClSCC	13-Feb-17	ClSCC Building Access and Keys December 2016 Management should issue the correct keys and collect the Grand Master key from the employee.	Assistant VP f Finance	30-Jun-17	30-Apr-18	4	26-Jul-17	10-Apr-18	In Progress
CoSCC	19-Feb-16	All instances of the Banner "Tuition and Fees Waiver" should be reviewed to ensure that assessments of fees and charges occur unless an exception is approved and documented.	Associate Vice President, Business Services	1-Apr-16	1-May-17	2	9-Sep-16	13-Apr-18	In Progress
CoSCC	12-Mar-18	Enrollment Services management should ensure new employees are properly oriented and understand the importance of policy compliance.	Chief Enrollment Services Officer, Enrollment Services Vice President, Financial and Administrative Affairs	30-Mar-18		0			In Progress
CoSCC	12-Mar-18	Financial aid management should ensure reconciliation, setup, and Return to Title IV process and procedures are written, clearly designate responsibility, and establish an independent review. Additionally, processes and procedures should be reviewed to determine the feasibility of validating financial aid setups through Banner Test prior to initiating changes in Banner Production. Business Services management should ensure reconciliation processes and procedures are written, clearly designate responsibility, and establish an independent review.	Interim Financial Aid Director Associate Vice President of Business Services	30-Mar-18		0			In Progress

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DSCC	11-Jan-17	DSCC-Building Security and Key Controls-Observation 1 of 3 Key return has historically been a problem at DSCC as there is no way to force terminated employees to return keys. This problem is compounded by the fact that hard keys are used throughout the college and many "building master" (exterior access) keys are issued due to a lack 24 hour Security department personnel. Management should consider rekeying exterior building access door locks and/or purchasing a card key system for the exterior building doors.	VP for Finance and Administration Director of Physical Plant	31-Jul-17	31-Oct-18	2	29-Mar-18		In Progress
JSCC	24-Oct-14	Emergency Preparedness Plan Audit - Observation 1 of 2: Employee Training The JSCC Emergency Management Plan requires training in emergency procedures and for the proper use of safety equipment. Several safety drills have been conducted and safety equipment is located campus wide in designated locations. However, further training is needed in the proper use of the chair lifts, AEDs, and fire extinguishers. Training should also include first aid procedures and building evacuation procedures.	Darron Billings, Director of Environmental Health and Safety/Chief of Police	8-May-15	31-Dec-17	1	30-Mar-17	13-Apr-18	In Progress
JSCC	24-Oct-14	JSCC - Emergency Preparedness Plan Audit - Observation 2 of 2: Annual Review and Update According to TBR Guideline B-100 section III.17, the emergency preparedness plan should be reviewed and updated on an annual basis. The last revision was July 01, 2011.	Darron Billings, Director of Environmental Health and Safety/Chief of Police	24-Oct-14	31-Dec-17	2	30-Mar-17	13-Apr-18	In Progress
JSCC	30-Oct-15	JSCC-Access and Diversity Recommendation 1 0f 4: The institution should develop Access and Diversity goals for the overall program and ensure that funds are spent according to established goals.	Director of Human Resources	1-Apr-16		2	24-Apr-17	4-Jan-18	In Progress
JSCC	30-Oct-15	JSCC-Access and Diversity Recommendation 2 of 4: Scholarships awarded by the Access and Diversity Committee should be reconciled to expenditures.	Director of Human Resources	1-May-16		0	24-Apr-17	4-Jan-18	In Progress
JSCC	30-Oct-15	JSCC - Access and Diversity Recommendation 3 of 4: Scholarship applications should be maintained for a period of time as supporting documentation. A suggested time for retention would be 5 years.	Dean of Students/Director of Human Resources	1-May-16		0	24-Apr-17	4-Jan-18	In Progress
JSCC	30-Oct-15	JSCC-Access and Diversity Recommendation 4 of 4: The TBR Office of Organizational Effectiveness and Strategic Initiatives should approve scholarship criteria, salaries, and transfers.	Director of Human Resources	1-May-16		0	24-Apr-17	4-Jan-18	In Progress

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JSCC	19-Feb-16	JSCC-IAR-Off-Camus International Education Program Recommendation 1 of 2: Students should be registered for international education programs at their institution according to the TBR Guideline A-076 and the TnCIS Operational Handbook. Institutional registration should include recording appropriate student fees, student payments, and administering any financial aid and scholarships.	International Activities Coordinator	1-Jun-16	1-Jun-18	1	24-Apr-17		In Progress
JSCC	19-Feb-16	Off-Campus International Education programs - Management should ensure that appropriate dual service contracts are in place with TnCIS for institutional faculty teaching abroad according to the TnCIS Operational Handbook section 3.2.9. The TnCIS office should complete the dual service contract upon receipt of an approved institutional approval form from the institution.	International Activities Coordinator	1-Jun-16	1-Jun-18	1	24-Apr-17		In Progress
MSCC	25-Aug-17	1. Training of coaching staff should occur at least annually.	Vice President of Marketing and Campus Activities	23-Feb-18	30-Jun-18	1			In Progress
MSCC	25-Aug-17	9. Usage of the courtesy car provided by an auto dealership should be tracked and managed.	Vice President of Marketing and Campus Activities and Athletic Director	23-Feb-18	30-Jun-18	1			In Progress
MSCC	25-Aug-17	10. A procedure or policy should be developed for management of gas charge cards.	Vice President of Marketing and Campus Activities, Athletic Director, and Vice President of Business and Finance	23-Feb-18	30-Jun-18	1			In Progress
MSCC	25-Aug-17	11. Records for personal versus business use of an employer-provided vehicle should be maintained and tax implications for personal use be reported annually.	Vice President of Marketing and Campus Activities, Athletic Director, and Vice President for Business and Finance	23-Feb-18	30-Jun-18	1			In Progress
MSCC	25-Aug-17	3. Student-athletes and parents should receive clear communications.	Vice President of Marketing and Campus Activities and Athletic Director	23-Feb-18	2-Jun-18	1			No Progress
MSCC	25-Aug-17	4. Scholarships should be earmarked for specified purpose.	Vice President of Marketing and Campus Activities and Athletic Director	23-Feb-18	30-Jun-18	2			No Progress

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ChSCC	28-Mar-18	The Police Department personnel and all other parties on campus responsible for web-time entry approvals should be retrained concerning the appropriate process including the leave request procedures and how to properly make corrections.	Executive Vice President - Business and Finance	30-Jun-18		0			Not Yet Due
CoSCC	12-Mar-18	As cited throughout Federal Regulations, an organization's third party's actions on the organization's behalf are, to a significant extent the organization's responsibility. The college should establish a third party risk management program, designate who will coordinate the program, and review processes for selecting, training, and managing third party servicers in order to ensure the GLBA safeguards are established, and the college's third party servicers' risks are identified and managed.	Associate Vice President for Business Services Vice President for Information Technology	29-Jun-18		0			Not Yet Due
CoSCC	12-Mar-18	Financial aid and Business Services management should review the purchase and contract process to ensure the processes in place are sufficient to ensure timely, accurate, and complete ECAR's filed with the Department of Education.	Interim Financial Aid Director Associate Vice President of Business Services	29-Jun-18		0			Not Yet Due
NeSCC	27-Mar-18	Due to the complexity and possible confusion related to the iOPTiN ebooks program, management should consider appropriate methods to refund affected students for overcharges related to multiple copies of identical ebooks.	CFO	27-Mar-19		0			Not Yet Due
PSCC	15-Dec-17	To address this issue, Internal Audit recommends that the Chief of Police and the Assistant Chief of Police both review newly issued regulations annually to ensure that any changes from the prior year are noted and implemented in a timely fashion. Additionally, once the report is prepared, it would be recommended that the report be reviewed by someone with Clery knowledge who was not involved in its preparation.	Chief of Police	1-Oct-18		0			Not Yet Due

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Institution	Report Release Date	Recommendation	Responsible Staff	Date Management's Actions to be Implemented	Revised Date Management's Actions to be Implemented	# of Changes to Date Management's Actions to be Implemented	Initial Date of Internal Audit Follow-up	Most Recent Date of Internal Audit Follow-up	Status
PSCC	15-Dec-17	To address this issue, Internal Audit recommends that the Chief of Police or the Assistant Chief of Police perform the following: Ø Review all of the college's current organizational structure to determine that all individuals who should be assigned the CSA role have been assigned and to determine if individuals who already have been assigned that role should continue in their role. Ø Establish a deadline for when CSA training must be completed, and, if training is not completed by that deadline, notify the appropriate supervisors and/or senior management as necessary, for those CSAs who do not complete the training. Ø If training is still not completed, provide Human Resources with a list of individuals who have not completed the training and have them to request that the training be completed. Request that Human Resources periodically provides a list of individuals who have not completed the training to the President. Ø Consider offering CSA training in person to individuals at in-service. Individuals who complete the in-person training would be exempt from the online training. Ø A standard form should be designed for use by all CSAs. Additionally, on at least an annual basis, the police department should send an email to all CSAs for them to verify crimes that they have reported or the fact that they had no incidents to report. This should probably be done in January or February to cover the prior calendar year.	Chief of Police	1-Oct-18		0			Not Yet Due

		TBR SWIA - Status Report on Internal Audit Recommendations- TCAT							
		(Reports sorted by Status, Institution, Report Release Date)							
Institution	Report Release Date	Recommendation	Responsible Staff	Date Management's Actions to be Implemented	Revised Date Management's Actions to be Implemented	# of Changes to Date Management's Actions to be Implemented	Initial Date of Internal Audit Follow-up	Most Recent Date of Internal Audit Follow-up	Status
Covington	3-Mar-16	Focused Review of Operations - Covington Management's review of the accounts receivable reconciliation is not documented by signing and dating the reconciliation.	Director	1-Jul-16	29-Dec-17	1	10-Oct-16		In Progress
Covington	3-Mar-16	Focused Review of Operations - Covington - Management has used an alternative method of sending 1 collection letter with all the required data in the past, which is allowed if collection efforts are not compromised. The current student receivable balance, $69,904.00, is material and sending only 1 debt notification letter could be a factor.	Debra Johnson,	30-Jun-16	29-Dec-17	2	10-Oct-16		In Progress
McKenzie	11-Nov-14	Focused Review: Observation 3 of 3: TBR Guideline allowing fexibility in collection procedures of sending letters at 45 day intervals is not documented in the college's internal procedures.	Director	31-Dec-15	28-Feb-18	2	3-Feb-17		In Progress
Memphis	9-Jan-15	Focused Review: Observation 2 of 2: Financial Aid must receive notice or have access to the report system to ensure the return of Title IV funds are made within the required 45 days.	Director	30-Jun-15	28-Feb-18	3	1-Nov-16		In Progress
Ripley	1-Jun-16	Managements review of the accounts receivable reconciliation is not documented by signing and dating the reconciliation.	Sue McBroom, Fiscal and HR Coordinator and Robbie Camara, Account Clerk II	30-Jun-16	1-Jul-16	1	7-Nov-16		In Progress
Ripley	26-May-17	Three of 10 (30%) student files tested for compliance with consumer information, including FERPA, the orientation checklists were missing or not signed by the students to document agreement in accordance with federal regulations.	Financial Aid	1-Dec-16		0	30-Jun-17		In Progress

		TBR SWIA - Status Report on Internal Audit Recommendations- Information Systems (Reports sorted by Status, Institution, Report Release Date)								

Institution	Report Release Date	Recommendation	Responsible Staff	Date Management's Actions to be Implemented	Revised Date Management's Actions to be Implemented	# of Changes to Date Management's Actions to be Implemented	Initial Date of Internal Audit Follow-up	Most Recent Date of Internal Audit Follow-up	Status
DSCC	14-Aug-15	DSCC - IT GCR - Observation 10 of 15: 10. Develop a Business Continuity Plan that will ensure planning for and documentation of: a. The business-side of the plan, including business recovery requirements and objectives as well as assigned roles and responsibilities of a Plan Coordinator who will maintain the plan and prepare personnel in advance of a disaster or other event requiring use of the plan. b. Secondary and tertiary assignments for persons in the event personnel are not available at the time of a disaster. c. Amend the existing Disaster Recovery Plan to reflect needed changes to information technology recovery requirements for compliance with business requirements stated in the Business Continuity Plan. d. A test plan and documentation of periodic testing conducted to ensure the plan's effectiveness for recovery.	Diane Camper - VP for Technology	1-Apr-16	31-Dec-18	4	14-Jul-17	11-Apr-18	Action Completed
TBR	2-Mar-16	Implement a comprehensive business-wide BCP that identifies business recovery strategies, business resumption processes and business recovery requirements for the entire office.	Jim Dye, Director of Technology	7-Oct-16	31-Dec-18	3	14-Jul-17	11-Apr-18	Action Completed
ChSCC	12-Apr-16	ChSCC ITGCR: Need for BCP Enhance the college-wide Business Continuity Plan to ensure planning for and documentation of: a. A business impact analysis that identifies the impact of disasters on the ability to educate students, so business recovery requirements and objectives, as well as assigned roles and responsibilities of a Plan Coordinator who will maintain the plan and prepare personnel in advance of a disaster can be developed. b. Amendments to the existing Disaster Recovery Plan to reflect needed changes to information technology recovery requirements for compliance with business requirements stated in the Business Continuity Plan. c. A test plan and documentation of periodic testing conducted to ensure the plan's effectiveness for recovery. This should begin with testing recoverability of data backed up using the recently implemented process	AVP/CIO, Greg Jackson	3-Oct-16	31-Dec-18	3	14-Jul-17		In Progress
ClSCC	6-Apr-15	"IT General Controls Review: Recommendation 10 of 17: Document the business-side of the Business Continuity Plan (BCP) to ensure business recovery requirements and objectives are established and planned; assign the role and responsibilities of the BCP Coordinator to the person who will maintain the plan and will prepare personnel in advance of a disaster or other event requiring use of the plan. "	CIO Chris Mowery	1-Dec-15	31-Dec-18	4	14-Jul-17		In Progress
CoSCC	24-Jul-15	CoSCC - IT GCR - Observation 6 of 16: 6. Develop a Business Continuity Plan that will ensure planning for and documentation of: a. The business-side of the plan, including business recovery requirements and objectives as well as assigned roles and responsibilities of the Plan Coordinator who will maintain the plan and prepare personnel in advance of a disaster or other events requiring use of the plan. b. Secondary and tertiary assignments for persons in the event personnel are not available at the time of a disaster. c. A test plan and documentation of periodic testing conducted to ensure the plan's effectiveness for recovery.	Emily Siciensky - Associate VP for IT	31-Jan-16	31-Dec-18	4	14-Jul-17		In Progress

		TBR SWIA - Status Report on Internal Audit Recommendations- Information Systems (Reports sorted by Status, Institution, Report Release Date)							
Institution	Report Release Date	Recommendation	Responsible Staff	Date Management's Actions to be Implemented	Revised Date Management's Actions to be Implemented	# of Changes to Date Management's Actions to be Implemented	Initial Date of Internal Audit Follow-up	Most Recent Date of Internal Audit Follow-up	Status
JSCC	8-Sep-14	IT General Controls Review: Recommendation 8 of 11: Document the business-side of the Business Continuity Plan (BCP) to ensure business recovery requirements and objectives are established and planned; assign the role and responsibilities of BCP Coordinator to the person who will maintain the plan and will prepare personnel in advance of an event requiring use of the plan.	CIO - Dana Nails	31-Mar-15	31-Dec-18	4	14-Jul-17		In Progress
MSCC	15-Apr-16	MSCC IT GCR: Need for Business Continuity Plan and Disaster Recovery Plan 1. Enhance and implement a comprehensive university-wide BCP that identifies business recovery strategies, business resumption processes and business recovery requirements for the entire university. Also include possible adjustments in backup assignments in the event of a pandemic sickness crisis. 2. Implement a plan to test the BCP periodically and document the results of such testing. 3. Revamp the IT Disaster Recovery section of the BCP for changes needed to meet business requirements	Cindy Logan, CIO	14-Oct-16	31-Dec-18	3	14-Jul-17		In Progress
NaSCC	15-Aug-16	NaSCC ITGCR #9 - Need for BCP - 1. Enhance and implement a comprehensive university-wide BCP that identifies business recovery strategies, business resumption processes and business recovery requirements for the entire university. Also include possible adjustments in backup assignments in the event of a pandemic sickness crisis. 2. Implement a plan to test the BCP periodically and document the results of such testing. 3. Revamp the CSD Disaster Recovery section of the BCP for changes needed to meet business requirements	CIO, Paul Kaminsky	28-Apr-17	31-Dec-18	2	14-Jul-17		In Progress
NeSCC	17-Feb-17	NeSCC ITGCR # 1 - Information Security Policy - Develop the Information Security Program Policies.	CIO, Fred Lewis	15-Aug-17	30-Mar-18	2	18-Sep-17		In Progress
NeSCC	17-Feb-17	NeSCC ITGCR #2 - IT Procedures - Develop the following procedures: o Vendor Management Procedure o Change Management Procedure o Network Administration Procedure o Change Logging and Monitoring Procedure o Incident Response Plan	CIO, Fred Lewis	15-Aug-17	30-Mar-18	2	18-Sep-17		In Progress
NeSCC	17-Feb-17	NeSCC ITGCR # 7 - Encryption of mobile devices - Encrypt hard drives of college owned mobile devices for better security and reduce the impact of data loss if the device is lost or stolen.	CIO, Fred Lewis	15-Aug-17	30-Mar-18	2	18-Sep-17		In Progress
NeSCC	17-Feb-17	NeSCC ITGCR # 8 of 18 - Admin Privileges on an assigned machine - Consider reducing the number of persons with administrative rights on their assigned devices to only those with a justified business need. Also eliminate the ability of users to download their own unauthorized software products.	Fred Lewis, CIO	15-Aug-17	30-Mar-18	2	18-Sep-17		In Progress

Institution	Report Release Date	Recommendation	Responsible Staff	Date Management's Actions to be Implemented	Revised Date Management's Actions to be Implemented	# of Changes to Date Management's Actions to be Implemented	Initial Date of Internal Audit Follow-up	Most Recent Date of Internal Audit Follow-up	Status
		TBR SWIA - Status Report on Internal Audit Recommendations- Information Systems **(Reports sorted by Status, Institution, Report Release Date)**							
NeSCC	17-Feb-17	NeSCC ITGCR # 10 - Business Continuity - 1) Enhance and implement a comprehensive university-wide BCP that identifies business recovery strategies, business resumption processes and business recovery requirements for the entire university. Also include possible adjustments in backup assignments in the event of a pandemic sickness crisis. 2) Implement a plan to test the BCP periodically and document the results of such testing. 3) Revamp the CSD Disaster Recovery section of the BCP for changes needed to meet business requirements.	CIO, Fred Lewis	1-May-17	31-Dec-18	3	14-Jul-17		In Progress
NeSCC	17-Feb-17	NeSCC ITGCR #12 of 18 - Web filtering and outbound email scanning - Enhance web filtering to block access to web-sites with malicious code, pornography and gambling. Also, implement outbound email scanning to check for possible unauthorized dissemination of PII.	CIO, Fred Lewis	15-Aug-17	30-Mar-18	2	18-Sep-17		In Progress
NeSCC	17-Feb-17	NeSCC ITGCR #15b of 18 - Rejustification of system access rights - Implement a process for owners to annually, or some other chosen timeframe re-justify user access to the data in their designated overview.	CIO, Fred Lewis	15-Aug-17	30-Mar-18	2	18-Sep-17		In Progress
PSCC	3-Sep-14	IT General Controls Review: Recommendation 11 of 20: Document the business-side of the Business Continuity Plan (BCP) to ensure business recovery requirements and objectives are established and planned; assign the role and responsibilities of BCP Coordinator to the person who will maintain the plan and will prepare personnel in advance of a disaster or other event requiring use of the plan; and develop a process to test parts of the BCP periodically to ensure the plan's effectiveness for recovery.	CIO - Jerry Bryan ... retired	31-Mar-15	31-Dec-18	5	14-Jul-17		In Progress
RSCC	17-Apr-15	IT General Controls Review: Recommendation 9 of 15: Develop a Business Continuity Plan that will ensure planning for and documentation of: a) The business side of the plan, including business recovery requirements and objectives as well as the assigned roles and responsibilities of the Plan Coordinator who will maintain the plan and prepare personnel in advance of a disaster or other event requiring its use. b) Possible secondary and tertiary assignments for persons in the event personnel are not available at the time of a disaster. c) A test plan and documentation of periodic testing conducted to ensure the plan's effectiveness for recovery.	CIO - Tim Carroll	31-Jul-15	31-Dec-18	5	14-Jul-17		In Progress
STCC	6-Jul-15	IT General Controls Review Recommendation 9 of 17: Develop a Business Continuity Plan that will ensure planning for and documentation of: a. The business side of the plan, including business recovery requirements and objectives as well as the assigned roles and responsibilities of the Plan Coordinator who will maintain the plan and prepare personnel in advance of a disaster or other event requiring use of the plan. b. Possible secondary and tertiary assignments for persons in the event personnel are not available at the time of a disaster. c. A test plan and documentation of periodic testing conducted to ensure the plan's effectiveness for recovery.	CIO - Michael Boyd	4-Jan-16	31-Dec-18	4	14-Jul-17		In Progress
VSCC	13-May-16	VSCC ITGCR: Develop comprehensive information technology procedures for vendor management, network administration, logging and monitoring, and incident response.	Kevin Blankenship, CIO	30-Nov-16	15-Jun-18	5	19-Sep-17		In Progress

		TBR SWIA - Status Report on Internal Audit Recommendations- Information Systems **(Reports sorted by Status, Institution, Report Release Date)**							
Institution	**Report Release Date**	**Recommendation**	**Responsible Staff**	**Date Management's Actions to be Implemented**	**Revised Date Management's Actions to be Implemented**	**# of Changes to Date Management's Actions to be Implemented**	**Initial Date of Internal Audit Follow-up**	**Most Recent Date of Internal Audit Follow-up**	**Status**
VSCC	13-May-16	Enhance and implement a comprehensive university-wide BCP that identifies business recovery strategies, business resumption processes and business recovery requirements for the entire university. Also include possible adjustments in backup assignments in the event of a pandemic sickness crisis.	Kevin Blankenship, CIO	30-Nov-16	31-Dec-18	3	14-Jul-17		In Progress
WSCC	2-Mar-16	WSCC ITGCR: Enhance BCP Enhance the college-wide Business Continuity Plan to ensure planning for and documentation of a business impact analysis that identifies the impact of disasters on the ability to educate students, so business recovery requirements and objectives, as well as assigned roles and responsibilities of a Plan Coordinator who will maintain the plan and prepare personnel in advance of a disaster can be developed.	CIO, Joe Sargent	30-Sep-16	31-Dec-18	3	14-Jul-17		In Progress
TBR	20-Dec-17	TBR SMO Info Secure 1a of 9 - New IT Policies and procedures Establish new information security policies and procedures to include: o Data classification being set by users o Management of vendor accessibility to TBR information o Physical security of network and server devices	CIO, Steve Vieira	20-Jun-18		0			Not Yet Due
TBR	20-Dec-17	Complete the implementation of corrective actions for the following recommendations from the prior Internal IT audit: o A change management process that covers IT functions and processes other than updating application systems o A mobile device policy with a user acknowledgment of steps require to protect data stored on mobile devices. o A logging and monitoring procedural process that is an information security requirement suggested by FERPA.	CIO, Steve Vieira	20-Jun-18		0			Not Yet Due
TBR	20-Dec-17	TBR SMO Info Security 2 0f 9 - Appointment of an ISO Designate an Information Security Officer and document the duties of this	CIO, Steve Vieira	20-Jun-18		0			Not Yet Due
TBR	20-Dec-17	TBR SMO Info Security - 3 of 9 - Scanning outbound data Consider scanning outbound data transmissions for possible PII leaks.	CIO, Steve Vieira	20-Jun-18		0			Not Yet Due
TBR	20-Dec-17	TBR SMO Info Security # 4 of 9 - Regular Network Scans - Identify how penetration testing and network vulnerability scans will occur with our pending departure from the STS data center.	CIO, Steve Vieira	20-Jun-18		0			Not Yet Due
TBR	20-Dec-17	TBR SMO Info Security # 5b of 9 - Limiting accounts with special access privileges Complete the current effort to pare down the number of Active Directory accounts with administrator and non-expiring password privilege assigned.	CIO, Steve Vieira	20-Jun-18		0			Not Yet Due
TBR	20-Dec-17	TBR IT SMO Info Security # 5c of 9 - Password compliance with written policy - Adjust the settings in the password control file to ensure compliance with written password policy and be prepared to make addition adjustments as TBR revamps its policy structure.	CIO, Steve Vieira	20-Jun-18		0			Not Yet Due
TBR	20-Dec-17	TBR IT / SMO Info Security 5A1 of 9 - Active Directory Account review Review the listing of 370 open Active Directory accounts and consider adjusting the active status on accounts that either: 1) have not been used within the last 45 days, 2) have never been used, 3) belong to contractors and other persons that are not paid by TBR and 4) assigned to terminated employees.	CIO, Steve Vieira	20-Jun-18		0			Not Yet Due
TBR	20-Dec-17	TBR IT / SMO Info Security 5A2 -- Review of active Banner accounts Ensure more timely information is made available so non-employee Banner accounts are expired and locked in a timelier manner.	CIO, Steve Vieira	20-Jun-18		0			Not Yet Due

		TBR SWIA - Status Report on Internal Audit Recommendations- Information Systems (Reports sorted by Status, Institution, Report Release Date)							
Institution	Report Release Date	Recommendation	Responsible Staff	Date Management's Actions to be Implemented	Revised Date Management's Actions to be Implemented	# of Changes to Date Management's Actions to be Implemented	Initial Date of Internal Audit Follow-up	Most Recent Date of Internal Audit Follow-up	Status
TBR	20-Dec-17	TBR IT / SMO Info Security 5A3 - Improve process to remove terms Investigate and update the process used to add, delete and / or modify computer system access privileges for new hired, terminated, transferred or promoted personnel. This solution could also address the security awareness point below.	CIO, Steve Vieira	20-Jun-18		0			Not Yet Due
TBR	20-Dec-17	TBR IT / SMO Info Security # 6 of 9 - Test for effectiveness of awareness program Ensure all personnel complete the SANS Institute Awareness Training program at the earliest possible date. Also, consider performing social engineering tests following the completion of the training to measure the success of the training received.	CIO, Steve Vieira	20-Jun-18		0			Not Yet Due
TBR	20-Dec-17	TBR IT / SMO #7 of 9 - BYOD section of the Mobile Device Procedure Enhance the procedural process to protect sensitive data that is stored on a non-TBR owned device. This may be incorporated into the Mobile Device procedure, above.	CIO, Steve Vieira	20-Jun-18		0			Not Yet Due
TBR	20-Dec-17	TBR IT / SMO Info Security # 8 of 9 - Documenting log review activity Complete the implementation of means to better capture activity log data followed by the creation of the Logging and Monitoring Procedure to direct how the processes will be conducted. This process is one of the information security requirements suggested by FERPA.	CIO, Steve Vieira	20-Jun-18		0			Not Yet Due
TBR	20-Dec-17	TBR IT SMO #9 of 9 - Documenting possible breeches Consider documenting investigations of possible information breaches following steps defined in the Cyber Incident Response Plan.	CIO, Steve Vieira	20-Jun-18		0			Not Yet Due
TBR	20-Dec-17	TBR IT / SMO Info Security # 1b of 9 - Completion of prior audit recommendations Complete the implementation of corrective actions for the following recommendations from the prior Internal IT audit: o A change management process that covers IT functions and processes other than updating application systems o A mobile device policy with a user acknowledgment of steps require to protect data stored on mobile devices. o A logging and monitoring procedural process that is an information security requirement suggested by FERPA.	CIO, Steve Vieira	20-Jun-18		0			Not Yet Due

tbr THE COLLEGE SYSTEM *of* TENNESSEE

BOARD TRANSMITTAL

MEETING:	Committee on Audit
SUBJECT:	Comptroller's Office and Internal Audit Reports
DATE:	May 30, 2018
PRESENTER:	Mike Batson
ACTION REQUIRED:	Informational Report
STAFF'S RECOMMENDATION:	Accept Report

Comptroller's Office
The Comptroller of the Treasury, Division of State Audit, under the authority of TCA 4-3-304, performs financial and compliance audits of each Tennessee Board of Regents community college and the system office, typically every other year. The Comptroller's Office also conducts performance audits of the Tennessee Board of Regents operations, as needed. No Comptroller reports were issued for the community colleges or TCATs this quarter.

FINANCIAL AND COMPLIANCE AUDITS – NO FINDINGS
— None

FINANCIAL AND COMPLIANCE AUDITS – FINDINGS
— None

Internal Audit
The Audit Committee will receive executive summaries for the internal audit reports issued from January 1, 2018 to March 31, 2018 as well as reports issued after March 31, 2018, which contains information considered to be time-sensitive for the Audit Committee's consideration. Below is a listing of the internal audit and investigation reports completed during the reporting period, grouped by type of review. Highlights from these reports were reviewed in agenda item I.a.

Internal Audit and Investigation Reports for the Reporting Period*

*A Limited Official Use Only report for Cleveland State Community College: Follow-up to the State Audit LOU Report FY 15 and 16 was completed on March 19, 2018. This report will be shared in the Audit Committee Executive Session.

Tennessee Board of Regents
Audit Committee
May 30, 2018

Internal Audit Reports
Financial Management

Columbia State Community College
Financial Aid
March 12, 2018
Executive Summary

Key Staff Personnel	Interim Director, Financial Aid Associate Vice President, Business Services	Internal Auditor	Erica Smith, CPA
Introduction	Columbia State Community College (Columbia State) participates in Title IV Student Financial Assistance Programs in order to support strategic goals focused on enrollment, quality, student success, resourcefulness, and community. Columbia State Community College (Columbia State) is approved to disburse Federal Student Aid under a Program Participation Agreement (PPA) with the U.S. Department of Education. For award year 2017, Columbia State disbursed Pell, Direct Loans, and campus-based aid totaling $7,295,964.68, $4,576,691.00 and $181,232.57, respectively.		
Objectives	The objective of the engagement was to obtain an understanding of the control environment, and assess whether the control environment has internal controls in place as outlined by the *Standards for Internal Control in the Federal Government*'s (Green Book), and test financial aid control activities to determine whether the controls are operating as expected and financial aid transactions are in compliance with federal regulations, TBR policies and guidelines, and Columbia State policies and procedures.		
Conclusion	The engagement outcomes reflect the existence of a financial aid control environment that provides reasonable assurance award activity is in compliance with Federal statutes, regulations, the terms and conditions of the Federal award, and TBR and Columbia State Policy and Guidelines. However, four (4) observations were noted: 1. Expand Third Party Risk Management 2. Improve Competency 3. Enhance Accountability 4. Enhance Communication and Information to Meet College Objectives		
Recommendations	1. The College should establish a third party risk management program, designate who will coordinate the program, and review processes for selecting, training, and managing third party servicers in order to ensure the GLBA safeguards are established, and the college's third party servicers' risks are identified and managed. 2. Enrollment Services management should ensure new employees are properly oriented and understand the importance of policy compliance. 3. Financial Aid management should ensure reconciliation, setup, and Return to Title IV process and procedures are written, clearly designate responsibility, and establish an independent review. Additionally, processes and procedures should be reviewed to determine the feasibility of validating financial aid setups through Banner Test prior to initiating changes in Banner Production. Business Services management should ensure reconciliation processes and procedures are written, clearly designate responsibility, and establish an independent review. 4. Financial Aid Business Services management should review the purchase and contract process to ensure the processes in place are sufficient to ensure timely, accurate, and complete ECAR's filed with the Department of Education.		

Northeast State Community College
iOPTiN eBooks Review
Fall Semester 2016
March 27, 2018
Executive Summary

Key Staff: Director of NeSCC Computer Services, Follett Bookstore Manager	**Auditor:** Christopher Hyder

Introduction: Several students complained to the NeSCC president that they believed they were overcharged for ebooks delivered through the iOPTiN program during the Fall 2016 semester. The charges in question appeared to be duplicate charges but the lack of detail in the student accounts made it difficult to determine. The president asked NeSCC Internal Audit to review ebook charges from the Fall 2016 semester.

The iOPTiN program evolved over the past two academic years but will end with the conclusion of the Spring 2018 semester.

Objectives: To identify and determine the extent of uncorrected duplicate ebook charges to student accounts during the iOPTiN program's initial implementation during the Fall 2016 semester.

Scope: This audit reviewed all ebook transactions for the Fall 2016 semester.

Audit Conclusion: Based on audit tests of eBook charges from the Fall 2016 semester, it appears that 332 students were charged for multiple copies of identical ebooks totaling $21,250.04. The iOPTiN program did not appear to have automated safeguards against multiple charges to an individual student for the same ebook during the Fall 2016 semester. The omission of ebook titles from the SSB opt out screen and SSIB billing screen may have increased the likelihood of students not detecting duplicate charges. The overcharges per student ranged from $35.25 to $244.80 with an average of $64.01 per affected student.

Two situations resulted in multiple charges to students for the same ebook: students enrolled in multiple courses that required a common ebook and students registered for one course multiple times. Two students incurred multiple charges from both situations.

Recommendation: Due to the complexity and possible confusion related to the iOPTiN ebooks program, management should consider appropriate methods to refund affected students for overcharges related to multiple copies of identical ebooks.

Management's Response: We concur with the recommendation and will meet with Follett bookstore management to discuss the refund of ebook overcharges to students.

Tennessee Board of Regents
Audit Committee
May 30, 2018

Internal Audit Reports
Human Resources

Pellissippi State Community College
Faculty Credentials
Fall Semester 2017
February 8, 2018
Executive Summary

Key Staff Person: Vice President of Academic Affairs	**Auditor:** Director of Internal Audit

Background

The audit of faculty credentials was requested by the president of the College. This audit is an annual audit requested by the president to ensure that all full- and part-time faculty hired by the College each fall meet the requirements of the College's accrediting agency. Additionally, the ability to hire qualified faculty continues to be an area of concern as documented in the College's risk assessment for instruction and academic support.

Objectives

To determine whether the requirements necessary for compliance with Southern Association of Colleges and Schools (SACS) criteria were being met; to determine whether the documentation maintained by the College was sufficient to document compliance with the criteria; and to recommend improvements, if any are necessary.

Total Questioned Costs or Losses: None	**Total Recoveries:** Not Applicable

Audit Conclusion

The College needs to continue to make improvement in documenting that faculty hired to teach are qualified. After discussions with the President, as well as with the Vice President of Academic Affairs, it appears that management understands the problem and has been making every effort to prevent it from occurring in the future. Management also will continue their efforts to obtain transcripts in a timely fashion for all employees hired. It should be noted that significant improvement was made related to this area fall semester 2017.

Tennessee Board of Regents
Audit Committee
May 30, 2018

Internal Audit Reports
Follow-up

Chattanooga State Community College
Follow-up to the State Audit Report
For Fiscal Year Ending June 30, 2016 and June 30, 2015
February 26, 2018
Executive Summary

Key Staff: Vice President, Business and Finance Director, Financial Aid	**Auditor:** Kimberly Clingan Director, Internal Audit

Introduction

The Comptroller of the Treasury, Division of State Audit issued a financial and compliance audit of Chattanooga State Community College for the fiscal years ended June 30, 2016 and June 30, 2015, on August 31, 2017. The report included one audit finding considered to be a deficiency. The current status of each finding is presented in the Results of the Current Audit section below.

Objectives

The objectives of the review were to determine whether adequate corrective actions have been taken to address the audit findings, implement the audit recommendations and mitigate the risks that errors or fraud could occur and not be detected in a timely manner.

Results of the Current Audit

Current Status of State Audit Findings

1. **The Timesheets of Federal Work-Study Students Were Not Properly Monitored**

   Management has taken adequate actions to address the audit finding by implementing web-time entry through Self-Service Banner, development of the Exception Request Form, and providing additional training to supervisors and students.

Audit Conclusion

Based on the results of tests and procedures performed, management has taken adequate actions to address the audit findings, implement the audit recommendations and mitigate the risks that errors or fraud could occur and not be detected in a timely manner.

Chattanooga State Community College
Additional Follow-up to the Complete College Tennessee Act Outcome Measures Audit,
June 29, 2016 and January 31, 2017 – Page 1 of 2
Academic Year 2016-2017 Workforce Training Contact Hours
March 27, 2018
Executive Summary

Key Staff Personnel	Bo Drake, Vice President, Economic and Workforce Development	**Internal Auditor**	Kimberly Clingan, Director Internal Audit
Introduction	Chattanooga State Community College (ChSCC) Internal Audit conducted an audit Complete College Tennessee Act (CCTA) Outcome Measures that was completed in June 2016. Internal Audit reviewed data and data file controls in place during the academic year 2014-2015 and fall term 2015. Specifically, the audit reviewed End of Term/Report of Graduate file data and workforce training data submitted during the academic year. Due to concerns during fieldwork, the audit was expanded to include workforce training contact hours for academic year 2013-2014. This audit revealed that internal controls over outcome measures data indicated that the college had established controls to provide reasonable assurance that the data is accurately reported; however, Workforce Training Contact Hours were reported inaccurately due to a failure of management review controls. A follow-up audit was completed in January 2017, noting that management had not completed the agreed upon corrective actions.		
Objectives	The objective of the follow up was to determine if management had implemented the corrective actions for the recommendations noted in the CCTA Outcome Measures Audit dated June 29, 2016 and the Follow up to the CCTA Outcome Measures Audit dated January 31, 2017. The audit reviewed data and data file controls in place during academic year 2016-2017 for Workforce Training Contact Hours in the three functional areas represented in the report submitted to the Tennessee Board of Regents (TBR).		
Conclusion	The review of the college's internal controls over the workforce training contact hours outcome measure data for academic year 2016-2017 indicated that the college had implemented the agreed upon corrective actions concerning management review controls. However, these controls were not implemented in a manner to identify the deficiencies and ensure proper reporting of the workforce training contact hours when submitted in August 2017. The college's Academic Year 2016-2017 Workforce Training Contact Hours, per audit, totaled 51,974.		
Finding/ Recommendation	Errors caused by lack of training for new staff, inclusion of withdrawn/no-show students, and exclusion of training hours tracked separately from the Volkswagen Learning Management System resulted in total Workforce Training Contact Hours being understated by 3,658 for 2016-2017. These errors demonstrate that management review controls had not been effectively implemented by the 2016-2017 data submission date.		

Chattanooga State Community College
Additional Follow-up to the Complete College Tennessee Act Outcome Measures Audit,
June 29, 2016 and January 31, 2017 – Page 2 of 2
Academic Year 2016-2017 Workforce Training Contact Hours
March 27, 2018
Executive Summary

cont. Finding/ Recommendation	Management should continue to develop internal control steps to ensure the accuracy of the workforce training contact hours reported. Furthermore, all staff should be properly trained as to the type of data to report, how to calculate contact hours, and the format in which the workforce training hours are to be presented.
Management Response	Management concurs, noting that a series of leadership changes in the Economic and Workforce Development Division has contributed to the inconsistencies in controls and reporting. The Division's new leadership is committed to use of effective controls and the accuracy of reporting. Management will implement additional controls during academic year 2017-2018 as well as ensure all staff are properly trained in the appropriate manner in which to report training hours.

Cleveland State Community College
Follow-up to the State Audit Report
For the Fiscal Year Ending June 30, 2016 and June 30, 2015
March 14, 2018
Executive Summary

Key Staff: Director of Information Technology and Director of Financial Aid	**Auditor:** Alvin Bishop

Introduction
The Comptroller of the Treasury, Division of State Audit issued a financial and compliance audit of Cleveland State Community College for the fiscal years ended June 30, 2016 and June 30, 2015, on September 11, 2017. The report included two audit findings. One was identified as a significant deficiency. The current status of each finding is presented in the Results of the Current Audit section below.

Objectives
The objectives of the review were to determine whether adequate corrective actions have been taken to address the audit findings, implement the audit recommendations, and mitigate the risks that errors or fraud could occur and not be detected in a timely manner.

Results of the Current Audit
Current Status of State Audit Findings

1. As noted in the prior audit, the College did not provide adequate internal controls in one area.

   Management has implemented the necessary internal controls in the one specific area and the controls appear to be working.

2. The timesheets of Federal Work-Study students were not properly monitored.

   Procedures have been implemented to ensure Federal Work-Study student's timesheets are properly monitored. Financial Aid has implemented the training and contracts have been modified to include the supervisor's signature. Financial Aid staff are monitoring timesheets monthly. The review indicated that the procedures are working; however, one exception was noted during the review and the pay for the unallowable time was charged back to the department.

Audit Conclusion
Based on the results of tests and procedures performed, management has taken adequate actions to address the audit findings, implement the audit recommendations, and mitigate the risks that errors or fraud could occur and not be detected in a timely manner.

Dyersburg State Community College
Follow-up to the State Audit Report
For Fiscal Year Ending June 30, 2016
January 22, 2018
Executive Summary

Key Staff Persons: Charlene White, Vice President for Finance and Administrative Services	**Auditor:** Sandra Pruett, Director of Internal Audit

Introduction

The Comptroller of the Treasury, Division of State Audit issued a financial and compliance audit of Dyersburg State Community College for the fiscal year ended June 30, 2016 on August 10, 2017. The report entitled, *Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*, included one audit finding. The finding was identified in the audit report as a significant deficiency in internal controls, but not as a material weakness in internal controls.

Objectives

The objectives of the review were to determine whether adequate corrective actions have been taken to address the audit findings, implement the audit recommendations and mitigate the risks that errors or fraud could occur and not be detected in a timely manner.

Results of the Current Audit

Current Status of State Audit Findings

1. **Foundation bank reconciliations should be performed completely and timely.**

   Management concurs with the finding and the recommendation and has implemented corrective actions to address the issues.

Audit Conclusion:

Based on the results of tests and procedures performed, management has taken adequate actions to address the audit findings, implement the audit recommendations and mitigate the risks that errors or fraud could occur and not be detected in a timely manner.

Dyersburg State Community College
Follow-up to the Building Security and Key Controls Audit Report, January 11, 2017
March 29, 2018
Executive Summary

Key Staff Persons: Vice President for Finance and Administration, Director of Physical Plant, Assistant Director of Physical Plant	**Auditor:** DSCC Director of Internal Audit

Introduction

The DSCC Director of Internal Audit issued a Building Security and Key Controls internal audit report for Dyersburg State Community College on January 11, 2017. The report included three audit observations and recommendations. Recently, the DSCC Director of Internal Audit conducted a follow-up review of the status of these recommendations. The current status of each observation/recommendation is presented in the Results of the Current Audit section below.

Objectives

The objectives of the follow-up review were to determine whether adequate corrective actions have been taken to address the audit observations, implement the audit recommendations and to ensure that all related policies are being followed regarding building security and key controls.

Results of the Current Audit

Current Status of Building Security and Key Controls Audit Observations/Recommendations

1. **Keys are often not returned and key return documentation is lacking.**
   Keys returned are now being entered into the Keystone database. New doors and locks are scheduled to be installed as part of a capital project that is to begin in the summer of 2018.

2. **Too many master keys and building master keys have been issued.**
   A review of master keys issued was performed and changes made as needed. The current Vice President for Finance and Administration has been more reluctant to issue master keys than was the previous practice, reducing the overall number of master keys issued.

3. **Some *Best Practices* are not consistently being followed with regard to key issuance and return documentation.**
   A trace file has been developed to show the return of keys and the keys returned are being entered into the Keystone database. The Issue Trak system is being used to let the Assistant Director of Physical Plant know when keys need to be returned. A self-audit is being done twice annually to review the Keystone database. DSCC policy 05:01:06:00 has been updated to reflect the expectations of the handling of keys related to vendors and outside parties.

Audit Conclusion:

Based on the results of the follow-up review, management has taken adequate actions to address the audit observations, implement the audit recommendations and to ensure that all related policies are being followed regarding building security and key controls, with the exception of the capital project work regarding new doors and locks that is scheduled to begin in the summer of 2018.

Southwest Tennessee Community College
Follow-up to the Off-Campus International Education Programs Audit
August 1, 2014 through July 31, 2015
March 9, 2018
Executive Summary

Key Staff Person: Director of International Studies	**Auditor:** Charlotte Johnson, Internal Auditor

Introduction
Internal Audit for Southwest Tennessee Community College, issued an *Off-Campus International Education Programs* audit for the period August 1, 2014 through July 31, 2015, on March 3, 2016. The report included seven recommendations. The current status of the recommendations is presented in the audit conclusion section below.

Objectives
The objective of the review was to determine whether adequate corrective actions have been taken to address the recommendations.

Recommendations
1. Estimated program cost should be compared to actual cost at the completion of the program.
2. Documentation for service learning hours for scholarship recipients should be properly documented.
3. Travel expenditures should be supported with organized receipts.
4. Tuition for students enrolled in the TNCIS study abroad program should be converted to scholarships.
5. A written systematic process and procedure for collecting receivables should be established.
6. Diplomat scholarships should be advertised, reimbursement should be for the amount of tuition, and scholarships should be awarded by a committee.
7. Establish procedures to create a contingency account and monitor the account annually.

Audit Conclusion
Based on the results of tests and procedures performed, management has taken corrective action to resolve the findings for this audit.

Tennessee Board of Regents
Audit Committee
May 30, 2018

Internal Audit Reports
TCAT

TCAT - Harriman
Equipment/Security Review
For Fiscal Year Ended June 30, 2016
February 16, 2018
Executive Summary

Key Staff Personnel	Ms. Danice Turpin, President	**Internal Auditor**	Helen Vose, CIA, CFE
Introduction	To assess the adequacy of management's system of internal controls for specific areas identified as higher risk during the past operational reviews of all Colleges of Applied Technology. Controls over acquisitions, disposals, and surplus equipment, proper recording and deletions in the financial statements, and proper tagging, was reviewed. Transactions were tested on a sample basis and segregation of duties for purchasing. The process to issue, retrieve, and store keys was reviewed as well the security and alert systems are monitored. Other audit procedures were performed on controls in the following areas:		
Objectives	**Equipment**: 1. Capital Asset purchases are properly authorized. 2. Subsidiary records are maintained. 3. Equipment is properly tagged. 4. Property disposals are authorized. 5. Periodic physical inventory is taken. 6. Purchasing duties are properly segregated. **Security:** 1. Keys are stored in a secure location. 2. Keys distributed to faculty and staff are documented. 3. Security cameras are maintained and operating.		
Conclusion	Based on observations, discussions with management, and the testwork performed in the areas listed above for the period covered, management's systems of internal controls appear adequate. Management monitors key controls on a regular basis. The audit did not reveal significant issues of noncompliance with regulations, TBR or institutional policies, or significant deficiencies in operations.		
Recommendations	NA		

TCAT - Memphis
Equipment/Security Review
For Fiscal Year Ended June 30, 2016
January 22, 2018
Executive Summary

Key Staff Personnel	Mr. Roland Rayner, President	Internal Auditor	Helen Vose, CIA, CFE
Purpose and Scope	To assess the adequacy of management's system of internal controls for specific areas identified as higher risk during the past operational reviews of all Colleges of Applied Technology. Controls over acquisitions, disposals, and surplus equipment, proper recording and deletions in the financial statements, and proper tagging were reviewed. Transactions were tested on a sample basis and segregation of duties for purchasing. The process to issue, retrieve and store keys was reviewed and determine if the security cameras are maintained and operating in all areas of the campus. Other audit procedures were performed on controls in the following areas:		

Objectives	• **Equipment**:
	   1. Capital Asset purchases are properly authorized.
	   2. Subsidiary records are maintained.
	   3. Equipment is properly tagged.
	   4. Property disposals are authorized.
	   5. Periodic physical inventory is taken.
	   6. Purchasing duties are properly segregated.
	• **Security:**
	   1. Keys are stored in a secure location.
	   2. Keys distributed to faculty and staff are documented.
	   3. Security cameras are maintained and operating.		

Conclusion	Based on observations, discussions with management, and the testwork performed in the areas listed above for the period covered, management's systems of internal controls appear adequate. Management monitors key controls on a regular basis. The audit did not reveal significant issues of noncompliance with regulations, TBR or institutional policies, or significant deficiencies in operations. However, two opportunities for improvement were noted.		
Recommendations	**Capital Equipment – Implement alternative tagging** Three of 17 (18%) equipment items tested were missing tags. The tags were apparently removed by students in industrial electronics program. The TCAT should implement an alternative tagging system such as engraving. **Sensitive Items – Track Administrative Computers** The computers for Administrative staff were not listed on the sensitive item listing. TBR Policy B-110, requires sensitive items be identified and inventoried as of FY 11, even if on a sample basis.		

TCAT - Murfreesboro
Equipment/Security Review
For Fiscal Year Ended June 30, 2016
January 19, 2018
Executive Summary

Key Staff Personnel	Dr. Lynn Kreider, President	Internal Auditor	Helen Vose, CIA, CFE
Purpose and Scope	To assess the adequacy of management's system of internal controls for specific areas identified as higher risk during the past operational reviews of all Colleges of Applied Technology. Controls over acquisitions, disposals, and surplus equipment, proper recording and deletions in the financial statements, and proper tagging was reviewed. Transactions were tested on a sample basis and segregation of duties for purchasing. The process to issue, retrieve and store keys was reviewed and determine if the security cameras are maintained and operating in all areas of the campus. Other audit procedures were performed on controls in the following areas:		
Objectives	**Equipment**: 1. Capital Asset purchases are properly authorized. 2. Subsidiary records are maintained. 3. Equipment is properly tagged. 4. Property disposals are authorized. 5. Periodic physical inventory is taken. 6. Purchasing duties are properly segregated. **Security:** 1. Keys are stored in a secure location. 2. Keys distributed to faculty and staff are documented. 3. Security cameras are maintained and operating.		
Conclusion	Based on observations, discussions with management, and the testwork performed in the areas listed above for the period covered, management's systems of internal controls appear adequate. Management monitors key controls on a regular basis. The audit did not reveal significant issues of noncompliance with regulations, TBR or institutional policies, or significant deficiencies in operations.		
Recommendations	NA		

Key Staff Personnel	Ms. Carolyn Beverly, President	Internal Auditor	Helen Vose, CIA, CFE
Purpose and Scope	To assess the adequacy of management's system of internal controls for specific areas identified as higher risk during the past operational reviews of all Colleges of Applied Technology. Controls over acquisitions, disposals, and surplus equipment, proper recording and deletions in the financial statements, and proper tagging were reviewed. Transactions were tested on a sample basis and segregation of duties for purchasing. The process to issue, retrieve and store keys was reviewed and determine if the security cameras are maintained and operating in all areas of the campus. Other audit procedures were performed on controls in the following areas:		

Objectives	• **Equipment**:
	  1. Capital Asset purchases are properly authorized.
	  2. Subsidiary records are maintained.
	  3. Equipment is properly tagged.
	  4. Property disposals are authorized.
	  5. Periodic physical inventory is taken.
	  6. Purchasing duties are properly segregated.
	• **Security:**
	  1. Keys are stored in a secure location.
	  2. Keys distributed to faculty and staff are documented.
	  3. Security cameras are maintained and operating.		

Conclusion	Based on observations, discussions with management, and the testwork performed in the areas listed above for the period covered, management's systems of internal controls appear adequate. Management monitors key controls on a regular basis. The audit did not reveal significant issues of noncompliance with regulations, TBR or institutional policies, or significant deficiencies in operations.		
Recommendations	N/A		

Tennessee Board of Regents
Audit Committee
May 30, 2018

Internal Audit Reports
Investigations

Key Staff Person	Vice President, Technology	Auditor	Kimberly Clingan Director or Internal Audit
Objectives	The objective of this investigation was to determine the validity of the allegations concerning large dollar computer purchases and new equipment service issues and determine the extent of any violation of Chattanooga State Community College (ChSCC) or Tennessee Board of Regents (TBR) polices and/or procedures.		
Scope	The examination was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*, and accordingly included such tests and other investigative procedures as considered necessary.		
Analysis of Issues	*Issue 1:* Concerns were expressed that large dollar computer purchases were being made which benefited only a small number of employees. *Conclusion 1:* The allegation was unsubstantiated. The auditor reviewed all requisitions over $5,000 from September 1, 2016 through October 30, 2017, noting proper completion of management approvals and quote documentation. Furthermore, the Vice President of Technology explained the process of purchasing computers for super users, such as programmers, and recycling the replaced computers to users with less stringent user needs to prolong technology asset life. *Issue 2:* New computer equipment was reported as having service issues within the first few months of purchases. *Conclusion 2:* The allegation was substantiated as problems with overheating and a software updates caused issues with some of the new computers. However, all service issues have been adequately resolved through the manufacturer's customer service processes and does not represent a purchasing contract concern. *Issue 3:* During the course of the review, it was discovered that Technology Vice President and other members of the Technology staff were attending meetings with vendors where the vendor were paying for the meal. Some of the vendors were for state-wide or system-wide contracts for which ChSCC was not the initiating entity. *Conclusion 3:* Based on review of the TBR conflict of interest policy, the receipt of a meal which does not exceed fifty dollars per occasion does not violate the conflict of interest policy. However, the TBR Purchasing Policy states the following: *No employee of an institution responsible for initiating or approving requisitions shall accept or receive, directly or indirectly, from any person, firm or corporation to whom any contract may be awarded, by rebate, gift or otherwise, any money or anything of value whatsoever, or any promise, obligation or contract for future awards or compensation.*		

cont. Analysis of Issues	The purchase policy does not provide an exception for vendors which are state-wide or system-wide contracts and therefore no matter the vendor relationship a meal cannot be accepted by anyone with requisition responsibilities.
Recommendation	Internal Audit recommends that College management periodically remind all employees that the TBR Purchasing Policy prohibits the acceptance of anything of value from any current or potential vendor regardless of the monetary amount of the item being received.

Key Staff Person	Executive Director – Plant Operations Police Chief	Internal Auditor	Kimberly Clingan Director Internal Audit
Background	Chattanooga State Community College (ChSCC) Internal Audit received information concerning possible time manipulation in the ChSCC Police Department. The concern was centered on the department's process for approval and reporting of various types of leave including compensatory time.		
Objective	The objective of this investigation is to evaluate the effectiveness of the internal controls for the Police Department's leave and compensatory time processes.		
Total Estimated Losses	$2,619	**Total Recoveries**	Tentatively $852
Results of Investigation	Internal Audit's investigation determined a lack of internal controls in the Police Department for time and leave reporting and possible theft of time occurrences valuing approximately $2,619. The lack of internal controls created an atmosphere where compensatory time policies were not followed, approved leave requests were not loaded to web-time entry, and employees were using unapproved compensatory leave instead of annual or sick leave. Furthermore, a violation of the spirit of the nepotism policy was identified.		
Recommendations	Based on the procedures performed, Internal Audit recommends: • The Police Department should adhere to the policy and submit all compensatory or over-time activities for prior approval to the President through divisional management. • Management should review the auditor's leave sheet discrepancies, adjust the affected employee's leave balances for unrecorded time, and determine appropriate disciplinary actions in accordance with ChSCC policies. • The Police Chief should develop management oversight procedures and rules for use of his proxy for web-time entry approvals. • The Police Department personnel and all other parties on campus responsible for web-time entry approvals should be retrained concerning the appropriate process including the leave request procedures and how to properly make corrections. • Additional training should be provided to all employees to ensure that they can properly enter their time and/or leave in web-time entry as well as how to submit leave corrections. • Management should evaluate working relationships in the Police Department and appropriately apply the Nepotism Policy and/or internal controls to ensure an employee's family member is not responsible for supervising their work activity at any time.		

Management Response	We concur. All personnel in the Police department will be retrained in leave and time reporting and campus policies. Training sessions will be scheduled to retrain other campus personnel on reporting and approving leave and time reports. All working relationships in the Police department have been evaluated and action taken relevant to nepotism.

Campus Contact	Tammy Swenson, Executive VP, Business and Finance	Auditor	Linda Ciprich, CIA, CFE
Objectives	The purpose of this investigation was to explore complaints received by the Office of System-wide Internal Audit regarding the Campus Police department of Chattanooga State. Our objectives included evaluating evidence to substantiate or disclaim the allegation, to determine with reasonable assurance that adequate internal controls and practices are in effect for the college, and to make recommendations for improvement if necessary.		
Scope	Due to the nature of the allegation received from several employees of the Campus Police department, our approach was to interview the majority of the employees in the department to gather corresponding information related to the allegation as well as gauge the climate of the department. We reviewed documentation found on computers and records kept by the police department and other college offices.		
	The review was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing,* issued by the Institute of Internal Auditors and included procedures considered necessary in the circumstances.		
Analysis of Issues	Allegation - *A police officer scheduled to work the evening shift leaves the campus several hours early on Friday nights to work a side security job for Global Protective Services, a company owned by the college's police chief.*		
	The allegation was substantiated.		
	Additional Issues:		
	• *Failure of the Chief and Other Department Employees to Disclose Outside Employment*		
	• *Conflict of Commitment by the Chief*		
	• *False Incident Report of Theft by the Sergeant*		
	• *Chief's Mandatory Training was Completed for him by the Administrative Assistant*		

Conclusion/ Recommendations	The lack of managerial control activity within the Chattanooga State Community College Police Department has weakened internal control. The issues described in this report do not reflect assurance or compliance, but rather a lack of commitment in the management of the department. Prior to the completion of the review, the chief, captain, and sergeant submitted their resignations. • The executive vice president and executive director should determine what steps should be taken to strengthen internal control in the campus police department. • TBR and campus policies regarding outside employment should be revised to coordinate with the TBR conflict of interest policy since clerical/support employees are not exempt from the latter. • Management within the department should ensure employees are adhering to procedures regarding time reporting as indicated in a previous report by the campus internal auditor. • Management should monitor procedures for reporting crime statistics that are reflected in college and other state reports. Inflated statistics are detrimental to the reputation of the school. Filing a false police report is a criminal offense and including the statistic in Clery Act reporting could result in a fine to the college of $54,789. • Mandatory training should only be completed by the employee required to complete the training. Management should implement controls to monitor compliance. For example, an employee attestation could be added to the end of the session.
Management's Response	Chattanooga State Community College concurs with the recommendations and is taking action to address the issues presented in this report. As noted in the report, the employees mentioned above have resigned from the college.

Departments: Academic Affairs and Business Office	**Internal Auditor:** Tammy Wiseman

Introduction:
An investigative review was conducted based on an allegation received regarding the out-of-state travel of the Academic Dean of the Smyrna campus. The allegation states that the Academic Dean is misusing state funds out of her budget and Smyrna campus funds by traveling to two out-of-state conferences totaling $6,000 over a seven-month period, April – October 2017.

Objectives:
The objectives were to investigate the validity of the allegation, determine the extent of any violations of the Tennessee Board of Regents (TBR) and Motlow State Community College (MSCC) policies, and evaluate the adequacy of practices and internal controls over out-of-state conference travel.

Results of the Review:
Issue: The Academic Dean of Motlow State Community College's Smyrna campus misused state funds out of her budget and Smyrna campus funds to travel to two out-of-state conferences in the amount of $6,000 over a seven-month period.

Conclusion: The allegation was unsubstantiated. Both conferences were approved and within budgeted amounts of both fiscal years 2016-2017 and 2017-2018. Total expenditures were $4,083.26.

Recommendations:
1. A completed Travel Authorization should be approved prior to registration fees being paid, reimbursed, or charged to an institution issued charge card.

   Management's Comment
   Changes will be made to require a completed Travel Authorization be approved prior to registration fees being paid, reimbursed, or charged to an institution issued procurement card.

2. All estimated travel expenses should be reflected in the total cost of the Travel Authorization to include applicable: mileage, airfare, meals and incidentals, lodging, registration, and any other expenses.

   Management's Comment
   Changes will be made so that all estimated travel expenses be reflected in the total cost of the Travel Authorization to include applicable: mileage, airfare, meals and incidentals, lodging, registration, and any other expenses.

cont. Recommendations:

1. Forms TR-1, Travel Authorization, and TR-1F, Faculty/Staff Travel Authorization, should be referenced in policy as to appropriate use and properly define what personnel should use each form and under what circumstances.

   Management's Comment
   Form TR-1F, Faculty/Staff Travel Authorization, will be eliminated no later than July 1, 2018.

2. Per MSCC policy Travel Approval, 4:10:08:00, "Out-of-state travel must have the applicable vice president and President's approval." However, there is no signature line and date for the President on the TR-1F, Faculty/Staff Travel Authorization. A signature line and date for the President should be added to the TR-1F.

   Management's Comment
   Form TR-1F, Faculty/Staff Travel Authorization, will be eliminated no later than July 1, 2018.

3. Procedures should be developed outlining the usage of the restricted funds provided from the Motlow Foundation and institutional funds designated for faculty/staff development.

   Management's Comment
   Written procedures will be developed outlining the usage of the restricted funds provided from the Motlow Foundation and institutional funds designated for faculty/staff development. These procedures will be implemented no later than July 1, 2018.

Key Staff Person: Associate Director of Admissions	*Auditor:* Charlotte Johnson, Internal Auditor

Description of Incident
Internal Audit received an allegation regarding a Southwest Tennessee Community College supervisor issuing an email stating, "Everyone has July 3rd off on me. No need to send through KRONOS."

Objective
The primary objective of this review was to determine if the allegation was substantiated and to recommend improvements in procedures as needed.

Scope
- Time sheets were reviewed
- Interview was conducted with the Associate Director of Admissions
- Interviews were conducted with the Associate Director's staff

Review and Results
When the Associate Director of Admission was hired, he did not supervise staff. A change in the organizational chart resulted in him becoming a supervisor for the college's Recruiters. Recruiter's positions started out as exempt positions and were later changed to non-exempt positions due to changes in the Fair Labor Standards Act. The supervisor stated he was neither notified nor trained on the procedures for entering time into the Kronos Time Keeping System. Human Recourses verified that the Associate Director was not notified of the procedure changes.

The Director of Admission entered the same payroll hours into the KRONO system, Monday through Friday, in at 8:00AM and out a 4:30PM for his staff. His employees work non-traditional hours and have worked both evenings and weekends in the past. This resulted in incorrect time being entered into the KRONOS system. Employees signed off on their time records at the end of each pay period. The supervisor approved the time records. Both the employees and the supervisor signed and approved time records that did not reflect the actual worked for the time period.

The supervisor stated his intent on the statement was that his staff should take Monday, July 3, 2017, off because they had worked the weekend before and this would offset their comp time. It is not clear how comp time has been recorded for the employees.

Recommendations
1. It is a job requirement that all non-exempt employee's must "clock in" and "clock out" at the start and end of their shift. Under certain conditions, such as training at on off-site location, extracurricular events, etc., when an employee cannot "clock in" at their worksite, the employee should report time worked to their supervisor using a paper time sheet form so their hours can be manually entered. Under no conditions should incorrect hours be entered into the KRONOS system.
2. Human Resources should work with the Recruiters to reconstruct their comp time and make sure all hours worked are properly recorded and the employees are properly compensated the hours worked during this time period.

Management Response
Management concurs with and fully supports the recommendations of the Audit report.

Conclusion
Incorrect hours were entered into the KRONOS timekeeping system. Comp time was not properly recorded. Training has been provided for the supervisor and staff. Proposed processes were put into effect and remain in effect today.

Southwest Tennessee Community College
INV1608 - Purchase of Office Supplies
July 1, 2016 – June 30, 2017
February 26, 2018
Executive Summary

Key Staff Person: Vice President of Financial and Administrative Services	**Auditor:** Charlotte Johnson, Internal Auditor

Introduction
Internal Audit received an allegation regarding the purchase of office supplies. Blanket purchase orders are issued and one individual can be responsible for requisitioning, approving and receiving office supplies. There is no segregation of duties which results in individuals purchasing office supplies for personal use.

Objectives
The primary objective of the review was to determine if the allegation was substantiated and to recommend improvements in procedures as needed to strengthen internal controls.

Recommendation
A procedure should be created to ensure that different people initiate and approve purchasing transactions, and verify the receipt of good or services, for office supplies purchased through the Follett Book Store.

Audit Conclusion
Southwest Tennessee College has implemented internal controls, through the online Saluqi-Buy system, to ensure that different people initiate and approve purchasing transactions and verify the receipt of goods and services for office supplies purchased through Staples Office Supplies. STCC had not implemented internal controls for supplies purchased through the Follett Book Store. The allegation of employees purchasing office supplies for personal use could not be substantiated. New procedures should be developed to ensure proper internal controls are in place to govern the purchase of office supplies from the Follett Book Store.

Management Response
Management concurs that internal controls should be in place to govern purchases made by internal departments, through the Follett bookstore. A procedure has been approved and will become effective March 15, 2018.

BOARD TRANSMITTAL

MEETING: Committee on Audit

SUBJECT: University Updates

DATE: May 30, 2018

PRESENTER: Mike Batson

ACTION REQUIRED: Informational Report

STAFF'S
RECOMMENDATION: Accept Report

The Chief Audit Executive will provide an update regarding the university audit activities under the FOCUS Act. The following is a summary of key actions received by the Office of System-wide Internal Audit.

<u>Summary of Recent Activities</u>

- The State of Tennessee Comptroller of the Treasury released the Financial and Compliance Audit Report for the below universities for the year ended June 30, 2017. A summary for each report is included as Item Ic1.

<u>FINANCIAL AND COMPLIANCE AUDITS – NO FINDINGS</u>
      Middle Tennessee State University
          — FYE June 30, 2017
      The University of Memphis
          — FYE June 30, 2017

<u>FINANCIAL AND COMPLIANCE AUDITS – FINDINGS</u>
      Austin Peay State University
          — FYE June 30, 2017
      East Tennessee State University
          — FYE June 30, 2017
      Tennessee Technological University
          — FYE June 30, 2017

Standards followed by the Comptroller of the Treasury
In Relation to Audits of Tennessee Board of Regents Institutions

Audit reports issued for TBR institutions indicate that the Division of State Audit conducts audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in generally accepted government auditing standards. Standards generally accepted in the U.S. are generally the accounting standards issued by the Governmental Accounting Standards Board or Financial Accounting Standards Board of the American Institute of Certified Public Accountants. Generally accepted government auditing standards are those included in Government Auditing Standards, issued by the Comptroller General of the United States. The types of findings described below are based on the guidance provided in these standards.

Types of Findings

Deficiencies in Internal Control[1]
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

Significant Deficiency[1]
A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Material Weakness[1]
A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

A finding normally results when auditors consider a deficiency in internal control to be a significant deficiency or a material weakness.

Instance of Non-Compliance Required to be Reported[2]
When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

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[1] Statement on Auditing Standard 115, *Communicating Internal Control Related Matters Identified in an Audit,* was effective for periods ending on or after December 15, 2009.
[2] The December 2011 Revision of Government Auditing Standards, issued by the Comptroller General of the United States, Government Accountability Office.

Financial and Compliance Audits—Findings Reported

Institution	For the Year Ended	Auditor's Opinion on Financial Statements	Report on Internal Control	Report on Compliance	Findings
Austin Peay State University	June 30, 2017	Unmodified Opinion	Two internal control findings identified as significant deficiencies	No instances of noncompliance required to be reported	2

Finding 1 – Austin Peay State University did not have adequate policies and procedures to prevent, or to detect and correct, errors in enrollment reporting for the federal Direct Loan Program
The Registrar should revise policies and procedures to include a process to ensure the Registrar's Office uploads and submits the correct graduate listing. The Registrar should also ensure that faculty are aware of reporting deadlines and the importance of reporting enrollment status changes.

Management's Comment – We concur. The Office of the Registrar has added two quality control steps to our current procedures that will require the Office of the Registrar to 1) compare the file sent with the graduation list and 2) log into the National Student Clearinghouse following submission of the graduation file and randomly check five (5) percent of the students on the list to confirm the correct file was submitted. Additionally, the Office of the Registrar will continue to work with the Office of the Provost to improve communication in order to ensure that faculty are aware of the deadlines and are made aware of the importance of reporting changes in enrollment status. The faculty will continue to receive regular reminders during the semester to report enrollment changes immediately.

Finding 2 – Return of Title IV funds were not in compliance with federal regulations
The Registrar's Office and the Student Financial Aid Office should ensure federal regulations are followed. While the Registrar's Office is responsible for entering the number of days in the period of enrollment, including breaks, into the Banner information system, the Student Financial Aid Office should verify that the Registrar's Office entered the information correctly. Management should ensure that the Student Financial Aid Office reperforms all return of Title IV funds calculations and makes necessary corrections to student and federal fund accounts.

Management's Comment – We concur. The Office of Student Financial Aid has detailed procedures in place for calculating the Return of Title IV funds; however, exclusion of break dates is part of the Office of the Registrar's annual setup in Banner when the academic calendar is developed. After discussion with the Office of the Registrar, a review of scheduled breaks has been added to their annual setup procedures. In turn, the Office of Student Financial Aid has added a step to our annual new aid year setup procedures to send a reminder to ensure these break dates are entered in the student module when the academic calendar dates are established.

Internal Audit Follow-Up: An internal audit follow-up report on these findings will be presented to the Audit Committee at a subsequent meeting.

Financial and Compliance Audits—Findings Reported

Institution	For the Year Ended	Auditor's Opinion on Financial Statements	Report on Internal Control	Report on Compliance	Findings
East Tennessee State University	June 30, 2017	Unmodified Opinion	Two internal control findings identified as significant deficiencies	No instances of noncompliance required to be reported	2

Finding 1 – Staff incorrectly reported depreciation of equipment assets
Management should ensure that depreciation expense and accumulated depreciation for equipment are correctly reported. If the Banner accounting system is not correctly calculating depreciation expense and accumulated depreciation on equipment, staff members should perform the necessary calculations and independently. The equipment amounts being depreciated per staff calculations should be agreed or reconciled to the university's equipment listing. Management should review their calculations for completeness and accuracy.

Management's Comment – We concur. A review of individual equipment assets and associated accumulated depreciation has been conducted by Financial Services staff. The review identified assets which had value adjustments added to the original cost. When the depreciation process was run in the Banner accounting system, depreciation associated with these value adjustments was calculated incorrectly. It was also noted during the review that some new assets added each year had depreciation start dates entered in banner accounting system after the depreciation process had been run. These assets did not have any depreciation recorded during the year the asset was recorded and no catch-up depreciation was picked up on these assets. These errors occurred over multiple years, resulting in the understatement of accumulated depreciation. The correct accumulated depreciation amount for each individual equipment asset has been calculated by Financial Services staff and will be recorded in the Banner accounting system. Depreciation will be calculated by Financial Services staff each year end and reconciled to the complete equipment listing. Calculations will be reviewed by management for completeness and accuracy prior to recording in the Banner accounting system.

Finding 2 – The university did not comply with return of funds requirements for federal student financial aid
The Director of Financial Aid should ensure that staff members are aware of the requirements promulgated by the U.S Department of Education to accomplish correct and timely returns to the financial aid programs. The director should see that controls are in place to monitor return calculations, ensuring correct data entry and propriety of calculations.

Management's Comment – We concur. The Office of Financial Aid will review each student who withdrew, dropped out, or was terminated from class prior to completing 60% of the term for which an award was made. The Office of Financial Aid will correct any calculation errors with the U.S. Department of Education. Measures have been taken to ensure timeliness of calculations and return of funds. Beginning January 2018, the university moved to a weekly review of Return of Title IV HEOA funds to applicable Federal programs. Financial Aid staff responsible for Return of Title IV processing will be required to take the National Association of Student Financial Aid Administrators (NASFAA) Return of Title IV credentialing course/exam. Successful completion of both course and exam will be required. In the future, the Office of Financial Aid will meet with other university offices prior to the start of the financial aid year to review dates and ensure breaks more than five days in length are accounted for properly. The Office of Financial Aid will work with the Records office to ensure the entire aid year is established in the Banner system rather than setting the calendar up term by term. Establishing the calendar in the Banner system for the entire financial aid year will better control the calendar and prevent errors in the future. The university is in the process of moving all Return of Title IV calculation processing, official and unofficial, into the Banner system. Calculations will be performed by one office, the Office of Financial Aid, instead of being divided between the Bursar's Office and the Office of Financial Aid. This move will allow consistency in processing and assurance of a timely return. Moving all processing into the Banner system will require additional programming, and it is anticipated the programming will be completed by the end of May 2018. Following programming changes, all Return of Title IV processing will be performed by the Office of Financial Aid beginning summer of 2018.

Internal Audit Follow-Up: An internal audit follow-up report on these findings will be presented to the Audit Committee at a subsequent meeting.

Tennessee Technological University
Audit Committee
May 30, 2018
Review of Comptroller's Office Audit Reports

Financial and Compliance Audits—Findings Reported

Institution	For the Year Ended	Auditor's Opinion on Financial Statements	Report on Internal Control	Report on Compliance	Findings
Tennessee Technological University	June 30, 2017	Unmodified Opinion	One internal control finding identified as a significant deficiency	No instances of noncompliance required to be reported	2

Finding 1 – Tennessee Technological University did not provide adequate internal controls in three areas
The details of this finding are confidential pursuant to Section 10-7-504(i), *Tennessee Code Annotated.* The university was provided with detailed information regarding the specific conditions identified, as well as the related criteria, causes, and specific recommendations for improvement. Management should ensure that these conditions are remedied by promptly developing and consistently implementing internal controls in these areas. Management should implement effective controls to ensure compliance with applicable requirements; assign staff to be responsible for ongoing monitoring of the risks and mitigating controls; and take action if deficiencies occur.

Management's Comment – We concur. Management has already begun developing procedures to enhance effectiveness in the specific areas noted in the findings. Staff have been assigned responsibility for ongoing monitoring of risks and controls.

Finding 2 – Tennessee Technological University staff did not enter into written agreements with the non-institutional agencies or organizations providing employment under the Federal Work-Study program
The Director of Financial Aid and the Assistant Director for the University Service Center should work together to ensure compliance with FWS requirements as set forth in the *Code of Federal Regulations.* The Financial Aid Office and the University Service Center should develop a system of collecting and maintaining non-institutional employer contracts prior to student FWS activity. The Director of Financial Aid should make sure that continuing education is provided for Financial Aid and University Service Center staff to ensure familiarity with FWS compliance requirements.

Management's Comment – We concur. When this issue was identified, we understood that we were not compliant with this regulation. We quickly began the process of becoming compliant. The following steps were made:
08/22/2017 – Copy of FSA Handbook Off-Campus Work-Study Agreement forwarded to University Counsel and Secretary to the Board, Kae Carpenter.

09/01/2017 – Working with Ms. Carpenter over the period of a week, the document met with her approval.

After this process was completed, we began identifying all students working at an off-campus site and sending them an email to provide us a copy of the Off-Campus Agreement from their employer. In addition, we contacted each employer and asked that they complete the form, one for 2016-17 and another to set up 2017-18. We received 100% of the documentation back. This was accomplished after the finding was discussed with State Audit personnel. To comply with federal regulations, we understand that this document must be in place prior to a student earning hours at off-campus sites. We have made the decision to handle all off-campus assignments internally within the Office of Financial Aid in order to avoid issues with agreements, timesheets and proper paying of student workers.

Internal Audit Follow-Up: An internal audit follow-up report on these findings will be presented to the Audit Committee at a subsequent meeting.

BOARD TRANSMITTAL

MEETING: Committee on Audit

SUBJECT: System-wide Internal Audit Updates

DATE: May 30, 2018

PRESENTER: Mike Batson

ACTION REQUIRED: Informational Report

STAFF'S
RECOMMENDATION: Accept Report

Mike Batson will give brief updates for the following items:

- Internal Audit Training that took place at the TBR System Office on April 4, 2018
- TN College and University Auditors Conference to take place at Embassy Suites – Nashville SE Murfreesboro from October 21-24, 2018
- Plan for providing Presidents with feedback on internal auditors

<div align="center">

TBR System-wide Internal Audit Training Agenda
April 4, 2018
12:30 pm – 4:30 pm
TBR System Office, Conference Rooms 341, 343, & 344

</div>

12:30 – 1:45   **TBR Management Panel Discussion**
                     Dr. Flora Tydings, Chancellor
                     Tom Griscom, Regent & Audit Committee Chairman
                     Mary Moody, General Counsel

1:45 – 2:00   **Break**

2:00 – 3:40   **SWIA Processes**
                     Investigation Process – Linda Ciprich
                     IT Audit for Campus Auditors – Jim Sorrell
                     Risk Assessment – Helen Vose

3:40 – 3:50   **Break**

3:50 – 4:40   **ACUA Mid-year Conference Lessons Learned**
                     Basics of Fraud Investigations – Tammy Wiseman
                     Auditing for Compliance – Kim Clingan

4:40 – 4:45   **Wrap-up/Announcements**

BOARD TRANSMITTAL

MEETING: Committee on Audit

SUBJECT: Review of Revisions to Fiscal Year 2018 Audit Plans

DATE: May 30, 2018

PRESENTER: Mike Batson

ACTION REQUIRED: Voice Vote

STAFF'S
RECOMMENDATION: Approve

The Office of Internal Audit at each campus and the system office prepares an annual Audit Plan at the beginning of each fiscal year. Each plan is based upon the staffing and hours available to perform audits and is prepared in conjunction with an annual risk analysis of the audit universe. The audit plans include required audits, risk-based audits, known investigations and special requests or projects. During the year, changes in audit priorities and staffing may result in alterations to the plan.

A summary of significant revisions to the plans from July 2017 to March 2018 is attached, followed by the revised plan for each of the audit offices listed below.

Cleveland State Community College
Columbia State Community College
Dyersburg State Community College
Jackson State Community College
Motlow State Community College
Nashville State Community College
Pellissippi State Community College

Roane State Community College
Southwest Tennessee Community College
Volunteer State Community College
Walters State Community College
Tennessee Board of Regents --
      Investigations

Tennessee Board of Regents
Summary of Significant Revisions
Fiscal Year 2018 Audit Plans

Overview of Significant Revisions: Below are revisions to the audit plans created in July 2017, reflecting changes which occurred through March 2018. Changes in audit priorities result in most revisions to audit plans. Investigations and special projects occur and sometimes replace risk-based or other planned audits. However, time budgets may also be increased or decreased depending on circumstances encountered during an audit and the time needed to achieve the audit objectives.

Institution	Significant Revisions to Audit Plans Since July 1, 2017
ChSCC	Investigations 18-01 and 18-02, added in July 2017, caused a significant increase in audit hours. The Software License Compliance audit was removed. Assisting TBR with developing investigations, CCTA Workforce Training Hours Follow-up, and the addition of the QAR project led to a significant increase in audit hours. HR Grievance Process, TN Financial Aid Dollars and Grant Development have been removed. (Revisions are from previous quarters and were presented in the March 2018 materials.)
ClSCC	A requested audit, Marketing & Communication Equipment Review, caused a significant increase in audit hours. Two audits, Fees Audit and Enrollment Services Audit, were removed due to the required addition of QAR 2018.
CoSCC	Develop Continuous Audit-Argos Training and Data Block Development and Data Analytics was removed due to financial aid staff transitions and State Audit. Emergency Plan Compliance Review was removed due to additional hours required on IIA Quality Assurance Self-Assessment.
DSCC	Two added investigations, 18-01 and 18-02. The addition of the QAR project, IT Disaster Recovery Follow-up Audit, and Building Security and Key Controls Follow-up caused the removal of Advising Services Audit, Human Resources Audit, and Records Management and Retention 2017 Audit.
JSCC	Two added investigations, 18-01 and 18-02. The addition of these investigations caused the removal of the CCTA Funding Formula End of Term Audit and the Financial Aid Audit.
MSCC	Four added investigations, 18-01/18-02/18-03/18-04. The addition of the QAR project and an increase in Student Financial Data Audit caused a significant increase in audit hours. This required the removal of the Financial Aid Follow-up, Human Resources Audit, Admissions and Records Audit, Athletics Audit, and Workforce Development Audit.
NaSCC	Two investigations added, 18-01 and 18-02.
NeSCC	The addition of the QAR project and the IRB Review project caused a significant increase in audit hours. The Foundation/Advancement Review was removed. (Revisions are from previous quarters and were presented in the March 2018 materials.)
PSCC	The Clery Act Review audit hours were significantly increased and the QAR project was added. This caused the removal of the CCTA Funding Formula Audit. The Enterprise Risk Assessment, Bank Reconciliations Audit, and Accounts Receivable Audit hours were significantly decreased. The Review of Higher Education Compliance Matrix was removed due to a joint decision with the President.
RSCC	Due to increased hoc requests, audit hours were added to General Consultation. The Foundation Audit hours were reduced due to overlapping with State Audit currently on-site. Quality Assurance Review was added to the plan.
STCC	Investigation 18-01, added in July 2017, caused a significant increase in audit hours. Audit hours for Follow-up Credit Card, State Audit Follow-up, and Technology Access Fee Audit increased significantly. The QAR project was added and some completed investigations (16-04/17-01/17-05) took less hours than estimated.

VSCC	The Athletic Work Study Program Audit, Student Campus Activities Audit and Work Study Program Audit were removed due to the addition of the QAIP Self-Assessment, State Audit Follow-up and a special review of Business Division Grants.
WSCC	The FY 18 CCTA FF-Workforce Training audit hours were significantly increased due to an underestimate of hours needed. The Accounts Receivable Audit hours estimated was reduced significantly.
TBR Investigations	The investigations auditor was assigned the MSCC President's Expense Audit due to the loss of the Director of Internal Audit position at TBR. This required a significant addition in audit hours. Seven investigations were added, 18-01/18-03/18-04/18-06/18-07/18-08/18-09.

The following institutions have not had significant revisions during this fiscal year:
TBR-Information Systems
TBR-TCAT

Cleveland State Community College
Internal Audit Plan
Fiscal Year Ending June 30, 2018
Revised April 2018

Area	Type	Audit	Risk Factor	Estimated Audit Start Date	Original Hours Planned	Revised Plan	Change in Hours	Change in Percentage	FN	Actual Hours	Variance	Completion Date	Current Status
							Revised to Original			Planned to Actual			
FM	R	ClSCC-IAR-NACHA 2017	5.0	Aug 2017	112.5	112.5	0.0	0.0		129.0	-16.5	Nov-17	Completed
IS	R	ClSCC Year End 2017	5.0	July 2017	15.0	15.0	0.0	0.0		22.0	-7.0	Sep-17	Completed
IS	F	ClSCC -IAR- 17-01	5.0	Oct 2017	7.5	7.5	0.0	0.0		3.0	4.5	Aug-17	Completed
IS	F	ClSCC-IAR-FU-Emergency Preparedness	5.0	Dec 2017	7.5	7.5	0.0	0.0		20.5	-13.0	Mar-18	Completed
IS	F	ClSCC-IAR-FU-Building Access & Keys	5.0	Sept 2017	15.0	33.8	18.8	1.3		31.0	2.8		In Progress
FM	S	ClSCC-IAR-NACHA 2018	5.0	May 2018	112.5	112.5	0.0	0.0			112.5		Scheduled
IS	I	ClSCC-IAR - Unscheduled investigations 2018	5.0	July 2017	112.5	75.0	-37.5	-0.3			75.0		In Progress
IS	C	ClSCC- IAR- General Consultation 2018	5.0	July 2017	52.5	52.5	0.0	0.0		25.5	27.0		In Progress
IS	S	ClSCC Year End 2018	5.0	June 2018	30.0	30.0	0.0	0.0			30.0		Scheduled
IS	P	ClSCC-Special Project - MKI	5.0	July 2017	15.0	7.5	-7.5	-0.5		4.5	3.0		In Progress
IS	M	ClSCC- IA Letter- MRA 2017	5.0	Aug 2017	37.5	37.5	0.0	0.0		18.0	19.5	Oct-17	Completed
IS	M	Athens- IA Letter MRA 2018	5.0	Sept 2017	37.5	37.5	0.0	0.0			37.5		Scheduled
IS	F	ClSCC- IAR-FU- State Audit 2018	5.0	Nov 2017	75.0	75.0	0.0	0.0		139.0	-64.0	Mar-18	Completed
IS	R	ClSCC-IAR-QAR 2018	5.0	Apr 2018	0.0	105.0	105.0	N/A			105.0		Scheduled
FM	R	ClSCC-IAR-Payroll	3.2	Oct 2017	105.0	105.0	0.0	0.0		74.0	31.0		In Progress
IS	S	ClSCC-IAR-Marketing & Communication Equip.	5.0	July 2017	0.0	84.8	84.8	1.0		85.0	-0.3	Sep-17	Completed
FM	A	ClSCC-IAR-Fees	3.3	Oct 2017	112.5	112.5	0.0	0.0	FN1		112.5		Removed
SS	A	ClSCC-IAR-Enrollment Services	3.3	Apr 2018	112.5	112.5	0.0	0.0	FN1		112.5		Removed
		Total Planned Audit Hours:			**960.0**	**1123.5**	**163.5**			**551.5**	**572.0**		

Estimated Available Audit Hours = 1123.5

Functional Areas:

AD - Advancement
AT - Athletics
AX - Auxiliary
FM - Financial Management
IA - Instruction & Academic Support
IS - Institutional Support
IT - Information Technology
MC - Marketing and Campus Activities
PP - Physical Plant
RS - Research
SS - Student Services

Audit Types:

R - Required
A - Risk-Based (Assessed)
S - Special Request
I - Investigation
P - Project (Ongoing or Recurring)
M - Management's Risk Assessment
C - Consultation
F - Follow-up Review
O - Other

Status:

Scheduled
In Progress
Completed
Removed

FN1 - Removed due to additional priorities such as Quality Assessment.

Columbia State Community College
Internal Audit Plan
Fiscal Year Ending June 30, 2018
Revised April 2018

Area	Type	Audit	Risk Factor	Estimated Audit Start Date	Original Hours Planned	Revised Plan	Revised to Original		FN	Planned to Actual		Completion Date	Current Status
							Change in Hours	Change in Percentage		Actual Hours	Variance		
IA	C	Management Advisory Services	5.0	Jul 2017	30.0	67.5	37.5	125%		57.0	10.5		In Progress
IS	M	Review Management's Risk Assessment	5.0	Sep 2017	37.5	18.8	-18.8	-50%		16.0	2.8	October	Completed
IT	F	Follow-up State Audit Finding	5.0	Oct 2017	37.5	37.5	0.0	0%		36.8	0.8		In Progress
SS	A	Funding Formula	5.0	Nov 2017	75.0	112.5	37.5	50%		25.5	87.0		In Progress
IS	M	Review Management's Risk Assessment_TCAT Pulaski	5.0	Feb 2018	7.5	7.5	0.0	0%			7.5		Scheduled
IS	M	Review Management's Risk Assessment_TCAT Hohenwald	5.0	Feb 2018	7.5	7.5	0.0	0%			7.5		Scheduled
SS	A	Financial Aid-Phase 1	4.0	Jul 2017	150.0	249.8	99.8	67%	2	241.0	8.7	March	Completed
SS	F	Follow-up State Audit Finding	4.0	Oct 2017	37.5	37.5	0.0	0%		31.8	5.8		In Progress
SS	S	DoD MOU Compliance	3.7	Apr 2018	37.5	0.0	-37.5	-100%	2		0.0		Scheduled
	C	General Requests	3.6	Aug 2017	37.5	37.5	0.0	0%		36.9	0.6		In Progress
AT	C	Title IX - Self Assessment	3.6	Oct 2017	112.5	112.5	0.0	0%		2.0	110.5		Scheduled
AT	A	Eligibility and Financial Aid	3.6	Jan 2018	112.5	0.0	-112.5	-100%			0.0		Removed
IS	C	Awareness Education	3.1	Aug 2017	37.5	37.5	0.0	0%		7.8	29.8		In Progress
IS	R	IIA Quality Assurance Self-assessment	3.1	Jan 2018	37.5	112.5	75.0	200%	1	32.0	80.5		In Progress
IS	P	Develop Continuous Audit_Argos Training and Data Block Development_Data Analytics	3.1	Sep 2017	46.9	0.0	-46.9	-100%	2		0.0		Removed
PP	A	Emergency Plan Compliance Review	3.0	Feb 2018	112.5	0.0	-112.5	-100%	1		0.0		Removed
FM	R	State Audit Year-End Work	3.0	May 2018	45.0	45.0	0.0	0%			45.0		Scheduled
IS	M	Annual Departmental Budget Briefings	2.9	Jul 2017	30.0	30.0	0.0	0%		24.0	6.0	July	Completed
IS	A	Policy Compliance Reviews	2.9	Aug 2017	75.0	75.0	0.0	0%		0.8	74.3		Scheduled
IS	F	Engagement Follow-up Review	2.9	Continuous	47.3	47.3	0.0	0%		20.5	26.8		In Progress
FM	R	State Audit Year-End Work	3.0	Prior Year	0.0	60.0	60.0			59.8	0.2	December	Completed
IA	I	CoSCC 18-01		Dec 2017	0.0	18.8	18.8			2.5	16.3	December	Completed
		Total Planned Audit Hours:			1114.1	1114.5	0.4	0%		594.2	520.3		

Estimated Available Audit Hours =

Functional Areas:

AD - Advancement
AT - Athletics
AX - Auxiliary
FM - Financial Management
IA - Instruction & Academic Support
IS - Institutional Support
IT - Information Technology
MC - Marketing and Campus Activities
PP - Physical Plant
RS - Research
SS - Student Services

Audit Types:

R - Required
A - Risk-Based (Assessed)
S - Special Request
I - Investigation
P - Project (Ongoing or Recurring)
M - Management's Risk Assessment
C - Consultation
F - Follow-up Review
O - Other

Status:

Scheduled
In Progress
Completed
Removed

1 Hours moved to IIA Self-Assessment in support of External QAR
2 Work around financial aid staff transitions and State Auditor

Dyersburg State Community College
Internal Audit Plan
Fiscal Year Ending June 30, 2018
Revised April 2018

Area	Type	Audit	Risk Factor	Estimated Audit Start Date	Original Hours Planned	Revised Plan	Change in Hours	Change in Percentage	FN	Actual Hours	Variance	Completion Date	Current Status
							Revised to Original			**Planned to Actual**			
IS	I	Unscheduled Investigations	5	Jul-17	65.0	30.0	-35.0	-54%			30.0		Scheduled
IS	C	CON - General Consultation	5	Jul-17	50.0	50.0	0.0	0%		64.0	-14.0		In Progress
IS	C	CON - PII Review	5	Jul-17	120.0	105.0	-15.0	-13%		86.5	18.5		In Progress
FM	F	IAR-FU to State Audit 2017	5	Jan-18	25.0	25.0	0.0	0%		43.0	-18.0	Jan-18	Completed
IS	I	INV 18-01	5	Sep-17	0.0	15.0	15.0	N/A		12.0	3.0	Sep-17	Completed
IS	I	INV 18-02	5	Sep-17	0.0	15.0	15.0	N/A		23.5	-8.5	Oct-17	Completed
IS	M	RA-Resourcefullness & Efficiency	5	Oct-17	130.5	130.5	0.0	0%		156.5	-26.0	Oct-17	Completed
IA	R	IAR Enrollment/Retention/Graduation Rates	4.3	Apr-18	180.0	180.0	0.0	0%			180.0		Scheduled
FM	R	Year End Bank Confirmations - Cash Counts 2	3.7	Jun-18	30.0	30.0	0.0	0%		13.0	17.0		Scheduled
FM	A	Records Management and Retention 2017	3	Dec-17	90.0	0.0	-90.0	-100%	FN 2		0.0		Removed
AT	A	IAR-Athletics Eligibility	3.9	Jan-18	72.0	72.0	0.0	0%			72.0		Scheduled
AT	A	IAR-Athletics Camps, Clinics, Fundraising	4	Mar-18	75.0	75.0	0.0	0%			75.0		Scheduled
SS	A	IAR-Advising Services	4.3	May-18	65.0	0.0	-65.0	-100%	FN 1		0.0		Removed
IS	A	IAR-Human Resources	3.5	Feb-18	120.0	0.0	-120.0	-100%	FN 1		0.0		Removed
FM	S	IAR - Faculty Sick Leave	5	Jul-17	20.0	20.0	0.0	0%		50.0	-30.0		In Progress
FM	S	IAR-Cash Handling Procedures	3.7	Nov-17	120.0	120.0	0.0	0%		83.5	36.5		In Progress
SS	S	Federal Work Study Program	4.1	Jul-17	30.0	30.0	0.0	0%		59.0	-29.0		In Progress
IS	P	QAR Subcommittee Project	5	Oct-17	0.0	40.0	40.0	N/A		44.5	-4.5		In Progress
IS	R	IAR-QAR 2018 External Review	5	Nov-17	0.0	130.0	130.0	N/A		122.0	8.0		In Progress
IT	F	IAR -FU IT Disaster Recovery	5	Nov-17	0.0	18.8	18.8	N/A		19.0	-0.3	Nov-17	Completed
PP	F	IAR- FU Building Security & Key Control	5	Feb-18	0.0	20.0	20.0	N/A		30.0	-10.0	Mar-18	Completed
		Total Planned Audit Hours:			**1192.6**	**1106.3**	**-86.3**			**806.5**	**299.8**		

Estimated Available Audit Hours = 1192.50

Functional Areas:
AD - Advancement
AT - Athletics
AX - Auxiliary
FM - Financial Management
IA - Instruction & Academic Support
IS - Institutional Support
IT - Information Technology
MC - Marketing and Campus Activities
PP - Physical Plant
RS - Research
SS - Student Services

Audit Types:
R - Required
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S - Special Request
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P - Project (Ongoing or Recurring)
M - Management's Risk Assessment
C - Consultation
F - Follow-up Review
O - Other

Status:
Scheduled
In Progress
Completed
Removed

FN 1 - Removed due to the addition of the QAR Subcommittee Project work, the QAR 2018 External Review, the IT Disaster Recovery Follow-up Audit, and the Building Security and Key
FN 2 - Removed due to additional time spent on other audits.

Jackson State Community College
Internal Audit Plan
Fiscal Year Ending June 30, 2018
Revised April 2018

Area	Type	Audit	Risk Factor	Estimated Audit Start Date	Original Hours Planned	Revised Plan	Revised to Original		FN	Planned to Actual		Completion Date	Current Status
							Change in Hours	Change in Percentage		Actual Hours	Variance		
AD	A	JSCC Foundation	5.0	Dec 2017	150.0	150.0	0.0	0%			150.0		Scheduled
FM	F	Payroll Follow up	5.0	Nov 2017	90.0	90.0	0.0	0%			90.0		Scheduled
FM	F	Access and Diversity Follow up	5.0	Jul 2017	135.0	135.0	0.0	0%		95.5	39.5	Dec 2017	Completed
FM	A	JSCC - Year-end Procedures	5.0	Jun 2018	37.5	37.5	0.0	0%		5.5	32.0		In Progress
IA	F	Study Abroad Follow up	5.0	Jul 2017	135.0	165.0	30.0	22%		67.5	97.5		In Progress
IA	M	JSCC Risk Assessment	5.0	Sep 2017	112.5	112.5	0.0	0%			112.5		Scheduled
IS	C	General Consultation	5.0	Jul 2017	60.0	60.0	0.0	0%		212.8	-152.8		In Progress
IS	I	Unscheduled Investigations	5.0	Jul 2017	75.0	0.0	-75.0	-100%	FN1		0.0		Removed
IS	P	IIA Quality Assurance Review	5.0	Jan 2018	187.5	187.5	0.0	0%		5.0	182.5		In Progress
IS	F	Emergency Preparedness Follow up	5.0	Mar 2018	60.0	60.0	0.0	0%			60.0		Scheduled
IS	M	JSCC Risk Assessment	5.0	Sep 2017	112.5	112.5	0.0	0%		81.0	31.5		In Progress
SS	A	CCTA Funding Formula End of Term	5.0	Jan 2018	187.5	0.0	-187.5	-100%	FN2		0.0		Removed
IS	M	TCAT Risk Assessment	5.0	Jan 2018	97.5	112.5	15.0	15%			112.5		Scheduled
IS	A	Financial Aid	4.1	Apr 2018	172.5	0.0	-172.5	-100%	FN2		0.0		Removed
IA	I	INV 18-01	5.0	Jan 2018	0.0	187.5	187.5	NA		108.8	78.8		In Progress
IS	I	INV 18-02	5.0	Apr 2018	0.0	75.0	75.0	NA		17.5	57.5		In Progress
		Total Planned Audit Hours:			**1612.5**	**1485.0**	**-127.5**			**593.5**	**891.5**		

Estimated Available Audit Hours = 1,612.5

Functional Areas:

AD - Advancement
AT - Athletics
AX - Auxiliary
FM - Financial Management
IA - Instruction & Academic Support
IS - Institutional Support
IT - Information Technology
MC - Marketing and Campus Activities
PP - Physical Plant
RS - Research
SS - Student Services

Audit Types:

R - Required
A - Risk-Based (Assessed)
S - Special Request
I - Investigation
P - Project (Ongoing or Recurring)
M - Management's Risk Assessment
C - Consultation
F - Follow-up Review
O - Other

Status:

Scheduled
In Progress
Completed
Removed

FN1 = Removed Unscheduled Hours due to use of hours in current investigations.
FN2 = Removed two audits due to time required for investigations.

Motlow State Community College
Internal Audit Plan
Fiscal Year Ending June 30, 2018
Revised April 2018

Area	Type	Audit	Risk Factor	Estimated Audit Start Date	Original Hours Planned	Revised Plan	Change in Hours	Change in Percentage	FN	Actual Hours	Variance	Completion Date	Current Status
							Revised to Original			**Planned to Actual**			
FM	S	MSCC-IAR-Access and Diversity Funds	5.0	Jul 17	45.0	75.0	30.0	67%			75.0		In Progress
FM	R	MSCC-State Audit Assistance Year End	5.0	Jul 17	20.3	20.0	-0.3	-1%		6.0	14.0		In Progress
IA	S	MSCC-IAR Study Abroad	5.0	Apr 18	75.0	65.0	-10.0	-13%			65.0		Scheduled
IT	I	MSCC-INV 1601	5.0	Jul 17	20.3	30.0	9.7	48%		4.5	25.5		In Progress
AT	I	MSCC-INV 1602	5.0	Jul 17	5.2	5.0	-0.2	-4%		6.0	-1.0	Sep 17	Completed
IA	I	MSCC-INV 1603	5.0	Sep 17	20.3	10.0	-10.3	-51%		7.0	3.0	Mar 18	Completed
AT	I	MSCC-INV 1604	5.0	Jul 17	20.3	30.0	9.7	48%		32.4	-2.4	Aug 17	Completed
SS	I	MSCC-INV 1801	5.0	Aug 17	0.0	130.0	130.0	NA		108.6	21.4		In Progress
IA	I	MSCC-INV 1802	5.0	Oct 17	0.0	130.0	130.0	NA		115.6	14.4		In Progress
IA	I	MSCC-INV 1803	5.0	Oct 17	0.0	35.0	35.0	NA		28.5	6.5	Mar 18	Completed
IA	I	MSCC-INV 1804	5.0	Jan 18	0.0	40.0	40.0	NA		15.3	24.7		In Progress
IS	I	Assist SWIA	5.0	Jul 17	0.0	50.0	50.0	NA		47.9	2.1		In Progress
IS	I	MSCC-INV	5.0	Jul 17	50.3	50.0	-0.3	-1%		37.6	12.4		In Progress
IS	P	External Quality Assessment	5.0	Nov 17	0.0	90.0	90.0	NA		66.6	23.4		In Progress
FM	P	MSCC-Data Analytics	5.0	Jul 17	50.3	50.0	-0.3	-1%			50.0		Scheduled
FM	M	MSCC-MRA Financial Management	5.0	Sep 17	39.0	30.0	-9.0	-23%		33.1	-3.1	Oct 17	Completed
SS	M	MSCC -MRA Student Financial Data	5.0	Sep 17	0.0	20.0	20.0	NA		17.0	3.0		Scheduled
IS	M	MSCC-MRA TCAT Shelbyville	5.0	May 18	19.5	20.0	0.5	3%		0.3	19.7		Scheduled
IS	M	MSCC-MRA TCAT Murfreesboro	5.0	May 18	19.5	20.0	0.5	3%		0.3	19.7		Scheduled
IS	M	MSCC-MRA TCAT McMinnville	5.0	May 18	19.5	20.0	0.5	3%		0.3	19.7		Scheduled
FM	C	MSCC-CO Financial Management-FY 201	5.0	Jul 17	78.8	100.0	21.2	27%		91.5	8.5		In Progress
IT	F	MSCC-FU INV 1601	5.0	Jan 18	19.5	0.0	-19.5	-100%			0.0		Scheduled
IS	F	MSCC-FU Other Internal Audit	5.0	Jul 17	9.7	5.0	-4.7	-48%			5.0		Scheduled
AT	F	MSCC-FU INV 1604	5.0	Jan 18	19.5	30.0	10.5	54%		18.5	11.5		In Progress
IT	F	MSCC-FU Information Technology	5.0	Jul 17	20.3	15.0	-5.3	-26%		12.2	2.8		In Progress
IS	F	MSCC-FU Financial Aid	5.0		124.5	0.0	-124.5	-100%	FN1		0.0		Removed
IS	A	MSCC-IAR Human Resources	5.0		124.5	0.0	-124.5	-100%	FN1	2.0	-2.0		Removed
SS	A	MSCC-IAR Admissions and Records	4.8	Mar 18	124.5	0.0	-124.5	-100%	FN1	4.5	-4.5		Removed
AT	A	MSCC-IAR Atheltics Audit	4.7		99.8	0.0	-99.8	-100%	FN1	2.0	-2.0		Removed
MC	A	MSCC-IAR Workforce Development	4.5	Apr 18	39.8	0.0	-39.8	-100%	FN1	0.3	-0.3		Removed
		Total Planned Audit Hours:			**1065.4**	**1070.0**	**4.6**			**658.0**	**412.0**		

Estimated Available Audit Hours = 1,070

Functional Areas:

AD - Advancement
AT - Athletics
AX - Auxiliary
FM - Financial Management
IA - Instruction & Academic Support
IS - Institutional Support
IT - Information Technology
MC - Marketing and Campus Activities
PP - Physical Plant
RS - Research
SS - Student Services

Audit Types:

R - Required
A - Risk-Based (Assessed)
S - Special Request
I - Investigation
P - Project (Ongoing or Recurring)
M - Management's Risk Assessment
C - Consultation
F - Follow-up Review
O - Other

Status:

Scheduled
In Progress
Completed
Removed

FN 1 - Some planned audits were removed due to time budget adjustments for an increase in investigations.

Nashville State Commnity College
Internal Audit Plan
Fiscal Year Ending June 30, 2018
Revised April 2018

Area	Type	Audit	Risk Factor	Estimated Audit Start Date	Original Hours Planned	Revised Plan	Change in Hours	Change in Percentage	FN	Actual Hours	Variance	Completion Date	Current Status
							Revised to Original			**Planned to Actual**			
IS	I	NaSCC-INV-Unscheduled Investigations	5.0	Jul 2017	112.5	0.0	-112.5	-100%	FN1		0.0		Removed
IS	M	NaSCC-IA Letter MRA	5.0	Aug 2017	90.0	90.0	0.0	0%		67.5	22.5		In Progress
IS	M	TCATD-IA Letter MRA	5.0	Feb 2018	22.5	22.5	0.0	0%		5.5	17.0		In Progress
IS	M	TCATN-IA Letter MRA	5.0	Feb 2018	22.5	22.5	0.0	0%		5.5	17.0		In Progress
IS	P	NaSCC-IA Audit Software	5.0	Jul 2017	45.0	45.0	0.0	0%		27.0	18.0		In Progress
FM	R	NaSCC-IA Year-End Work	5.0	Jun 2018	37.5	37.5	0.0	0%		7.5	30.0		In Progress
IT	A	Disaster Recovery	4.2	Mar 2018	112.5	37.5	-75.0	-67%			37.5		Scheduled
IT	A	PII (and PHI) Data Security	4.0	Nov 2017	37.5	37.5	0.0	0%			37.5		Scheduled
FM	R	JSCC President Exp Audit 2016-2017	4.0	Aug 2017	90.0	105.0	15.0	17%		108.5	-3.5	Nov 2017	Completed
FM	A	NaSCC-IAR PP&E Accounting	4.0	Nov 2017	37.5	21.8	-15.8	-42%			21.8		Scheduled
IS	I	NaSCC Assisting SWIA-INV 17-01	4.0	Jul 2017	37.5	37.5	0.0	0%		12.0	25.5		In Progress
FM	F	NaSCC-State Audit	3.7	Sep 2017	45.0	75.0	30.0	67%		76.0	-1.0		In Progress
FM	A	Account Reconciliation Procedures	3.7	Oct 2017	37.5	28.5	-9.0	-24%			28.5		Scheduled
FM	A	Contracts compliance	3.5	Dec 2017	37.5	21.8	-15.8	-42%			21.8		Scheduled
PP	A	Security - Clery Act	3.4	May 2018	37.5	12.8	-24.8	-66%			12.8		Scheduled
IS	F	NaSCC-IA Follow-Up	2.8	Apr 2018	52.5	13.5	-39.0	-74%			13.5		Scheduled
SS	I	NaSCC INV 18-01	2.7	Jul 2017	22.5	45.0	22.5	100%		38.5	6.5		In Progress
SS	A	NaSCC Federal Work Study Program	2.7	Jan 2018	37.5	37.5	0.0	0%			37.5		Scheduled
IS	C	NaSCC-IA General Consultation	2.5	Jul 2017	75.0	150.0	75.0	100%		133.5	16.5		In Progress
IS	I	NaSCC INV 18-02	5.0	Sep 2017	0.0	187.5	187.5	N/A		173.0	14.5		In Progress
		Total Planned Audit Hours:			**990.0**	**1028.3**	**38.3**			**654.5**	**373.8**		

Estimated Available Audit Hours = 1028

Functional Areas:

AD - Advancement
AT - Athletics
AX - Auxiliary
FM - Financial Management
IA - Instruction & Academic Support
IS - Institutional Support
IT - Information Technology
MC - Marketing and Campus Activities
PP - Physical Plant
RS - Research
SS - Student Services

Audit Types:

R - Required
A - Risk-Based (Assessed)
S - Special Request
I - Investigation
P - Project (Ongoing or Recurring)
M - Management's Risk Assessment
C - Consultation
F - Follow-up Review
O - Other

Status:

Scheduled
In Progress
Completed
Removed

FN1 - Removed due to time adjustments required for other audits.

Pellissippi State Community College
Internal Audit Plan
Fiscal Year Ending June 30, 2018
Revised April 2018

Area	Type	Audit	Risk Factor	Estimated Audit Start Date	Original Hours Planned	Revised Plan	Revised to Original		FN	Planned to Actual		Completion Date	Current Status
							Change in Hours	Change in Percentage		Actual Hours	Variance		
FM	S	PSCC - NACHA	5.0	Oct-17	75.0	82.5	7.5	10%		84.0	-1.5	Dec 2017	Completed
IS	P	PSCC - Review of Higher Ed Compliance Matrix	5.0	Feb-18	45.0	7.5	-37.5	-83%	FN4	6.5	1.0		Removed
IT	P	PSCC - IT Security Consulting, Etc.	5.0	Jul-17	37.5	22.5	-15.0	-40%		15.5	7.0		In Progress
FM	P	PSCC - MKInsight Software	5.0	Jul-17	60.0	52.5	-7.5	-13%		29.8	22.8		In Progress
IS	P	PSCC - Consulting/Special Request/MAS	5.0	Jul-17	97.5	105.0	7.5	8%		89.5	15.5		In Progress
IS	M	PSCC - TCAT Knoxville Risk Assessment	5.0	Jan-18	7.5	7.5	0.0	0%		2.0	5.5		Scheduled
IS	M	PSCC - Enterprise Wide Risk Assessment	5.0	Sep-17	37.5	22.5	-15.0	-40%		18.5	4.0	Oct 2017	Completed
FM	F	PSCC - Audit Follow Ups	5.0	Jul-17	60.0	52.5	-7.5	-13%		31.5	21.0		In Progress
FM	P	PSCC - Review of RFP's, cafe prices, & other purchasing issues	5.0	Jul-17	45.0	22.5	-22.5	-50%		14.8	7.8		In Progress
IS	P	PSCC - Quality Assurance Review	5.0	Mar-18	0.0	187.5	187.5	100%	FN2	63.5	124.0		In Progress
IS	P	PSCC - Review of French Exchange Program	5.0	Apr-18	52.5	30.0	-22.5	-43%		2.0	28.0		Scheduled
IA	C	PSCC - Review of Compliance Assist	5.0	Dec-17	30.0	37.5	7.5	25%		35.3	2.3	Mar 2018	Completed
IA	S	PSCC-Faculty Credentials	5.0	Nov-17	105.0	105.0	0.0	0%		98.0	7.0	Feb 2018	Completed
AD	P	PSCC - Consulting/Special Request/MAS	5.0	Jul-17	37.5	37.5	0.0	0%		29.5	8.0		In Progress
IS	A	PSCC - Clery Act Review	3.8	Aug-17	75.0	165.0	90.0	120%	FN1	164.5	0.5	Dec 2017	Completed
FM	A	PSCC - Bank Reconciliations	3.5	Sep-17	90.0	75.0	-15.0	-17%		67.0	8.0	Oct 2017	Completed
SS	A	PSCC-CCTA (Funding Formula)	3.4	May-18	97.5	0.0	-97.5	-100%	FN5	0.0	0.0		Removed
FM	A	PSCC - Accounts Receivable	2.7	May-16	52.5	45.0	-7.5	-14%	FN3	41.0	4.0	Jul 2017	Completed
		Total Planned Audit Hours:			**1005.0**	**1057.5**	**52.5**			**792.8**	**264.8**		

Estimated Available Audit Hours = 1,050

Functional Areas:

AD - Advancement
AT - Athletics
AX - Auxiliary
FM - Financial Management
IA - Instruction & Academic Support
IS - Institutional Support
IT - Information Technology
MC - Marketing and Campus Activities
PP - Physical Plant
RS - Research
SS - Student Services

Audit Types:

R - Required
A - Risk-Based (Assessed)
S - Special Request
I - Investigation
P - Project (Ongoing or Recurring)
M - Management's Risk Assessment
C - Consultation
F - Follow-up Review
O - Other

Status:

Scheduled
In Progress
Completed
Removed

FN1 - Audit hours for Clery Audit were increased based upon actual time spent on this audit. This audit required extensive research of federal regulations which increased audit hours.
FN2 - A Quality Assurance Review Self-Assessment was not included in the original plan. Additionally the hours recorded here include hours to be the team lead on QAR External Assessment of Tennessee Tech University.
FN3 - Audit was started in prior fiscal year and completed in current fiscal year.
FN4 - This was a review being done at the request of the president. Limited time had been spent on this project in FY18. In a meeting with Dr. Wise on February 20, 2018, a decision was made to discontinue this project.
FN5 - Because additional time was spent on the Clery Audit and a Quality Assurance Review Self-Assessment was added to the audit plan this item was removed.

Area	Type	Audit	Risk Factor	Estimated Audit Start Date	Original Hours Planned	Revised Plan	Revised to Original Change in Hours	Revised to Original Change in Percentage	FN	Planned to Actual Actual Hours	Planned to Actual Variance	Completion Date	Current Status
IS	M	Enterprise Risk Assessment	5.0	Jul 2017	60.0	52.5	-7.5	-13%		7.5	45.0		In Progress
IS	C	General Consultation	5.0	Jul 2017	90.0	120.0	30.0	33%	FN1	108.0	12.0		In Progress
FM	S	IAR-Access & Diversity FY2016	5.0	Sep 2017	22.5	22.5	0.0	0%			22.5		In Progress
IS	M	IAR-TCAT Crossville RA	5.0	Dec 2017	15.0	15.0	0.0	0%			15.0		Not Started
IS	M	IAR-TCAT Harriman RA	5.0	Dec 2017	15.0	15.0	0.0	0%			15.0		Not Started
IS	M	IAR-TCAT Jacksboro RA	5.0	Dec 2017	15.0	15.0	0.0	0%			15.0		Not Started
IS	M	IAR-TCAT Oneida RA	5.0	Dec 2017	15.0	15.0	0.0	0%			15.0		Not Started
FM	R	IAR-Year End Cash Counts	5.0	May 2018	37.5	30.0	-7.5	-20%		4.0	26.0		Not Started
IS	P	MKI Implementation	5.0	Jul 2017	22.5	22.5	0.0	0%		14.3	8.2		In Progress
FM	S	ACA Reporting	4.0	Sep 2017	75.0	75.0	0.0	0%		16.5	58.5		In Progress
FM	F	Follow-Up Reviews	4.0	Jul 2017	37.5	37.5	0.0	0%		12.0	25.5		In Progress
AX	S	Foundation	4.0	Nov 2017	112.5	15.0	-97.5	-87%	FN2	5.8	9.3		In Progress
PP	I	INV1701	4.0	Jul 2017	7.5	7.5	0.0	0%			7.5	Oct 2017	Completed
FM	I	INV1702	4.0	Jul 2017	105.0	105.0	0.0	0%		77.3	27.7		In Progress
IS	S	SACS - COC Audit	4.0	Nov 2017	112.5	112.5	0.0	0%		6.0	106.5		In Progress
FM	F	State Audit Follow-Up	4.0	Jul 2017	75.0	90.0	15.0	20%		86.0	4.0		In Progress
FM	I	Unscheduled Investigations	4.0	Jul 2017	75.0	60.0	-15.0	-20%			60.0		In Progress
FM	R	WSCC - President's Expense Audit FY17	4.0	Jul 2017	90.0	75.0	-15.0	-17%		63.3	11.7		In Progress
IS	R	RSCC Quality Assurance Review	5.0	Jan 2017		97.5	97.5	N/A	FN3		97.5		In Progress
		Total Planned Audit Hours:			**982.5**	**982.5**	**0.0**			**400.7**	**581.9**		

Estimated Available Audit Hours =

Functional Areas:

AD - Advancement
AT - Athletics
AX - Auxiliary
FM - Financial Management
IA - Instruction & Academic Support
IS - Institutional Support
IT - Information Technology
MC - Marketing and Campus Activities
PP - Physical Plant
RS - Research
SS - Student Services

Audit Types:

R - Required
A - Risk-Based (Assessed)
S - Special Request
I - Investigation
P - Project (Ongoing or Recurring)
M - Management's Risk Assessment
C - Consultation
F - Follow-up Review
O - Other

Status:

Scheduled
In Progress
Completed
Removed

FN1 - There have been more ad hoc requests for guidance than originally anticipated.

FN2 - RSCC hired a new Foundation Executive Director whose start date was February 1, 2018. The previous director left June 30, 2018. State Audit is on campus this year & including the Foundation in its audit. Internal Audit Time would be better spent after new director has had a chance to be here for a few months & to audit material other than State Audit's scope.

FN3 - There is a significant amount of preparation work to be done for the upcoming system-wide QAR which was not recognized in the original audit plan.

Southwest Tennessee State Community College
Internal Audit Plan
Fiscal Year Ending June 30, 2018
Revised April 2018

Area	Type	Audit	Risk Factor	Estimated Audit Start Date	Original Hours Planned	Revised Plan	Revised to Original		FN	Planned to Actual		Completion Date	Current Status
							Change in Hours	Change in Percentage		Actual Hours	Variance		
IS	P	Audit Software	4.0	Jul 2017	90.0	90.0	0.0	0%		45.0	45.0		In Progress
FM	F	FU-Access and Diversity Fund	4.0	Oct 2017	30.0	30.0	0.0	0%		11.0	19.0		In Progress
FM	F	FU-Federal Audit Follow up	5.0	Oct 2017	22.5	15.0	-7.5	-33%			15.0		Scheduled
FM	F	FU-Federal Work Study	4.0	Jan 2018	105.0	105.0	0.0	0%		75.5	29.5	Jan 2018	Completed
FM	F	FU-Follow Up Credit Card	4.0	Aug 2017	15.0	22.5	7.5	50%		6.5	16.0		In Progress
FM	F	FU-Follow Up Tuition Statements	4.0	Aug 2017	15.0	15.0	0.0	0%		2.0	13.0		In Progress
FM	F	FU-Industrial Readiness	4.0	Aug 2017	22.5	22.5	0.0	0%		73.0	-50.5		In Progress
IS	F	FU-Internal Audit Follow Up	5.0	Jul 2017	37.5	22.5	-15.0	-40%			22.5		In Progress
FM	F	FU-Off Campus International Education	4.0	Aug 2017	22.5	22.5	0.0	0%		15.0	7.5	Mar 2018	Completed
FM	F	FU-State Audit Follow UP	5.0	Nov 2017	105.0	127.5	22.5	21%		168.0	-40.5	Dec 2017	Completed
FM	S	IAR-Cash Count	2.7	Jul 2017	30.0	30.0	0.0	0%		5.0	25.0	Jul 2017	Completed
IS	C	IAR-General Consultation	2.6	Jul 2017	105.0	105.0	0.0	0%		92.5	12.5		In Progress
SS	S	IAR-Out of State Tuition	4.0	Mar 2018	60.0	60.0	0.0	0%			60.0		Scheduled
IS	A	IAR-Risk Management 2016-2017		Jan 2018	30.0	30.0	0.0	0%		38.5	-8.5		In Progress
IS	A	IAR-Risk Management TCAT	5.0	Sep 2017	22.5	22.5	0.0	0%			22.5		Scheduled
FM	A	IAR-Technology Access Fee	4.0	Apr 2018	60.0	120.0	60.0	100%		173.5	-53.5		In Progress
SS	I	INV 18-01	4.0	Jul 2017	0.0	75.0	75.0	N/A		50.5	24.5	Jan 2018	Completed
SS	I	INV 16-02	4.0	Aug 2017	30.0	30.0	0.0	0%		3.5	26.5		In Progress
FM	I	INV 16-04	4.0	Jan 2018	37.5	15.0	-22.5	-60%		9.5	5.5	Nov 2017	Completed
FM	I	INV 16-08	4.0	Aug 2017	22.5	22.5	0.0	0%		38.0	-15.5	Feb 2018	Completed
FM	I	INV 17-01	4.0	Aug 2017	30.0	15.0	-15.0	-50%		14.5	0.5	Aug 2017	Completed
FM	I	INV 17-04	4.0	Jul 2017	22.5	22.5	0.0	0%		37.5	-15.0	Mar 2018	Completed
PP	I	INV 17-05	4.0	Jul 2017	30.0	7.5	-22.5	-75%		2.0	5.5	Jul 2017	Completed
SS	I	INV 17-07	4.0	Aug 2017	37.5	37.5	0.0	0%		51.0	-13.5	Jan 2017	Completed
IS	P	QAR	5.0	Mar 2018	0.0	37.5	37.5	N/A		17.5	20.0		In Progress
IS	A	Review of Security	4.0	Feb 2018	45.0	45.0	0.0	0%		4.0	41.0		In Progress
IS	I	Unscheduled Investigations	2.6	Jul 2017	82.5	45.0	-37.5	-45%			45.0		Scheduled
					1110.0	**1192.5**	**82.5**			**933.5**	**175.5**		

Estimated Available Hours For Audits = 1185

Functional Areas:

AD - Advancement
AT - Athletics
AX - Auxiliary
FM - Financial Management
IA - Instruction & Academic Support
IS - Institutional Support
IT - Information Technology
MC - Marketing and Campus Activities
PP - Physical Plant
RS - Research
SS - Student Services

Audit Types:

R - Required
A - Risk-Based (Assessed)
S - Special Request
I - Investigation
P - Project (Ongoing or Recurring)
M - Management's Risk Assessment
C - Consultation
F - Follow-up Review
O - Other

Status:

Scheduled
In Progress
Completed
Removed

					Revised to Original			Planned to Actual				

Volunteer State Community College **Internal Audit Plan** **Fiscal Year Ending June 30, 2018** **Revised April 2018**												71

Area	Type	Audit	Risk Factor	Estimated Audit Start Date	Original Hours Planned	Revised Plan	Change in Hours	Change in Percentage	FN	Actual Hours	Variance	Completion Date	Current Status
IS	I	Unscheduled Investigations	5.0	Jul 2017	37.5	37.5	0.0	0%			37.5		Scheduled
FM	S	State Audit Year-End Procedures	5.0	May 2018	37.5	37.5	0.0	0%			37.5		Scheduled
FM	F	State Audit Follow-Up FY15, FY16		Nov 2017	0.0	225.0	225.0	N/A			102.5	122.5	In Progress
IS	P	QAIP Self Assessment		Jan 2018	0.0	112.5	112.5	N/A			112.5		Scheduled
IS	M	VSCC Mgmt Risk Assessment	5.0	Aug 2017	75.0	75.0	0.0	0%		78.5	-3.5	Nov 2017	Completed
IS	C	General Consultation	5.0	Jul 2017	112.5	75.0	-37.5	-33%		28.0	47.0		In Progress
IS	F	Follow-Up Activities	5.0	Jul 2017	75.0	45.0	-30.0	-40%		29.0	16.0		In Progress
IS	M	TCAT Livingston Mgmt Risk Assmt	5.0	Jan 2018	37.5	15.0	-22.5	-60%			15.0		Scheduled
IS	M	TCAT Hartsville Mgmt Risk Assmt	5.0	Jan 2018	37.5	15.0	-22.5	-60%			15.0		Scheduled
FM	R	President's Expense Audit	5.0	Aug 2017	150.0	172.5	22.5	15%		171.0	1.5	Nov 2017	Completed
IS	S	Business Division Grants	3.0	Aug 2017	0.0	225.0	225.0	N/A		120.5	104.5		In Progress
AT	S	Athletic Work Study		Jul 2017	187.5	0.0	-187.5	-100%	FN 1		0.0		Removed
SS	S	Student Campus Activities		Dec 2017	187.5	0.0	-187.5	-100%	FN 1		0.0		Removed
SS	A	Work Study Program		Mar 2018	150.0	0.0	-150.0	-100%	FN 1		0.0		Removed
		Total Planned Audit Hours:			**1087.5**	**1035.0**	**-52.5**			**529.5**	**505.5**		

Estimated Available Audit Hours = 1,035

Functional Areas:

AD - Advancement
AT - Athletics
AX - Auxiliary
FM - Financial Management
IA - Instruction & Academic Support
IS - Institutional Support
IT - Information Technology
MC - Marketing and Campus Activities
PP - Physical Plant
RS - Research
SS - Student Services

Audit Types:

R - Required
A - Risk-Based (Assessed)
S - Special Request
I - Investigation
P - Project (Ongoing or Recurring)
M - Management's Risk Assessment
C - Consultation
F - Follow-up Review
O - Other

Status:

Scheduled
In Progress
Completed
Removed

FN 1 - Removed due to addition of QAIP project, special review of Business Division grants, and State Audit follow-up.

Area	Type	Audit	Risk Factor	Estimated Audit Start Date	Original Hours Planned	Revised Plan	Revised to Original		FN	Planned to Actual		Completion Date	Current Status
							Change in Hours	Change in Percentage		Actual Hours	Variance		
SS	R	FY 18 WSCC CCTA FF - Wrkfrce Trng	4	Sep-17	37.5	75.0	37.5	100%		45.0	30.0		In Progress
IS	M	FY 18 WSCC Resourcefulness RA	4	Aug-17	75.0	75.0	0.0	0%		120.0	-45.0	Oct 2017	Completed
IT	A	FY16 WSCC IT Governance	5	Jul-17	30.0	30.0	0.0	0%			30.0		In Progress
FM	R	FY17 WSCC Procedures - State Audit	5	Jul-17	30.0	30.0	0.0	0%		22.5	7.5	Jul 2017	Completed
IS	C	FY17 WSCC IS Consulting	5	Jul-17	52.5	90.0	37.5	71%		80.0	10.0		In Progress
150	R	FY17 WSCC PCI-DSS	5	Jan-17	225.0	150.0	-75.0	-33%		37.5	112.5		In Progress
IS	I	FY17 WSCC Unsched Investigations	5	Jul-17	60.0	60.0	0.0	0%		7.5	52.5		In Progress
IS	M	FY18 TCATM Enterprise-wide RA	4	May-18	15.0	15.0	0.0	0%			15.0		Scheduled
FM	A	FY18 WSCC Accts Receivable Audit	5	Apr-18	187.5	187.5	0.0	0%			187.5		Scheduled
IT	A	FY18 WSCC Cloud Computing Audit	5	Jul-17	30.0	30.0	0.0	0%			30.0		Scheduled
FM	A	FY18 WSCC Contracts Audit	5	May-18	75.0	0.0	-75.0	-100%			0.0		Scheduled
FM	R	FY18 WSCC Procedures - State Audit	4	Jun-17	52.5	52.5	0.0	0%		1.0	51.5		In Progress
IS	C	FY18 WSCC IS Consultation	4	Sep-17	112.5	225.0	112.5	100%		119.5	105.5		In Progress
FM	S	FY18 WSCC NACHA Compliance	4	Oct-17	150.0	112.5	-37.5	-25%		106.5	6.0	Mar 2017	Completed
FM	S	FY18 WSCC President's Exp Audit	4	Aug-17	30.0	30.0	0.0	0%		37.5	-7.5	Sep 2017	Completed
IS	I	FY18 WSCC Unsched Investigations	4	Jul-17	60.0	60.0	0.0	0%			60.0		Scheduled
		Total Planned Audit Hours:			**1222.5**	**1222.5**	**0.0**			**577.0**	**645.5**		

Estimated Available Audit Hours = 1,222.5

Functional Areas:
AD - Advancement
AT - Athletics
AX - Auxiliary
FM - Financial Management
IA - Instruction & Academic Support
IS - Institutional Support
IT - Information Technology
MC - Marketing and Campus Activities
PP - Physical Plant
RS - Research
SS - Student Services

Audit Types:
R - Required
A - Risk-Based (Assessed)
S - Special Request
I - Investigation
P - Project (Ongoing or Recurring)
M - Management's Risk Assessment
C - Consultation
F - Follow-up Review
O - Other

Status:
Scheduled
In Progress
Completed
Removed

72

Tennessee Board of Regents - Investigations
Internal Audit Plan
Fiscal Year Ending June 30, 2018
Revised April 2018

Area	Type	Audit	Risk Factor	Estimated Audit Start Date	Original Hours Planned	Revised Plan	Change in Hours	Change in Percentage	FN	Actual Hours	Variance	Completion Date	Current Status
							Revised to Original			**Planned to Actual**			
IS	C	Consultation with Campus Auditors	5.0	Jul 2017	337.5	337.5	0.0	0%		304.0	33.5		In Progress
IS	P	Investigation Management	5.0	Jul 2017	337.5	337.5	0.0	0%		286.5	51.0		In Progress
FM	R	MSCC President's Expenses FY 2017	4.0	Jul 2017	0.0	105.0	105.0	N/A	FN1	110.0	-5.0	Oct 2017	Completed
FM	I	TBR 15-04	4.0	Jul 2017	15.0	0.0	-15.0	-100%			0.0	Jul 2017	Completed
IS	I	TBR 16-02	4.0	Jul 2017	90.0	90.0	0.0	0%		90.0	0.0	Sep 2017	Completed
IA	I	TBR 16-08	4.0	Jul 2017	15.0	0.0	-15.0	-100%			0.0	Jul 2017	Completed
SS	I	TBR 16-10	4.0	Jul 2017	15.0	15.0	0.0	0%		2.0	13.0	Nov 2017	Completed
FM	I	TBR 16-13	4.0	Jul 2017	22.5	22.5	0.0	0%		2.0	20.5	Nov 2017	Completed
FM	I	TBR 16-17	4.0	Jul 2017	15.0	15.0	0.0	0%		2.0	13.0	Sep 2017	Completed
IS	I	TBR 17-01	4.0	Jul 2017	30.0	30.0	0.0	0%			30.0		Scheduled
FM	I	TBR 17-02	4.0	Jul 2017	37.5	37.5	0.0	0%		5.0	32.5	Nov 2017	Completed
IS	I	TBR 18-01	4.0	Nov 2017	0.0	3.8	3.8	N/A		4.0	-0.3	Nov 2017	Completed
IA	I	TBR 18-03	4.0	Nov 2017	0.0	37.5	37.5	N/A		5.0	32.5		In Progress
IA	I	TBR 18-04	4.0	Nov 2017	0.0	37.5	37.5	N/A		1.0	36.5		In Progress
IS	I	TBR 18-06	4.0	Jan 2018	0.0	150.0	150.0	N/A		232.0	-82.0		In Progress
IS	I	TBR 18-07	4.0	Apr 2018	0.0	37.5	37.5	N/A			37.5		Scheduled
IS	I	TBR 18-08	4.0	Apr 2018	0.0	37.5	37.5	N/A			37.5		Scheduled
IS	I	TBR 18-09	4.0	Apr 2018	0.0	37.5	37.5	N/A			37.5		Scheduled
FM	I	Unscheduled Investigations	4.0	Jul 2017	375.0	37.5	-337.5	-90%			37.5		In Progress
		Total Planned Audit Hours:			**1290.0**	**1368.8**	**78.8**			**1043.5**	**325.3**		

Estimated Available Audit Hours = 1290

Functional Areas:

AD - Advancement
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Audit Types:

R - Required
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S - Special Request
I - Investigation
P - Project (Ongoing or Recurring)
M - Management's Risk Assessment
C - Consultation
F - Follow-up Review
O - Other

Status:

Scheduled
In Progress
Completed
Removed

FN1 - Audit added to Investigative Auditor schedule due to unavailable Director's position.

BOARD TRANSMITTAL

MEETING: Committee on Audit

SUBJECT: Review of Revised Internal Audit Charters

DATE: May 30, 2018

PRESENTER: Mike Batson

ACTION REQUIRED: Voice Vote

STAFF'S
RECOMMENDATION: Approve

The TBR system's internal audit offices develop internal audit charters to define the audit activity's purpose, authority and responsibility, in accordance with the *International Standards for the Professional Practice of Internal Auditing*, issued by the Institute of Internal Auditors (IIA) which states:

1000 - Purpose, Authority, and Responsibility
The purpose, authority, and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Definition of Internal Auditing, the Code of Ethics, and the Standards. The chief audit executive must periodically review the internal audit charter and present it to senior management and the board for approval.

An annual review of the charter template is performed by the Internal Audit Directors group for consideration of any revisions, particularly with regard to changes in internal audit standards. The charter for each audit office is signed by the campus president and internal audit director before submission to the Audit Committee for approval.

The attached charters have been revised and are recommended for the committee's approval. There is a revised charter for the system office and all community colleges. The charters were revised to better align with current IIA standards.

tbr THE COLLEGE SYSTEM
of TENNESSEE
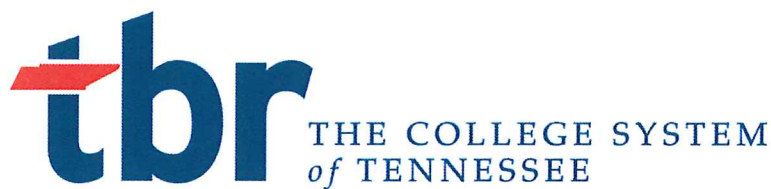
Tennessee Board of Regents

Office of System-wide Internal Audit

Internal Audit Charter

Introduction

The Tennessee Board of Regents (TBR) system operates from its offices located in Nashville, Tennessee. The TBR system is comprised of thirteen community colleges and twenty-seven colleges of applied technology across the state. The system is governed by the Board of Regents, consisting of 19 members (the Board) as determined by state law. The TBR Audit Committee is a standing committee of the Board. In accordance with the "State of Tennessee Audit Committee Act of 2005," the Chief Audit Executive reports directly to the Audit Committee and the Board and oversees the internal audit operations. Each community college employs an Internal Auditor. The system and campus offices employ other audit staff as needed in accordance with TBR policy.

Purpose

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve the TBR operations. The mission of internal audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. Internal audit helps the TBR system accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. Internal audit assists the Board's management in the effective discharge of their duties and responsibilities by evaluating activities through assurance and consulting services, recommending improvements, and providing other information designed to promote effective controls.

Assurance services involve the internal auditor's objective assessment of evidence to provide an independent opinion or conclusions regarding an entity, operation, function, process, system, or other subject matter. The nature and scope of the assurance engagement are determined by the internal auditor. There are generally three parties involved in assurance services: (1) the person or group directly involved with the entity, operation, function, process, system, or other subject matter — the process owner, (2) the person or group making the assessment — the internal auditor, and (3) the person or group using the assessment — the user.

Consulting services are advisory in nature and are generally performed at the specific request of an engagement client. The nature and scope of the consulting engagement are subject to agreement with the engagement client. Consulting services generally involve two parties: (1) the person or group offering the advice — the internal auditor, and (2) the person or group seeking and receiving the advice — the engagement client. When performing consulting services, the internal auditor should maintain objectivity and not assume management responsibility.

Management has the primary responsibility for establishing and maintaining a sufficient system of internal controls for the Board's system office and its institutions.

Audit Standards

The internal audit function adheres to the mandatory elements of the Institute of Internal Auditors' International Professional Practices Framework, including the Definition of Internal Auditing, the Code of Ethics, the *International Standards for the Professional Practice of Internal Auditing* (*Standards*), and the Core Principles for the Professional Practice of Internal Auditing. These mandatory elements constitute principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance.

Authority and Scope

Internal audit's review of operations may include the examination and evaluation of the effectiveness of all aspects of institutional operations within the TBR system. In the course of its work, internal audit has complete and direct access to all of the TBR system's books, electronic and manual records, physical properties, and personnel information relative to the performance of duties and responsibilities. All documents and information given to internal audit during their work will be handled in the same prudent manner that the TBR expects of the employees normally accountable for them.

Organizational and Reporting Structure

In accordance with T.C.A. 49-14-102 and TBR Policy 4-01-05-00, *Internal Audit*, the System-wide Chief Audit Executive reports directly to the Audit Committee and the Board. The System-wide Chief Audit Executive reports administratively to the Vice Chancellor for Business and Finance. The campus Internal Audit Directors report to the respective community college President with audit reporting responsibility to the Audit Committee and the Board through the System-wide Chief Audit Executive.

The internal auditing services provided by the Office of System-wide Internal Audit are reported directly to the Chancellor, president of the related community college, or president of the related

college of applied technology. All audit work is summarized in timely written reports distributed to management to ensure that the results are given due consideration. In addition to management, reports or summaries are distributed to all members of the Audit Committee and to the State of Tennessee, Office of the Comptroller, Division of State Audit. Management is provided a discussion draft of the audit results prior to the issuance of the report. Internal audit is responsible for following up timely on audit findings to ascertain the status of management's corrective actions.

Independence and Objectivity

Internal audit has neither direct responsibility for, nor authority over, any of the activities, functions, or tasks it reviews, nor shall their review relieve others of their responsibilities. The internal auditors must maintain a high degree of independence and not be assigned duties or engage in any operations or decision making in any activities that they would normally be expected to review or evaluate as part of the normal audit function.

Responsibility and Role

TBR Policy 04:01:05:00, *Internal Audit*, states the role of internal audit is to assist members of the organization in the effective discharge of their responsibilities. Meaningful internal auditing requires cooperation among internal audit, the TBR's administration, and the department under audit. In fulfilling their responsibilities, internal audit will:

- Comply with auditing standards established by the Institute of Internal Auditors to ensure the effectiveness and quality of the internal audit effort.

- Develop and implement audit plans and programs after consultation with the Chancellor and other administrators that respond to both risk and cost effectiveness criteria.

- Review the reliability and integrity of information, and the information technology processes that produce that information.

- Verify compliance with applicable policies, guidelines, laws, and regulations.

- Suggest policies and procedures or improvements to existing policies and procedures where appropriate.

- Provide audit reports that identify internal control issues and make cost-effective recommendations to strengthen control.

- Facilitate the resolution of audit issues with administrators who have the most direct involvement and accountability.

- Review institutional operations (financial and other) on an advisory basis to inform and assist management in the successful execution of their duties.

- Assist with audits or perform certain agreed upon procedures for external parties. External parties include but are not limited to audit offices of federal and state governments and related agencies.

- Review management's risk assessment process and advise management on the reasonableness and propriety of the assessment.

- Promote and evaluate fraud prevention and identification programs and investigate allegations involving fraud, waste, and abuse.

- Demonstrate and promote appropriate ethics and values within the organization.

- Communicate activities and information among the board, internal auditors, external auditors and the administration.

Quality Assurance and Improvement

Internal audit will maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. The program will include an evaluation of the internal audit's conformance with the *Standards* and an evaluation of whether the internal auditors apply the Institute of Internal Audit's Code of Ethics, Definition of Internal Auditing, and the Core Principles for the Professional Practice of Internal Auditing. The program will include both internal and external assessments. The Chief Audit Executive will communicate the results of the assessments to the Audit Committee.

Periodic Review of Internal Audit Charter

This charter will be periodically assessed by the Chief Audit Executive to determine whether the purpose, authority, and responsibilities defined in this charter are adequate to enable the internal auditing activity to accomplish its objectives. The results of the periodic assessment will be communicated to senior management and the Audit Committee.

Flora Tydings

Flora Tydings, Chancellor
Tennessee Board of Regents

_4-30-18_

Date

Mike Batson

Mike Batson, Chief Audit Executive
Tennessee Board of Regents

_04/30/2018_

Date

Introduction

Chattanooga State Community College is an institution of the Tennessee Board of Regents (TBR) system. The system is governed by the Board of Regents, consisting of 19 members (the Board) as determined by state law. The TBR Audit Committee is a standing committee of the Board. In accordance with the "State of Tennessee Audit Committee Act of 2005," the System-wide Chief Audit Executive reports directly to the Audit Committee and the Board and oversees the internal audit operations. Chattanooga State Community College employs an internal auditor in accordance with TBR policy.

Purpose

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve Chattanooga State Community College operations. The mission of internal audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. Internal audit helps Chattanooga State Community College accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. Internal audit assists Chattanooga State Community College's management in the effective discharge of their duties and responsibilities by evaluating activities through assurance and consulting services, recommending improvements, and providing other information designed to promote effective controls.

Assurance services involve the internal auditor's objective assessment of evidence to provide an independent opinion or conclusions regarding an entity, operation, function, process, system, or other subject matter. The nature and scope of the assurance engagement are determined by the internal auditor. There are generally three parties involved in assurance services: (1) the person or group directly involved with the entity, operation, function, process, system, or other subject matter — the process owner, (2) the person or group making the assessment — the internal auditor, and (3) the person or group using the assessment — the user.

Consulting services are advisory in nature, and are generally performed at the specific request of an engagement client. The nature and scope of the consulting engagement are subject to agreement with the engagement client. Consulting services generally involve two parties: (1) the person or group offering the advice — the internal auditor, and (2) the person or group seeking and receiving the advice — the engagement client. When performing consulting services, the internal auditor should maintain objectivity and not assume management responsibility.

Chattanooga State Community College's management has the primary responsibility for establishing and maintaining a sufficient system of internal controls.

Audit Standards

The internal audit function adheres to mandatory elements of the Institute of Internal Auditors' International Professional Practices Framework, including the Definition of Internal Auditing, the Code of Ethics, the *International Standards for the Professional Practice of Internal Auditing* (*Standards*), and the Core Principles for the Professional Practice of Internal Auditing. These mandatory elements constitute principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance.

Authority and Scope

Internal audit's review of operations may include the examination and evaluation of the effectiveness of all aspects of institutional operations at (name of institution.) In the course of its work, internal audit has complete and direct access to all (name of institution) books, electronic and manual records, physical properties, and personnel information relative to the performance of duties and responsibilities. All documents and information given to internal audit during their work will be handled in the same prudent manner that (name of institution) expects of the employees normally accountable for them.

Organizational Status/Reporting Structure

In accordance with T.C.A. 49-14-102 and TBR Policy 4-01-05-00, *Internal Audit*, the System-wide Chief Audit Executive reports directly to the Audit Committee and the TBR. (Name of institution)'s internal auditor reports to the President with audit reporting responsibility to the Audit Committee and the Board through the System-wide Chief Audit Executive.

The internal auditing services provided by the internal audit office are reported directly to the President and the TBR Audit Committee. All audit work is summarized in timely written reports distributed to management to ensure that the results are given due consideration. In addition to management, reports or summaries are distributed to members of the Audit Committee and to the State of Tennessee, Comptroller's Office. Management is provided a discussion draft of the audit report prior to the report being issued. Internal audit is responsible for following up timely on audit findings to ascertain the status of management's corrective actions.

Independence and Objectivity

Internal audit has neither direct responsibility for, nor authority over, any of the activities, functions, or tasks it reviews, nor shall their review relieve others of their responsibilities. The internal auditors must maintain a high degree of independence and not be assigned duties or engage in any operations or decision making in any activities that they would normally be expected to review or evaluate as part of the normal audit function.

Responsibility and Role

TBR Policy 04:01:05:00, *Internal Audit*, states the role of internal audit is to assist members of the organization in the effective discharge of their responsibilities. Meaningful internal auditing requires cooperation among internal audit, (name of institution)'s administration, and the department under audit. In fulfilling their responsibilities, internal audit will:

- Comply with auditing standards established by the Institute of Internal Auditors to ensure the effectiveness and quality of the internal audit effort.

- Develop and implement audit plans and programs after consultation with the President that respond to both risk and cost effectiveness criteria.

- Review the reliability and integrity of information, and the information technology processes that produce that information.

- Verify compliance with applicable policies, guidelines, laws, and regulations.

- Suggest policies and procedures or improvements to existing policies and procedures where appropriate.

- Provide audit reports that identify internal control issues and make cost-effective recommendations to strengthen control.

- Facilitate the resolution of audit issues with administrators who have the most direct involvement and accountability.

- Review institutional operations (financial and other) on an advisory basis to inform and assist management in the successful execution of their duties.

- Assist with audits or perform certain agreed upon procedures for external parties. External parties include but are not limited to audit offices of federal and state governments and related agencies.

- Review management's risk assessment process and advise management on the reasonableness and propriety of the assessment.

- Promote and evaluate fraud prevention and identification programs and investigate allegations involving fraud, waste, and abuse.

- Demonstrate and promote appropriate ethics and values within the organization.

- Communicate activities and information among the board, internal auditors, external auditors and the administration.

Quality Assurance and Improvement

Internal audit will maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. The program will include an evaluation of the internal audit's conformance with the *Standards* and an evaluation of whether the internal auditors apply the Institute of Internal Auditors' Code of Ethics, Definition of Internal Auditing, and the Core Principles for the Professional Practices of Internal Auditing. The program will include both internal and external assessments. The System-wide Chief Audit Executive will communicate the results of the assessments to the Audit Committee.

Periodic Review of Internal Audit Charter

This charter will be periodically assessed by the Chief Audit Executive to determine whether the purpose, authority, and responsibilities defined in this charter are adequate to enable the internal auditing activity to accomplish its objectives. The results of the periodic assessment will be communicated to senior management and the Audit Committee.

_____   4/19/18
President, Chattanooga State Community College   Date

_____   4/19/18
Auditor, Chattanooga State Community College   Date

Cleveland State Community College

Internal Audit Charter

Introduction

Cleveland State Community College is an institution of the Tennessee Board of Regents (TBR) system. The system is governed by the Board of Regents, consisting of 19 members (the Board) as determined by state law. The TBR Audit Committee is a standing committee of the Board. In accordance with the "State of Tennessee Audit Committee Act of 2005," the System-wide Chief Audit Executive reports directly to the Audit Committee and the Board and oversees the internal audit operations. Cleveland State Community employs an internal auditor in accordance with TBR policy.

Purpose

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve Cleveland State Community College operations. The mission of internal audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. Internal audit helps Cleveland State Community College accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. Internal audit assists Cleveland State Community College's management in the effective discharge of their duties and responsibilities by evaluating activities through assurance and consulting services, recommending improvements, and providing other information designed to promote effective controls.

Assurance services involve the internal auditor's objective assessment of evidence to provide an independent opinion or conclusions regarding an entity, operation, function, process, system, or other subject matter. The nature and scope of the assurance engagement are determined by the internal auditor. There are generally three parties involved in assurance services: (1) the person or group directly involved with the entity, operation, function, process, system, or other subject matter — the process owner, (2) the person or group making the assessment — the internal auditor, and (3) the person or group using the assessment — the user.

Consulting services are advisory in nature, and are generally performed at the specific request of an engagement client. The nature and scope of the consulting engagement are subject to agreement with the engagement client. Consulting services generally involve two parties: (1) the person or group offering the advice — the internal auditor, and (2) the person or group seeking and receiving the advice — the engagement client. When performing consulting services, the internal auditor should maintain objectivity and not assume management responsibility.

Cleveland State Community College's management has the primary responsibility for establishing and maintaining a sufficient system of internal controls.

Audit Standards

The internal audit function adheres to mandatory elements of the Institute of Internal Auditors' International Professional Practices Framework, including the Definition of Internal Auditing, the Code of Ethics, the *International Standards for the Professional Practice of Internal Auditing* (*Standards*), and the Core Principles for the Professional Practice of Internal Auditing. These mandatory elements constitute principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance.

Authority and Scope

Internal audit's review of operations may include the examination and evaluation of the effectiveness of all aspects of institutional operations at Cleveland State Community College In the course of its work, internal audit has complete and direct access to all Cleveland State Community College books, electronic and manual records, physical properties, and personnel information relative to the performance of duties and responsibilities. All documents and information given to internal audit during their work will be handled in the same prudent manner that Cleveland State Community College expects of the employees normally accountable for them.

Organizational Status/Reporting Structure

In accordance with T.C.A. 49-14-102 and TBR Policy 4-01-05-00, *Internal Audit*, the System-wide Chief Audit Executive reports directly to the Audit Committee and the TBR. Cleveland State Community College's internal auditor reports to the President with audit reporting responsibility to the Audit Committee and the Board through the System-wide Chief Audit Executive.

The internal auditing services provided by the internal audit office are reported directly to the President and the TBR Audit Committee. All audit work is summarized in timely written reports distributed to management to ensure that the results are given due consideration. In addition to management, reports or summaries are distributed to members of the Audit Committee and to the State of Tennessee, Comptroller's Office. Management is provided a discussion draft of the audit report prior to the report being issued. Internal audit is responsible for following up timely on audit findings to ascertain the status of management's corrective actions.

Independence and Objectivity

Internal audit has neither direct responsibility for, nor authority over, any of the activities, functions, or tasks it reviews, nor shall their review relieve others of their responsibilities. The internal auditors must maintain a high degree of independence and not be assigned duties or engage in any operations or decision making in any activities that they would normally be expected to review or evaluate as part of the normal audit function.

Responsibility and Role

TBR Policy 04:01:05:00, *Internal Audit*, states the role of internal audit is to assist members of the organization in the effective discharge of their responsibilities. Meaningful internal auditing requires cooperation among internal audit, Cleveland State Community College's administration, and the department under audit. In fulfilling their responsibilities, internal audit will:

- Comply with auditing standards established by the Institute of Internal Auditors to ensure the effectiveness and quality of the internal audit effort.

- Develop and implement audit plans and programs after consultation with the President that respond to both risk and cost effectiveness criteria.

- Review the reliability and integrity of information, and the information technology processes that produce that information.

- Verify compliance with applicable policies, guidelines, laws, and regulations.

- Suggest policies and procedures or improvements to existing policies and procedures where appropriate.

- Provide audit reports that identify internal control issues and make cost-effective recommendations to strengthen control.

- Facilitate the resolution of audit issues with administrators who have the most direct involvement and accountability.

- Review institutional operations (financial and other) on an advisory basis to inform and assist management in the successful execution of their duties.

- Assist with audits or perform certain agreed upon procedures for external parties. External parties include but are not limited to audit offices of federal and state governments and related agencies.

- Review management's risk assessment process and advise management on the reasonableness and propriety of the assessment.

- Promote and evaluate fraud prevention and identification programs and investigate allegations involving fraud, waste, and abuse.

- Demonstrate and promote appropriate ethics and values within the organization.

- Communicate activities and information among the board, internal auditors, external auditors and the administration.

Quality Assurance and Improvement

Internal audit will maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. The program will include an evaluation of the internal audit's conformance with the *Standards* and an evaluation of whether the internal auditors apply the Institute of Internal Auditors' Code of Ethics, Definition of Internal Auditing, and the Core Principles for the Professional Practices of Internal Auditing. The program will include both internal and external assessments. The System-wide Chief Audit Executive will communicate the results of the assessments to the Audit Committee.

Periodic Review of Internal Audit Charter

This charter will be periodically assessed by the Chief Audit Executive to determine whether the purpose, authority, and responsibilities defined in this charter are adequate to enable the internal auditing activity to accomplish its objectives. The results of the periodic assessment will be communicated to senior management and the Audit Committee.

_____   4-23-18
President, Cleveland State Community College   Date

_____   4/11/18
Auditor, Cleveland State Community College   Date

Columbia State Community College

Internal Audit Charter

Introduction

Columbia State Community College is an institution of the Tennessee Board of Regents (TBR) system. The system is governed by the Board of Regents, consisting of 19 members (the Board) as determined by state law. The TBR Audit Committee is a standing committee of the Board. In accordance with the "State of Tennessee Audit Committee Act of 2005," the System-wide Chief Audit Executive reports directly to the Audit Committee and the Board and oversees the internal audit operations. Columbia State Community College employs an internal auditor in accordance with TBR policy.

Purpose

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve Columbia State Community College operations. The mission of internal audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. Internal audit helps Columbia State Community College accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. Internal audit assists Columbia State Community College's management in the effective discharge of their duties and responsibilities by evaluating activities through assurance and consulting services, recommending improvements, and providing other information designed to promote effective controls.

Assurance services involve the internal auditor's objective assessment of evidence to provide an independent opinion or conclusions regarding an entity, operation, function, process, system, or other subject matter. The nature and scope of the assurance engagement are determined by the internal auditor. There are generally three parties involved in assurance services: (1) the person or group directly involved with the entity, operation, function, process, system, or other subject matter — the process owner, (2) the person or group making the assessment — the internal auditor, and (3) the person or group using the assessment — the user.

Consulting services are advisory in nature, and are generally performed at the specific request of an engagement client. The nature and scope of the consulting engagement are subject to agreement with the engagement client. Consulting services generally involve two parties: (1) the person or group offering the engagement client. When performing consulting services, the internal auditor should maintain objectivity and not assume management responsibility.

Columbia Campus	Clifton Campus	Williamson Campus	Lawrence Campus	Lewisburg Campus
1665 Hampshire Pike	795 Main Street	1228 Liberty Pike	1620 Springer Road	980 South Ellington Parkway
Columbia, TN 38401	Clifton, TN 38425	Franklin, TN 37067	Lawrenceburg, TN 38464	Lewisburg, TN 37091
931.540.2722	931.676.6966	615.790.4400	931.766.1600	931.359.0351

Columbia State Community College's management has the primary responsibility for establishing and maintaining a sufficient system of internal controls.

Audit Standards

The internal audit function adheres to mandatory elements of the Institute of Internal Auditors' International Professional Practices Framework, including the Definition of Internal Auditing, the Code of Ethics, the *International Standards for the Professional Practice of Internal Auditing* (*Standards*), and the Core Principles for the Professional Practice of Internal Auditing. These mandatory elements constitute principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance.

Authority and Scope

Internal audit's review of operations may include the examination and evaluation of the effectiveness of all aspects of institutional operations at Columbia State Community College. In the course of its work, internal audit has complete and direct access to all Columbia State Community College books, electronic and manual records, physical properties, and personnel information relative to the performance of duties and responsibilities. All documents and information given to internal audit during their work will be handled in the same prudent manner that Columbia State Community College expects of the employees normally accountable for them.

Organizational Status/Reporting Structure

In accordance with T.C.A. 49-14-102 and TBR Policy 4-01-05-00, *Internal Audit*, the System-wide Chief Audit Executive reports directly to the Audit Committee and the TBR. Columbia State Community College's internal auditor reports to the President with audit reporting responsibility to the Audit Committee and the Board through the System-wide Chief Audit Executive.

The internal auditing services provided by the internal audit office are reported directly to the President and the TBR Audit Committee. All audit work is summarized in timely written reports distributed to management to ensure that the results are given due consideration. In addition to management, reports or summaries are distributed to members of the Audit Committee and to the State of Tennessee, Comptroller's Office. Management is provided a discussion draft of the audit report prior to the report being issued. Internal audit is responsible for timely following up on audit findings to ascertain the status of management's corrective actions.

Independence and Objectivity

Internal audit has neither direct responsibility for, nor authority over, any of the activities, functions, or tasks it reviews, nor shall their review relieve others of their responsibilities. The internal auditor must maintain a high degree of independence and not be assigned duties or engage in any operations or decision making in any activities that they would normally be expected to review or evaluate as part of the normal audit function.

Responsibility and Role

TBR Policy 04:01:05:00, *Internal Audit*, states the role of internal audit is to assist members of the organization in the effective discharge of their responsibilities. Meaningful internal auditing requires cooperation among internal audit, Columbia State Community College's administration, and the department under audit. In fulfilling their responsibilities, internal audit will:

- Comply with auditing standards established by the Institute of Internal Auditors to ensure the effectiveness and quality of the internal audit effort.

- Develop and implement audit plans and programs after consultation with the President that respond to both risk and cost effectiveness criteria.

- Review the reliability and integrity of information, and the information technology processes that produce that information.

- Verify compliance with applicable policies, guidelines, laws, and regulations.

- Suggest policies and procedures or improvements to existing policies and procedures where appropriate.

- Provide audit reports that identify internal control issues and make cost-effective recommendations to strengthen control.

- Facilitate the resolution of audit issues with administrators who have the most direct involvement and accountability.

- Review institutional operations (financial and other) on an advisory basis to inform and assist management in the successful execution of their duties.

- Assist with audits or perform certain agreed upon procedures for external parties. External parties include but are not limited to audit offices of federal and state governments and related agencies.

- Review management's risk assessment process and advise management on the reasonableness and propriety of the assessment.

- Promote and evaluate fraud prevention and identification programs and investigate allegations involving fraud, waste, and abuse.

- Demonstrate and promote appropriate ethics and values within the organization.

- Communicate activities and information among the board, internal auditors, external auditors and the administration.

Quality Assurance and Improvement

Internal audit will maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. The program will include an evaluation of the internal audit's conformance with the *Standards* and an evaluation of whether the internal auditors apply the Institute of Internal Auditors' Code of Ethics, Definition of Internal Auditing, and the Core Principles for the Professional Practices of Internal Auditing. The program will include both internal and external assessments. The System-wide Chief Audit Executive will communicate the results of the assessments to the Audit Committee.

Periodic Review of Internal Audit Charter

This charter will be periodically assessed by the Chief Audit Executive to determine whether the purpose, authority, and responsibilities defined in this charter are adequate to enable the internal auditing activity to accomplish its objectives. The results of the periodic assessment will be communicated to senior management and the Audit Committee.

_____   05.6.18

President, Columbia State Community College   Date

_____   4/19/18

Auditor, Columbia State Community College   Date

Dyersburg State Community College

Internal Audit Charter

Introduction

Dyersburg State Community College is an institution of the Tennessee Board of Regents (TBR) system. The system is governed by the Board of Regents, consisting of 19 members (the Board) as determined by state law. The TBR Audit Committee is a standing committee of the Board. In accordance with the "State of Tennessee Audit Committee Act of 2005," the System-wide Chief Audit Executive reports directly to the Audit Committee and the Board and oversees the internal audit operations. Dyersburg State Community College employs an internal auditor in accordance with TBR policy.

Purpose

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve Dyersburg State Community College operations. The mission of internal audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. Internal audit helps DSCC accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. Internal audit assists DSCC's management in the effective discharge of their duties and responsibilities by evaluating activities through assurance and consulting services, recommending improvements, and providing other information designed to promote effective controls.

Assurance services involve the internal auditor's objective assessment of evidence to provide an independent opinion or conclusions regarding an entity, operation, function, process, system, or other subject matter. The nature and scope of the assurance engagement are determined by the internal auditor. There are generally three parties involved in assurance services: (1) the person or group directly involved with the entity, operation, function, process, system, or other subject matter — the process owner, (2) the person or group making the assessment — the internal auditor, and (3) the person or group using the assessment — the user.

Consulting services are advisory in nature, and are generally performed at the specific request of an engagement client. The nature and scope of the consulting engagement are subject to agreement with the engagement client. Consulting services generally involve two parties: (1) the person or group offering the advice — the internal auditor, and (2) the person or group seeking and receiving the advice — the engagement client. When performing consulting services, the internal auditor should maintain objectivity and not assume management responsibility.

DSCC's management has the primary responsibility for establishing and maintaining a sufficient system of internal controls.

Audit Standards

The internal audit function adheres to mandatory elements of the Institute of Internal Auditors' International Professional Practices Framework, including the Definition of Internal Auditing, the Code of Ethics, the *International Standards for the Professional Practice of Internal Auditing* (*Standards*), and the Core Principles for the Professional Practice of Internal Auditing. These mandatory elements constitute principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance.

Authority and Scope

Internal audit's review of operations may include the examination and evaluation of the effectiveness of all aspects of institutional operations at DSCC. In the course of its work, internal audit has complete and direct access to all DSCC books, electronic and manual records, physical properties, and personnel information relative to the performance of duties and responsibilities. All documents and information given to internal audit during their work will be handled in the same prudent manner that DSCC expects of the employees normally accountable for them.

Organizational Status/Reporting Structure

In accordance with T.C.A. 49-14-102 and TBR Policy 4-01-05-00, *Internal Audit*, the System-wide Chief Audit Executive reports directly to the Audit Committee and the TBR. DSCC's Director of Internal Audit reports to the President with audit reporting responsibility to the Audit Committee and the Board through the System-wide Chief Audit Executive.

The internal auditing services provided by the internal audit office are reported directly to the President and the TBR Audit Committee. All audit work is summarized in timely written reports distributed to management to ensure that the results are given due consideration. In addition to management, reports or summaries are distributed to members of the Audit Committee and to the State of Tennessee, Comptroller's Office. Management is provided a discussion draft of the audit report prior to the report being issued. Internal audit is responsible for following up timely on audit findings to ascertain the status of management's corrective actions.

Independence and Objectivity

Internal audit has neither direct responsibility for, nor authority over, any of the activities, functions, or tasks it reviews, nor shall their review relieve others of their responsibilities. The internal auditor must maintain a high degree of independence and not be assigned duties or engage

in any operations or decision making in any activities that they would normally be expected to review or evaluate as part of the normal audit function.

Responsibility and Role

TBR Policy 04:01:05:00, *Internal Audit*, states the role of internal audit is to assist members of the organization in the effective discharge of their responsibilities. Meaningful internal auditing requires cooperation among internal audit, DSCC's administration, and the department under audit. In fulfilling their responsibilities, internal audit will:

- Comply with auditing standards established by the Institute of Internal Auditors to ensure the effectiveness and quality of the internal audit effort.

- Develop and implement audit plans and programs after consultation with the President that respond to both risk and cost effectiveness criteria.

- Review the reliability and integrity of information, and the information technology processes that produce that information.

- Verify compliance with applicable policies, guidelines, laws, and regulations.

- Suggest policies and procedures or improvements to existing policies and procedures where appropriate.

- Provide audit reports that identify internal control issues and make cost-effective recommendations to strengthen control.

- Facilitate the resolution of audit issues with administrators who have the most direct involvement and accountability.

- Review institutional operations (financial and other) on an advisory basis to inform and assist management in the successful execution of their duties.

- Assist with audits or perform certain agreed upon procedures for external parties. External parties include but are not limited to audit offices of federal and state governments and related agencies.

- Review management's risk assessment process and advise management on the reasonableness and propriety of the assessment.

- Promote and evaluate fraud prevention and identification programs and investigate allegations involving fraud, waste, and abuse.

- Demonstrate and promote appropriate ethics and values within the organization.

- Communicate activities and information among the board, internal auditors, external auditors and the administration.

Quality Assurance and Improvement

Internal audit will maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. The program will include an evaluation of the internal audit's conformance with the *Standards* and an evaluation of whether the internal auditors apply the Institute of Internal Auditors' Code of Ethics, Definition of Internal Auditing, and the Core Principles for the Professional Practices of Internal Auditing. The program will include both internal and external assessments. The System-wide Chief Audit Executive will communicate the results of the assessments to the Audit Committee.

Periodic Review of Internal Audit Charter

This charter will be periodically assessed by the Chief Audit Executive to determine whether the purpose, authority, and responsibilities defined in this charter are adequate to enable the internal auditing activity to accomplish its objectives. The results of the periodic assessment will be communicated to senior management and the Audit Committee.

_____   4-11-18
President, Dyersburg State Community College   Date

_____   4-11-18
Auditor, Dyersburg State Community College   Date

Jackson State Community College

Internal Audit Charter

Introduction

Jackson State Community College is an institution of the Tennessee Board of Regents (TBR) system. The system is governed by the Board of Regents, consisting of 19 members (the Board) as determined by state law. The TBR Audit Committee is a standing committee of the Board. In accordance with the "State of Tennessee Audit Committee Act of 2005," the System-wide Chief Audit Executive reports directly to the Audit Committee and the Board and oversees the internal audit operations. Jackson State Community College employs audit staff in accordance with TBR policy.

Purpose

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve Jackson State Community College operations. The mission of internal audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. Internal audit helps Jackson State Community College accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. Internal audit assists Jackson State Community College's management in the effective discharge of their duties and responsibilities by evaluating activities through assurance and consulting services, recommending improvements, and providing other information designed to promote effective controls.

Assurance services involve the internal auditor's objective assessment of evidence to provide an independent opinion or conclusions regarding an entity, operation, function, process, system, or other subject matter. The nature and scope of the assurance engagement are determined by the internal auditor. There are generally three parties involved in assurance services: (1) the person or group directly involved with the entity, operation, function, process, system, or other subject matter — the process owner, (2) the person or group making the assessment — the internal auditor, and (3) the person or group using the assessment — the user.

Consulting services are advisory in nature, and are generally performed at the specific request of an engagement client. The nature and scope of the consulting engagement are subject to agreement with the engagement client. Consulting services generally involve two parties: (1) the person or group offering the advice — the internal auditor, and (2) the person or group seeking and receiving the advice — the engagement client. When performing consulting services, the internal auditor should maintain objectivity and not assume management responsibility.

Jackson State Community College's management has the primary responsibility for establishing and maintaining a sufficient system of internal controls.

Audit Standards

The internal audit function adheres to mandatory elements of the Institute of Internal Auditors' International Professional Practices Framework, including the Definition of Internal Auditing, the Code of Ethics, the *International Standards for the Professional Practice of Internal Auditing (Standards)*, and the Core Principles for the Professional Practice of Internal Auditing. These mandatory elements constitute principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance.

Authority and Scope

Internal audit's review of operations may include the examination and evaluation of the effectiveness of all aspects of institutional operations at Jackson State Community College. In the course of its work, internal audit has complete and direct access to all Jackson State Community College books, electronic and manual records, physical properties, and personnel information relative to the performance of duties and responsibilities. All documents and information given to internal audit during their work will be handled in the same prudent manner that Jackson State Community College expects of the employees normally accountable for them.

Organizational Status/Reporting Structure

In accordance with T.C.A. 49-14-102 and TBR Policy 4-01-05-00, *Internal Audit*, the System-wide Chief Audit Executive reports directly to the Audit Committee and the TBR. Jackson State Community College's internal audit staff reports to the President with audit reporting responsibility to the Audit Committee and the Board through the System-wide Chief Audit Executive.

The internal auditing services provided by the internal audit office are reported directly to the President and the TBR Audit Committee. All audit work is summarized in timely written reports distributed to management to ensure that the results are given due consideration. In addition to management, reports or summaries are distributed to members of the Audit Committee and to the State of Tennessee, Comptroller's Office. Management is provided a discussion draft of the audit report prior to the report being issued. Internal audit is responsible for following up timely on audit findings to ascertain the status of management's corrective actions.

Independence and Objectivity

Internal audit has neither direct responsibility for, nor authority over, any of the activities, functions, or tasks it reviews, nor shall their review relieve others of their responsibilities. The internal auditors must maintain a high degree of independence and not be assigned duties or engage in any operations or decision making in any activities that they would normally be expected to review or evaluate as part of the normal audit function.

Responsibility and Role

TBR Policy 04:01:05:00, *Internal Audit*, states the role of internal audit is to assist members of the organization in the effective discharge of their responsibilities. Meaningful internal auditing requires cooperation among internal audit, Jackson State Community College's administration, and the department under audit. In fulfilling their responsibilities, internal audit will:

- Comply with auditing standards established by the Institute of Internal Auditors to ensure the effectiveness and quality of the internal audit effort.

- Develop and implement audit plans and programs after consultation with the President that respond to both risk and cost effectiveness criteria.

- Review the reliability and integrity of information, and the information technology processes that produce that information.

- Verify compliance with applicable policies, guidelines, laws, and regulations.

- Suggest policies and procedures or improvements to existing policies and procedures where appropriate.

- Provide audit reports that identify internal control issues and make cost-effective recommendations to strengthen control.

- Facilitate the resolution of audit issues with administrators who have the most direct involvement and accountability.

- Review institutional operations (financial and other) on an advisory basis to inform and assist management in the successful execution of their duties.

- Assist with audits or perform certain agreed upon procedures for external parties. External parties include but are not limited to audit offices of federal and state governments and related agencies.

- Review management's risk assessment process and advise management on the reasonableness and propriety of the assessment.

- Promote and evaluate fraud prevention and identification programs and investigate allegations involving fraud, waste, and abuse.

- Demonstrate and promote appropriate ethics and values within the organization.

- Communicate activities and information among the board, internal auditors, external auditors and the administration.

Quality Assurance and Improvement

Internal audit will maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. The program will include an evaluation of the internal audit's conformance with the *Standards* and an evaluation of whether the internal auditors apply the Institute of Internal Auditors' Code of Ethics, Definition of Internal Auditing, and the Core Principles for the Professional Practices of Internal Auditing. The program will include both internal and external assessments. The System-wide Chief Audit Executive will communicate the results of the assessments to the Audit Committee.

Periodic Review of Internal Audit Charter

This charter will be periodically assessed by the Chief Audit Executive to determine whether the purpose, authority, and responsibilities defined in this charter are adequate to enable the internal auditing activity to accomplish its objectives. The results of the periodic assessment will be communicated to senior management and the Audit Committee.

Dr. Allana Hamilton, President,
Jackson State Community College

5/3/18
Date

Chrystal Pittman, Interim Director of Internal Audit
Jackson State Community College

5-2-18
Date

Motlow State Community College

Internal Audit Charter

Introduction

Motlow State Community College (MSCC) is an institution of the Tennessee Board of Regents (TBR) system. The system is governed by the Board of Regents, consisting of 19 members (the Board) as determined by state law. The TBR Audit Committee is a standing committee of the Board. In accordance with the "State of Tennessee Audit Committee Act of 2005," the System-wide Chief Audit Executive reports directly to the Audit Committee and the Board and oversees the internal audit operations. MSCC employs an internal auditor in accordance with TBR policy.

Purpose

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve MSCC operations. The mission of internal audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. Internal audit helps MSCC accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. Internal audit assists MSCC's management in the effective discharge of their duties and responsibilities by evaluating activities through assurance and consulting services, recommending improvements, and providing other information designed to promote effective controls.

Assurance services involve the internal auditor's objective assessment of evidence to provide an independent opinion or conclusions regarding an entity, operation, function, process, system, or other subject matter. The nature and scope of the assurance engagement are determined by the internal auditor. There are generally three parties involved in assurance services: (1) the person or group directly involved with the entity, operation, function, process, system, or other subject matter — the process owner, (2) the person or group making the assessment — the internal auditor, and (3) the person or group using the assessment — the user.

Consulting services are advisory in nature, and are generally performed at the specific request of an engagement client. The nature and scope of the consulting engagement are subject to agreement with the engagement client. Consulting services generally involve two parties: (1) the person or group offering the advice — the internal auditor, and (2) the person or group seeking and receiving the advice — the engagement client. When performing consulting services, the internal auditor should maintain objectivity and not assume management responsibility.

MSCC's management has the primary responsibility for establishing and maintaining a sufficient system of internal controls.

Audit Standards

The internal audit function adheres to mandatory elements of the Institute of Internal Auditors' International Professional Practices Framework, including the Definition of Internal Auditing, the Code of Ethics, the *International Standards for the Professional Practice of Internal Auditing* (*Standards*), and the Core Principles for the Professional Practice of Internal Auditing. These mandatory elements constitute principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance.

Authority and Scope

Internal audit's review of operations may include the examination and evaluation of the effectiveness of all aspects of institutional operations at MSCC. In the course of its work, internal audit has complete and direct access to all MSCC books, electronic and manual records, physical properties, and personnel information relative to the performance of duties and responsibilities. All documents and information given to internal audit during their work will be handled in the same prudent manner that MSCC expects of the employees normally accountable for them.

Organizational Status/Reporting Structure

In accordance with T.C.A. 49-14-102 and TBR Policy 4-01-05-00, *Internal Audit*, the System-wide Chief Audit Executive reports directly to the Audit Committee and the TBR. MSCC's internal auditor reports to the President with audit reporting responsibility to the Audit Committee and the Board through the System-wide Chief Audit Executive.

The internal auditing services provided by the internal audit office are reported directly to the President and the TBR Audit Committee. All audit work is summarized in timely written reports distributed to management to ensure that the results are given due consideration. In addition to management, reports or summaries are distributed to members of the Audit Committee and to the State of Tennessee, Comptroller's Office. Management is provided a discussion draft of the audit report prior to the report being issued. Internal audit is responsible for following up timely on audit findings to ascertain the status of management's corrective actions.

Independence and Objectivity

Internal audit has neither direct responsibility for, nor authority over, any of the activities, functions, or tasks it reviews, nor shall their review relieve others of their responsibilities. The internal auditors must maintain a high degree of independence and not be assigned duties or engage

in any operations or decision making in any activities that they would normally be expected to review or evaluate as part of the normal audit function.

Responsibility and Role

TBR Policy 04:01:05:00, *Internal Audit*, states the role of internal audit is to assist members of the organization in the effective discharge of their responsibilities. Meaningful internal auditing requires cooperation among internal audit, MSCC's administration, and the department under audit. In fulfilling their responsibilities, internal audit will:

- Comply with auditing standards established by the Institute of Internal Auditors to ensure the effectiveness and quality of the internal audit effort.

- Develop and implement audit plans and programs after consultation with the President that respond to both risk and cost effectiveness criteria.

- Review the reliability and integrity of information, and the information technology processes that produce that information.

- Verify compliance with applicable policies, guidelines, laws, and regulations.

- Suggest policies and procedures or improvements to existing policies and procedures where appropriate.

- Provide audit reports that identify internal control issues and make cost-effective recommendations to strengthen control.

- Facilitate the resolution of audit issues with administrators who have the most direct involvement and accountability.

- Review institutional operations (financial and other) on an advisory basis to inform and assist management in the successful execution of their duties.

- Assist with audits or perform certain agreed upon procedures for external parties. External parties include but are not limited to audit offices of federal and state governments and related agencies.

- Review management's risk assessment process and advise management on the reasonableness and propriety of the assessment.

- Promote and evaluate fraud prevention and identification programs and investigate allegations involving fraud, waste, and abuse.

- Demonstrate and promote appropriate ethics and values within the organization.

- Communicate activities and information among the board, internal auditors, external auditors and the administration.

Quality Assurance and Improvement

Internal audit will maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. The program will include an evaluation of the internal audit's conformance with the *Standards* and an evaluation of whether the internal auditors apply the Institute of Internal Auditors' Code of Ethics, Definition of Internal Auditing, and the Core Principles for the Professional Practices of Internal Auditing. The program will include both internal and external assessments. The System-wide Chief Audit Executive will communicate the results of the assessments to the Audit Committee.

Periodic Review of Internal Audit Charter

This charter will be periodically assessed by the Chief Audit Executive to determine whether the purpose, authority, and responsibilities defined in this charter are adequate to enable the internal auditing activity to accomplish its objectives. The results of the periodic assessment will be communicated to senior management and the Audit Committee.

_____   5-2-18
President, Motlow State Community College   Date

_____   5/2/18
Internal Auditor, Motlow State Community College   Date

Nashville State Community College

Internal Audit Charter

Introduction

Nashville State Community College is an institution of the Tennessee Board of Regents (TBR) system. The system is governed by the Board of Regents, consisting of 19 members (the Board) as determined by state law. The TBR Audit Committee is a standing committee of the Board. In accordance with the "State of Tennessee Audit Committee Act of 2005," the System-wide Chief Audit Executive reports directly to the Audit Committee and the Board and oversees the internal audit operations. Nashville State Community College employs an internal auditor (or audit staff) in accordance with TBR policy.

Purpose

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve Nashville State Community College operations. The mission of internal audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. Internal audit helps Nashville State Community College accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. Internal audit assists Nashville State Community College's management in the effective discharge of their duties and responsibilities by evaluating activities through assurance and consulting services, recommending improvements, and providing other information designed to promote effective controls.

Assurance services involve the internal auditor's objective assessment of evidence to provide an independent opinion or conclusions regarding an entity, operation, function, process, system, or other subject matter. The nature and scope of the assurance engagement are determined by the internal auditor. There are generally three parties involved in assurance services: (1) the person or group directly involved with the entity, operation, function, process, system, or other subject matter — the process owner, (2) the person or group making the assessment — the internal auditor, and (3) the person or group using the assessment — the user.

Consulting services are advisory in nature, and are generally performed at the specific request of an engagement client. The nature and scope of the consulting engagement are subject to agreement with the engagement client. Consulting services generally involve two parties: (1) the person or group offering the advice — the internal auditor, and (2) the person or group seeking and receiving the advice — the engagement client. When performing consulting services, the internal auditor should maintain objectivity and not assume management responsibility.

Nashville State Community College's management has the primary responsibility for establishing and maintaining a sufficient system of internal controls.

Audit Standards

The internal audit function adheres to mandatory elements of the Institute of Internal Auditors' International Professional Practices Framework, including the Definition of Internal Auditing, the Code of Ethics, the *International Standards for the Professional Practice of Internal Auditing* (*Standards*), and the Core Principles for the Professional Practice of Internal Auditing. These mandatory elements constitute principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance.

Authority and Scope

Internal audit's review of operations may include the examination and evaluation of the effectiveness of all aspects of institutional operations at Nashville State Community College. In the course of its work, internal audit has complete and direct access to all Nashville State Community College books, electronic and manual records, physical properties, and personnel information relative to the performance of duties and responsibilities. All documents and information given to internal audit during their work will be handled in the same prudent manner that Nashville State Community College expects of the employees normally accountable for them.

Organizational Status/Reporting Structure

In accordance with T.C.A. 49-14-102 and TBR Policy 4-01-05-00, *Internal Audit*, the System-wide Chief Audit Executive reports directly to the Audit Committee and the TBR. Nashville State Community College's internal auditor reports to the President with audit reporting responsibility to the Audit Committee and the Board through the System-wide Chief Audit Executive.

The internal auditing services provided by the internal audit office are reported directly to the President and the TBR Audit Committee. All audit work is summarized in timely written reports distributed to management to ensure that the results are given due consideration. In addition to management, reports or summaries are distributed to members of the Audit Committee and to the State of Tennessee, Comptroller's Office. Management is provided a discussion draft of the audit report prior to the report being issued. Internal audit is responsible for following up timely on audit findings to ascertain the status of management's corrective actions.

Independence and Objectivity

Internal audit has neither direct responsibility for, nor authority over, any of the activities, functions, or tasks it reviews, nor shall their review relieve others of their responsibilities. The internal auditors must maintain a high degree of independence and not be assigned duties or engage in any operations or decision making in any activities that they would normally be expected to review or evaluate as part of the normal audit function.

Responsibility and Role

TBR Policy 04:01:05:00, *Internal Audit*, states the role of internal audit is to assist members of the organization in the effective discharge of their responsibilities. Meaningful internal auditing requires cooperation among internal audit, Nashville State Community College's administration, and the department under audit. In fulfilling their responsibilities, internal audit will:

- Comply with auditing standards established by the Institute of Internal Auditors to ensure the effectiveness and quality of the internal audit effort.

- Develop and implement audit plans and programs after consultation with the President that respond to both risk and cost effectiveness criteria.

- Review the reliability and integrity of information, and the information technology processes that produce that information.

- Verify compliance with applicable policies, guidelines, laws, and regulations.

- Suggest policies and procedures or improvements to existing policies and procedures where appropriate.

- Provide audit reports that identify internal control issues and make cost-effective recommendations to strengthen control.

- Facilitate the resolution of audit issues with administrators who have the most direct involvement and accountability.

- Review institutional operations (financial and other) on an advisory basis to inform and assist management in the successful execution of their duties.

- Assist with audits or perform certain agreed upon procedures for external parties. External parties include but are not limited to audit offices of federal and state governments and related agencies.

- Review management's risk assessment process and advise management on the reasonableness and propriety of the assessment.
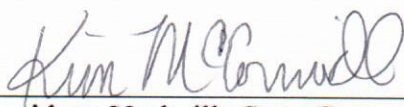
- Promote and evaluate fraud prevention and identification programs and investigate allegations involving fraud, waste, and abuse.

- Demonstrate and promote appropriate ethics and values within the organization.

- Communicate activities and information among the board, internal auditors, external auditors and the administration.
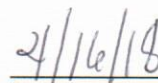
Quality Assurance and Improvement

Internal audit will maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. The program will include an evaluation of the internal audit's conformance with the *Standards* and an evaluation of whether the internal auditors apply the Institute of Internal Auditors' Code of Ethics, Definition of Internal Auditing, and the Core Principles for the Professional Practices of Internal Auditing. The program will include both internal and external assessments. The System-wide Chief Audit Executive will communicate the results of the assessments to the Audit Committee.

Periodic Review of Internal Audit Charter

This charter will be periodically assessed by the Chief Audit Executive to determine whether the purpose, authority, and responsibilities defined in this charter are adequate to enable the internal auditing activity to accomplish its objectives. The results of the periodic assessment will be communicated to senior management and the Audit Committee.
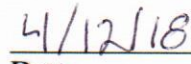
_____   4/16/18
President, Nashville State Community College   Date

_____   4/12/18
Auditor, Nashville State Community College   Date

Northeast State Community College

Internal Audit Charter

Introduction

Northeast State Community College is an institution of the Tennessee Board of Regents (TBR) system. The system is governed by the Board of Regents, consisting of 19 members (the Board) as determined by state law. The TBR Audit Committee is a standing committee of the Board. In accordance with the "State of Tennessee Audit Committee Act of 2005," the System-wide Chief Audit Executive reports directly to the Audit Committee and the Board and oversees the internal audit operations. Northeast State Community College employs an internal auditor (or audit staff) in accordance with TBR policy.

Purpose

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve Northeast State Community College operations. The mission of internal audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. Internal audit helps Northeast State Community College accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. Internal audit assists Northeast State Community College's management in the effective discharge of their duties and responsibilities by evaluating activities through assurance and consulting services, recommending improvements, and providing other information designed to promote effective controls.

Assurance services involve the internal auditor's objective assessment of evidence to provide an independent opinion or conclusions regarding an entity, operation, function, process, system, or other subject matter. The nature and scope of the assurance engagement are determined by the internal auditor. There are generally three parties involved in assurance services: (1) the person or group directly involved with the entity, operation, function, process, system, or other subject matter — the process owner, (2) the person or group making the assessment — the internal auditor, and (3) the person or group using the assessment — the user.

Consulting services are advisory in nature, and are generally performed at the specific request of an engagement client. The nature and scope of the consulting engagement are subject to agreement with the engagement client. Consulting services generally involve two parties: (1) the person or group offering the advice — the internal auditor, and (2) the person or group seeking and receiving the advice — the engagement client. When performing consulting services, the internal auditor should maintain objectivity and not assume management responsibility.

Northeast State Community College's management has the primary responsibility for establishing and maintaining a sufficient system of internal controls.

Audit Standards

The internal audit function adheres to mandatory elements of the Institute of Internal Auditors' International Professional Practices Framework, including the Definition of Internal Auditing, the Code of Ethics, the *International Standards for the Professional Practice of Internal Auditing (Standards)*, and the Core Principles for the Professional Practice of Internal Auditing. These mandatory elements constitute principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance.

Authority and Scope

Internal audit's review of operations may include the examination and evaluation of the effectiveness of all aspects of institutional operations at Northeast State Community College. In the course of its work, internal audit has complete and direct access to all Northeast State Community College books, electronic and manual records, physical properties, and personnel information relative to the performance of duties and responsibilities. All documents and information given to internal audit during their work will be handled in the same prudent manner that Northeast State Community College expects of the employees normally accountable for them.

Organizational Status/Reporting Structure

In accordance with T.C.A. 49-14-102 and TBR Policy 4-01-05-00, *Internal Audit*, the System-wide Chief Audit Executive reports directly to the Audit Committee and the TBR. Northeast State Community College's internal auditor reports to the President with audit reporting responsibility to the Audit Committee and the Board through the System-wide Chief Audit Executive.

The internal auditing services provided by the internal audit office are reported directly to the President and the TBR Audit Committee. All audit work is summarized in timely written reports distributed to management to ensure that the results are given due consideration. In addition to management, reports or summaries are distributed to members of the Audit Committee and to the State of Tennessee, Comptroller's Office. Management is provided a discussion draft of the audit report prior to the report being issued. Internal audit is responsible for following up timely on audit findings to ascertain the status of management's corrective actions.

Independence and Objectivity

Internal audit has neither direct responsibility for, nor authority over, any of the activities, functions, or tasks it reviews, nor shall their review relieve others of their responsibilities. The internal auditors must maintain a high degree of independence and not be assigned duties or engage in any operations or decision making in any activities that they would normally be expected to review or evaluate as part of the normal audit function.

Responsibility and Role

TBR Policy 04:01:05:00, *Internal Audit*, states the role of internal audit is to assist members of the organization in the effective discharge of their responsibilities. Meaningful internal auditing requires cooperation among internal audit, Northeast State Community College's administration, and the department under audit. In fulfilling their responsibilities, internal audit will:

- Comply with auditing standards established by the Institute of Internal Auditors to ensure the effectiveness and quality of the internal audit effort.

- Develop and implement audit plans and programs after consultation with the President that respond to both risk and cost effectiveness criteria.

- Review the reliability and integrity of information, and the information technology processes that produce that information.

- Verify compliance with applicable policies, guidelines, laws, and regulations.

- Suggest policies and procedures or improvements to existing policies and procedures where appropriate.

- Provide audit reports that identify internal control issues and make cost-effective recommendations to strengthen control.

- Facilitate the resolution of audit issues with administrators who have the most direct involvement and accountability.

- Review institutional operations (financial and other) on an advisory basis to inform and assist management in the successful execution of their duties.

- Assist with audits or perform certain agreed upon procedures for external parties. External parties include but are not limited to audit offices of federal and state governments and related agencies.

- Review management's risk assessment process and advise management on the reasonableness and propriety of the assessment.

- Promote and evaluate fraud prevention and identification programs and investigate allegations involving fraud, waste, and abuse.

- Demonstrate and promote appropriate ethics and values within the organization.

- Communicate activities and information among the board, internal auditors, external auditors and the administration.

Quality Assurance and Improvement

Internal audit will maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. The program will include an evaluation of the internal audit's conformance with the *Standards* and an evaluation of whether the internal auditors apply the Institute of Internal Auditors' Code of Ethics, Definition of Internal Auditing, and the Core Principles for the Professional Practices of Internal Auditing. The program will include both internal and external assessments. The System-wide Chief Audit Executive will communicate the results of the assessments to the Audit Committee.

Periodic Review of Internal Audit Charter

This charter will be periodically assessed by the Chief Audit Executive to determine whether the purpose, authority, and responsibilities defined in this charter are adequate to enable the internal auditing activity to accomplish its objectives. The results of the periodic assessment will be communicated to senior management and the Audit Committee.

_____   APR 25 2018
President, Northeast State Community College   Date

_____   4/25/18
Auditor, Northeast State Community College   Date

Pellissippi State Community College

Internal Audit Charter

Introduction

Pellissippi State Community College is an institution of the Tennessee Board of Regents (TBR) system. The system is governed by the Board of Regents, consisting of 19 members (the Board) as determined by state law. The TBR Audit Committee is a standing committee of the Board. In accordance with the "State of Tennessee Audit Committee Act of 2005," the System-wide Chief Audit Executive reports directly to the Audit Committee and the Board and oversees the internal audit operations. Pellissippi State Community College employs an internal auditor in accordance with TBR policy.

Purpose

Internal Audit is an independent objective assurance and consulting activity designed to add value and improve Pellissippi State Community College operations. Internal Audit helps Pellissippi State Community College accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. Internal Audit assists Pellissippi State Community College's management in the effective discharge of their duties and responsibilities by evaluating activities through assurance and consulting services, recommending improvements and providing other information designed to promote effective controls.

Assurance services involve the internal auditor's objective assessment of evidence to provide an independent opinion or conclusions regarding an entity, operation, function, process, system, or other subject matter. The nature and scope of the assurance engagement are determined by the internal auditor. There are generally three parties involved in assurance services: (1) the person or group directly involved with the entity, operation, function, process, system, or other subject matter — the process owner, (2) the person or group making the assessment — the internal auditor, and (3) the person or group using the assessment — the user.

Consulting services are advisory in nature, and are generally performed at the specific request of an engagement client. The nature and scope of the consulting engagement are subject to agreement with the engagement client. Consulting services generally involve two parties: (1) the person or group offering the advice — the internal auditor, and (2) the person or group seeking and receiving the advice — the engagement client. When performing consulting services the internal auditor should maintain objectivity and not assume management responsibility.

Pellissippi State Community College's management has the primary responsibility for establishing and maintaining a sufficient system of internal controls.

Audit Standards and Ethics

The Internal Audit function adheres to The Institute of Internal Auditors' mandatory elements of the Institute of Internal Auditors' International Professional Practices Framework, including the Definition of Internal Auditing, the Code of Ethics, the *International Standards for the Professional Practice of Internal Auditing* (*Standards*), and the Core Principles for the Professional Practice of Internal Auditing. These mandatory elements constitute principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance.

Authority and Scope

Internal Audit's review of operations may include the examination and evaluation of the effectiveness of all aspects of institutional operations at Pellissippi State Community College. In the course of its work, Internal Audit has full and complete direct access to all Pellissippi State Community College books, electronic and manual records, physical properties, and personnel information relative to the performance of duties and responsibilities. All documents and information given to Internal Audit during their work will be handled in the same prudent manner that Pellissippi State Community College expects of the employees normally accountable for them.

Organizational Status/Reporting Structure

In accordance with T.C.A. 49-14-102 and TBR Policy 4-01-05-00, *Internal Audit*, the System-wide Chief Audit Executive reports directly to the Audit Committee and the TBR. Pellissippi State Community College's internal audit director reports to the President with audit reporting responsibility to the Audit Committee and the Board through the System-wide Chief Audit Executive.

The internal auditing services provided by Internal Audit are reported directly to the President and the TBR Audit Committee. All audit work is summarized in timely written reports distributed to management to ensure that the results are given due consideration. In addition to

management, reports or summaries are distributed to all members of the Audit Committee and to the State of Tennessee, Comptroller's Office. Management is provided a discussion draft of the audit report prior to the report being issued. Internal Audit is responsible for following up timely on audit findings to ascertain the status of management's corrective actions.

Independence and Objectivity

Internal Audit has neither direct responsibility for, nor authority over, any of the activities, functions, or tasks it reviews nor shall their review relieve others of their responsibilities. The internal auditors must maintain a high degree of independence and not be assigned duties or engage in any operations or decision making in any activities that they would normally be expected to review or evaluate as part of the normal audit function.

Responsibility and Role

TBR Policy 04:01:05:00, *Internal Audit*, states the role of Internal Audit is to assist members of the organization in the effective discharge of their responsibilities. Meaningful internal auditing requires cooperation among Internal Audit, Pellissippi State Community College's administration, and the department under audit. In fulfilling their responsibilities, Internal Audit will:

- Comply with auditing standards established by the Institute of Internal Auditors to ensure the effectiveness and quality of the internal audit effort.

- Develop and implement audit plans and programs after consultation with the President that respond to both risk and cost effectiveness criteria.

- Review the reliability and integrity of information, and the information technology processes that produce that information.

- Verify compliance with applicable policies, guidelines, laws, and regulations.

- Suggest policies and procedures or improvements to existing policies and procedures where appropriate.

- Provide audit reports that identify internal control issues and make cost-effective recommendations to strengthen control.

- Facilitate the resolution of audit issues with administrators who have the most direct involvement and accountability.

- Review institutional operations (financial and other) on an advisory basis to inform and assist management in the successful execution of their duties.

- Assist with audits or perform certain agreed upon procedures for external parties. External parties include but are not limited to audit offices of federal and state governments and related agencies.

- Review management's risk assessment process and advise management on the reasonableness and propriety of the assessment.

- Promote and evaluate fraud prevention and identification programs and investigate allegations involving fraud, waste, and abuse.

- Demonstrate and promote appropriate ethics and values within the organization.

- Communicate activities and information among the board, internal auditors, external auditors and the administration.

Quality Assurance and Improvement

Internal Audit will maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. The program will include an evaluation of the internal audit's conformance with the *Standards* and an evaluation of whether the internal auditors apply the IIA's Code of Ethics, Definition of Internal Auditing, and the Core Principles for the Professional Practice of Internal Auditing. The program will include both internal and external assessments. The System-wide Chief Audit Executive will communicate the results of the assessments to the Audit Committee.

Periodic Review of Internal Audit Charter

This charter will be periodically assessed by the chief audit executive to determine whether the purpose, authority, and responsibilities defined in this charter are adequate to enable the internal auditing activity to accomplish its objectives. The results of the periodic assessment will be communicated to senior management and the Audit Committee.

_____   4/17/18
President, Pellissippi State Community College   Date

_____   4/17/18
Director of Internal Audit (campus CAE),   Date
Pellissippi State Community College

Roane State Community College

Internal Audit Charter

Introduction

Roane State Community College is an institution of the Tennessee Board of Regents (TBR) system. The system is governed by the Board of Regents, consisting of 19 members (the Board) as determined by state law. The TBR Audit Committee is a standing committee of the Board. In accordance with the "State of Tennessee Audit Committee Act of 2005," the System-wide Chief Audit Executive reports directly to the Audit Committee and the Board and oversees the internal audit operations. Roane State Community College employs an internal auditor (or audit staff) in accordance with TBR policy.

Purpose

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve Roane State Community College operations. The mission of internal audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. Internal audit helps Roane State Community College accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. Internal audit assists Roane State Community College's management in the effective discharge of their duties and responsibilities by evaluating activities through assurance and consulting services, recommending improvements, and providing other information designed to promote effective controls.

Assurance services involve the internal auditor's objective assessment of evidence to provide an independent opinion or conclusions regarding an entity, operation, function, process, system, or other subject matter. The nature and scope of the assurance engagement are determined by the internal auditor. There are generally three parties involved in assurance services: (1) the person or group directly involved with the entity, operation, function, process, system, or other subject matter — the process owner, (2) the person or group making the assessment — the internal auditor, and (3) the person or group using the assessment — the user.

Consulting services are advisory in nature, and are generally performed at the specific request of an engagement client. The nature and scope of the consulting engagement are subject to agreement with the engagement client. Consulting services generally involve two parties: (1) the person or group offering the advice — the internal auditor, and (2) the person or group seeking and receiving the advice — the engagement client. When performing consulting services, the internal auditor should maintain objectivity and not assume management responsibility.

Roane State Community College's management has the primary responsibility for establishing and maintaining a sufficient system of internal controls.

Audit Standards

The internal audit function adheres to mandatory elements of the Institute of Internal Auditors' International Professional Practices Framework, including the Definition of Internal Auditing, the Code of Ethics, the *International Standards for the Professional Practice of Internal Auditing (Standards)*, and the Core Principles for the Professional Practice of Internal Auditing. These mandatory elements constitute principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance.

Authority and Scope

Internal audit's review of operations may include the examination and evaluation of the effectiveness of all aspects of institutional operations at Roane State Community College. In the course of its work, internal audit has complete and direct access to all Roane State Community College books, electronic and manual records, physical properties, and personnel information relative to the performance of duties and responsibilities. All documents and information given to internal audit during their work will be handled in the same prudent manner that Roane State Community College expects of the employees normally accountable for them.

Organizational Status/Reporting Structure

In accordance with T.C.A. 49-14-102 and TBR Policy 4-01-05-00, *Internal Audit*, the System-wide Chief Audit Executive reports directly to the Audit Committee and the TBR. Roane State Community College's internal auditor reports to the President with audit reporting responsibility to the Audit Committee and the Board through the System-wide Chief Audit Executive.

The internal auditing services provided by the internal audit office are reported directly to the President and the TBR Audit Committee. All audit work is summarized in timely written reports distributed to management to ensure that the results are given due consideration. In addition to management, reports or summaries are distributed to members of the Audit Committee and to the State of Tennessee, Comptroller's Office. Management is provided a discussion draft of the audit report prior to the report being issued. Internal audit is responsible for following up timely on audit findings to ascertain the status of management's corrective actions.

Independence and Objectivity

Internal audit has neither direct responsibility for, nor authority over, any of the activities, functions, or tasks it reviews, nor shall their review relieve others of their responsibilities. The internal auditors must maintain a high degree of independence and not be assigned duties or engage in any operations or decision making in any activities that they would normally be expected to review or evaluate as part of the normal audit function.

Responsibility and Role

TBR Policy 04:01:05:00, *Internal Audit*, states the role of internal audit is to assist members of the organization in the effective discharge of their responsibilities. Meaningful internal auditing requires cooperation among internal audit, Roane State Community College's administration, and the department under audit. In fulfilling their responsibilities, internal audit will:

- Comply with auditing standards established by the Institute of Internal Auditors to ensure the effectiveness and quality of the internal audit effort.

- Develop and implement audit plans and programs after consultation with the President that respond to both risk and cost effectiveness criteria.

- Review the reliability and integrity of information, and the information technology processes that produce that information.

- Verify compliance with applicable policies, guidelines, laws, and regulations.

- Suggest policies and procedures or improvements to existing policies and procedures where appropriate.

- Provide audit reports that identify internal control issues and make cost-effective recommendations to strengthen control.

- Facilitate the resolution of audit issues with administrators who have the most direct involvement and accountability.

- Review institutional operations (financial and other) on an advisory basis to inform and assist management in the successful execution of their duties.

- Assist with audits or perform certain agreed upon procedures for external parties. External parties include but are not limited to audit offices of federal and state governments and related agencies.

- Review management's risk assessment process and advise management on the reasonableness and propriety of the assessment.
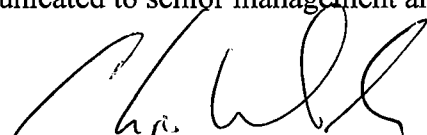
- Promote and evaluate fraud prevention and identification programs and investigate allegations involving fraud, waste, and abuse.

- Demonstrate and promote appropriate ethics and values within the organization.

- Communicate activities and information among the board, internal auditors, external auditors and the administration.
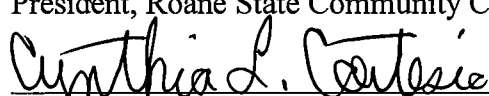
Quality Assurance and Improvement

Internal audit will maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. The program will include an evaluation of the internal audit's conformance with the *Standards* and an evaluation of whether the internal auditors apply the Institute of Internal Auditors' Code of Ethics, Definition of Internal Auditing, and the Core Principles for the Professional Practices of Internal Auditing. The program will include both internal and external assessments. The System-wide Chief Audit Executive will communicate the results of the assessments to the Audit Committee.
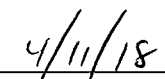
Periodic Review of Internal Audit Charter

This charter will be periodically assessed by the Chief Audit Executive to determine whether the purpose, authority, and responsibilities defined in this charter are adequate to enable the internal auditing activity to accomplish its objectives. The results of the periodic assessment will be communicated to senior management and the Audit Committee.
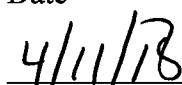
President, Roane State Community College   Date 4/11/18

Auditor, Roane State Community College   Date 4/11/18

Southwest Tennessee Community College

Internal Audit Charter

Introduction

Southwest Tennessee Community College is an institution of the Tennessee Board of Regents (TBR) system. The system is governed by the Board of Regents, consisting of 19 members (the Board) as determined by state law. The TBR Audit Committee is a standing committee of the Board. In accordance with the "State of Tennessee Audit Committee Act of 2005," the System-wide Chief Audit Executive reports directly to the Audit Committee and the Board and oversees the internal audit operations. Southwest Tennessee Community College employs an internal auditor in accordance with TBR policy.

Purpose

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve Southwest Tennessee Community College operations. The mission of internal audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. Internal audit helps Southwest Tennessee Community College accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. Internal audit assists Southwest Tennessee Community College's management in the effective discharge of their duties and responsibilities by evaluating activities through assurance and consulting services, recommending improvements, and providing other information designed to promote effective controls.

Assurance services involve the internal auditor's objective assessment of evidence to provide an independent opinion or conclusions regarding an entity, operation, function, process, system, or other subject matter. The nature and scope of the assurance engagement are determined by the internal auditor. There are generally three parties involved in assurance services: (1) the person or group directly involved with the entity, operation, function, process, system, or other subject matter — the process owner, (2) the person or group making the assessment — the internal auditor, and (3) the person or group using the assessment — the user.

Consulting services are advisory in nature, and are generally performed at the specific request of an engagement client. The nature and scope of the consulting engagement are subject to agreement with the engagement client. Consulting services generally involve two parties: (1) the person or group offering the advice — the internal auditor, and (2) the person or group seeking and receiving the advice — the engagement client. When performing consulting services, the internal auditor should maintain objectivity and not assume management responsibility.

Southwest Tennessee Community College's management has the primary responsibility for establishing and maintaining a sufficient system of internal controls.

Audit Standards

The internal audit function adheres to mandatory elements of the Institute of Internal Auditors' International Professional Practices Framework, including the Definition of Internal Auditing, the Code of Ethics, the *International Standards for the Professional Practice of Internal Auditing (Standards)*, and the Core Principles for the Professional Practice of Internal Auditing. These mandatory elements constitute principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance.

Authority and Scope

Internal audit's review of operations may include the examination and evaluation of the effectiveness of all aspects of institutional operations at Southwest Tennessee Community College. In the course of its work, internal audit has complete and direct access to all Southwest Tennessee Community College books, electronic and manual records, physical properties, and personnel information relative to the performance of duties and responsibilities. All documents and information given to internal audit during their work will be handled in the same prudent manner that Southwest Tennessee Community College expects of the employees normally accountable for them.

Organizational Status/Reporting Structure

In accordance with T.C.A. 49-14-102 and TBR Policy 4-01-05-00, *Internal Audit*, the System-wide Chief Audit Executive reports directly to the Audit Committee and the TBR. Southwest Tennessee Community College's internal auditor reports to the President with audit reporting responsibility to the Audit Committee and the Board through the System-wide Chief Audit Executive.

The internal auditing services provided by the internal audit office are reported directly to the President and the TBR Audit Committee. All audit work is summarized in timely written reports distributed to management to ensure that the results are given due consideration. In addition to management, reports or summaries are distributed to members of the Audit Committee and to the State of Tennessee, Comptroller's Office. Management is provided a discussion draft of the audit report prior to the report being issued. Internal audit is responsible for following up timely on audit findings to ascertain the status of management's corrective actions.

Independence and Objectivity

Internal audit has neither direct responsibility for, nor authority over, any of the activities, functions, or tasks it reviews, nor shall their review relieve others of their responsibilities. The internal auditors must maintain a high degree of independence and not be assigned duties or engage in any operations or decision making in any activities that they would normally be expected to review or evaluate as part of the normal audit function.

Responsibility and Role

TBR Policy 04:01:05:00, *Internal Audit*, states the role of internal audit is to assist members of the organization in the effective discharge of their responsibilities. Meaningful internal auditing requires cooperation among internal audit, Southwest Tennessee Community College's administration, and the department under audit. In fulfilling their responsibilities, internal audit will:

- Comply with auditing standards established by the Institute of Internal Auditors to ensure the effectiveness and quality of the internal audit effort.

- Develop and implement audit plans and programs after consultation with the President that respond to both risk and cost effectiveness criteria.

- Review the reliability and integrity of information, and the information technology processes that produce that information.

- Verify compliance with applicable policies, guidelines, laws, and regulations.

- Suggest policies and procedures or improvements to existing policies and procedures where appropriate.

- Provide audit reports that identify internal control issues and make cost-effective recommendations to strengthen control.

- Facilitate the resolution of audit issues with administrators who have the most direct involvement and accountability.

- Review institutional operations (financial and other) on an advisory basis to inform and assist management in the successful execution of their duties.

- Assist with audits or perform certain agreed upon procedures for external parties. External parties include but are not limited to audit offices of federal and state governments and related agencies.

- Review management's risk assessment process and advise management on the reasonableness and propriety of the assessment.

- Promote and evaluate fraud prevention and identification programs and investigate allegations involving fraud, waste, and abuse.

- Demonstrate and promote appropriate ethics and values within the organization.

- Communicate activities and information among the board, internal auditors, external auditors and the administration.

Quality Assurance and Improvement

Internal audit will maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. The program will include an evaluation of the internal audit's conformance with the *Standards* and an evaluation of whether the internal auditors apply the Institute of Internal Auditors' Code of Ethics, Definition of Internal Auditing, and the Core Principles for the Professional Practices of Internal Auditing. The program will include both internal and external assessments. The System-wide Chief Audit Executive will communicate the results of the assessments to the Audit Committee.

Periodic Review of Internal Audit Charter

This charter will be periodically assessed by the Chief Audit Executive to determine whether the purpose, authority, and responsibilities defined in this charter are adequate to enable the internal auditing activity to accomplish its objectives. The results of the periodic assessment will be communicated to senior management and the Audit Committee.

_____   5-4-18
President, Southwest Tennessee Community College   Date

_____   5-1-2018
Auditor, Southwest Tennessee Community College   Date

Volunteer State Community College
Internal Audit Charter

Introduction

Volunteer State Community College is an institution of the Tennessee Board of Regents (TBR) system. The system is governed by the Board of Regents, consisting of 19 members (the Board) as determined by state law. The TBR Audit Committee is a standing committee of the Board. In accordance with the "State of Tennessee Audit Committee Act of 2005," the System-wide Chief Audit Executive reports directly to the Audit Committee and the Board and oversees the internal audit operations. Volunteer State Community College (the College) employs an internal auditor (or audit staff) in accordance with TBR policy.

Purpose

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve the College operations. The mission of internal audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. Internal audit helps the College accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. Internal audit assists the College's management in the effective discharge of their duties and responsibilities by evaluating activities through assurance and consulting services, recommending improvements, and providing other information designed to promote effective controls.

Assurance services involve the internal auditor's objective assessment of evidence to provide an independent opinion or conclusions regarding an entity, operation, function, process, system, or other subject matter. The nature and scope of the assurance engagement are determined by the internal auditor. There are generally three parties involved in assurance services: (1) the person or group directly involved with the entity, operation, function, process, system, or other subject matter [the process owner], (2) the person or group making the assessment [the internal auditor], and (3) the person or group using the assessment [the user].

Consulting services are advisory in nature, and are generally performed at the specific request of an engagement client. The nature and scope of the consulting engagement are subject to agreement with the engagement client. Consulting services generally involve two parties: (1) the person or group offering the advice [the internal auditor], and (2) the person or group seeking and receiving the advice [the engagement client]. When performing consulting services, the internal auditor should maintain objectivity and not assume management responsibility.

The College's management has the primary responsibility for establishing and maintaining a sufficient system of internal controls.

Audit Standards

The internal audit function adheres to mandatory elements of the Institute of Internal Auditors' International Professional Practices Framework, including the Definition of Internal Auditing, the Code of Ethics, the *International Standards for the Professional Practice of Internal Auditing* (*Standards*), and the Core Principles for the Professional Practice of Internal Auditing. These mandatory elements constitute principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance.

Authority and Scope

Internal audit's review of operations may include the examination and evaluation of the effectiveness of all aspects of institutional operations at the College. In the course of its work, internal audit has complete and direct access to all College books; electronic and manual records; physical properties; and personnel information relative to the performance of duties and responsibilities. All documents and information given to internal audit during their work will be handled in the same prudent manner that the College expects of the employees normally accountable for them.

Organizational Status and Reporting Structure

In accordance with T.C.A. 49-14-102 and TBR Policy 4-01-05-00, *Internal Audit*, the System-wide Chief Audit Executive reports directly to the Audit Committee and the TBR. The College's internal auditor reports to the President with audit reporting responsibility to the Audit Committee and the Board through the System-wide Chief Audit Executive.

The internal auditing services provided by the internal audit office are reported directly to the President and the TBR Audit Committee. All audit work is summarized in timely written reports distributed to management to ensure that the results are given due consideration. In addition to management, reports or summaries are distributed to members of the Audit Committee and to the State of Tennessee, Comptroller's Office. Management is provided a discussion draft of the audit report prior to the report being issued. Internal audit is responsible for following up timely on audit findings to ascertain the status of management's corrective actions.

Independence and Objectivity

Internal audit has neither direct responsibility for, nor authority over, any of the activities, functions, or tasks it reviews, nor shall their review relieve others of their responsibilities. The

internal auditors must maintain a high degree of independence and not be assigned duties or engage in any operations or decision making in any activities that they would normally be expected to review or evaluate as part of the normal audit function.

Responsibility and Role

TBR Policy 04:01:05:00, *Internal Audit*, states the role of internal audit is to assist members of the organization in the effective discharge of their responsibilities. Meaningful internal auditing requires cooperation among internal audit, the College's administration, and the department under audit. In fulfilling their responsibilities, internal audit will:

- Comply with auditing standards established by the Institute of Internal Auditors to ensure the effectiveness and quality of the internal audit effort.

- Develop and implement audit plans and programs after consultation with the President that respond to both risk and cost effectiveness criteria.

- Review the reliability and integrity of information, and the information technology processes that produce that information.

- Verify compliance with applicable policies, guidelines, laws, and regulations.

- Suggest policies and procedures or improvements to existing policies and procedures where appropriate.

- Provide audit reports that identify internal control issues and make cost-effective recommendations to strengthen control.

- Facilitate the resolution of audit issues with administrators who have the most direct involvement and accountability.

- Review institutional operations (financial and other) on an advisory basis to inform and assist management in the successful execution of their duties.

- Assist with audits or perform certain agreed upon procedures for external parties. External parties include but are not limited to audit offices of federal and state governments and related agencies.

- Review management's risk assessment process and advise management on the reasonableness and propriety of the assessment.

- Promote and evaluate fraud prevention and identification programs and investigate allegations involving fraud, waste, and abuse.
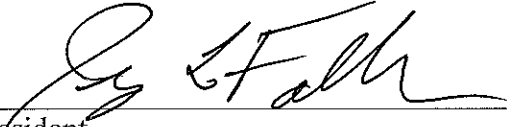
- Demonstrate and promote appropriate ethics and values within the organization.

- Communicate activities and information among the board, internal auditors, external auditors and the administration.

Quality Assurance and Improvement

Internal audit will maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. The program will include an evaluation of the internal audit's conformance with the *Standards* and an evaluation of whether the internal auditors apply the Institute of Internal Auditors' Code of Ethics, Definition of Internal Auditing, and the Core Principles for the Professional Practices of Internal Auditing. The program will include both internal and external assessments. The System-wide Chief Audit Executive will communicate the results of the assessments to the Audit Committee.

Periodic Review of Internal Audit Charter

This charter will be periodically assessed by the Chief Audit Executive to determine whether the purpose, authority, and responsibilities defined in this charter are adequate to enable the internal auditing activity to accomplish its objectives. The results of the periodic assessment will be communicated to senior management and the Audit Committee.

_____   May 2, 2018
President   Date
Volunteer State Community College

_____   May 2, 2018
Director of Internal Audit   Date
Volunteer State Community College

Walters State Community College

Internal Audit Charter

Introduction

Walters State Community College is an institution of the Tennessee Board of Regents (TBR) system. The system is governed by the Board of Regents, consisting of 19 members (the Board) as determined by state law. The TBR Audit Committee is a standing committee of the Board. In accordance with the "State of Tennessee Audit Committee Act of 2005," the System-wide Chief Audit Executive reports directly to the Audit Committee and the Board and oversees the internal audit operations. Walters State Community College employs an internal auditor in accordance with TBR policy.

Purpose

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve Walters State Community College operations. The mission of internal audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. Internal audit helps Walters State Community College accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. Internal audit assists Walters State Community College's management in the effective discharge of their duties and responsibilities by evaluating activities through assurance and consulting services, recommending improvements, and providing other information designed to promote effective controls.

Assurance services involve the internal auditor's objective assessment of evidence to provide an independent opinion or conclusions regarding an entity, operation, function, process, system, or other subject matter. The nature and scope of the assurance engagement are determined by the internal auditor. There are generally three parties involved in assurance services: (1) the person or group directly involved with the entity, operation, function, process, system, or other subject matter — the process owner, (2) the person or group making the assessment — the internal auditor, and (3) the person or group using the assessment — the user.

Consulting services are advisory in nature, and are generally performed at the specific request of an engagement client. The nature and scope of the consulting engagement are subject to agreement with the engagement client. Consulting services generally involve two parties: (1) the person or group offering the advice — the internal auditor, and (2) the person or group seeking and receiving the advice — the engagement client. When performing consulting services, the internal auditor should maintain objectivity and not assume management responsibility.

Walters State Community College's management has the primary responsibility for establishing and maintaining a sufficient system of internal controls.

Audit Standards

The internal audit function adheres to mandatory elements of the Institute of Internal Auditors' International Professional Practices Framework, including the Definition of Internal Auditing, the Code of Ethics, the *International Standards for the Professional Practice of Internal Auditing* (*Standards*), and the Core Principles for the Professional Practice of Internal Auditing. These mandatory elements constitute principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance.

Authority and Scope

Internal audit's review of operations may include the examination and evaluation of the effectiveness of all aspects of institutional operations at Walters State Community College. In the course of its work, internal audit has complete and direct access to all Walters State Community College books, electronic and manual records, physical properties, and personnel information relative to the performance of duties and responsibilities. All documents and information given to internal audit during their work will be handled in the same prudent manner that (name of institution) expects of the employees normally accountable for them.

Organizational Status/Reporting Structure

In accordance with T.C.A. 49-14-102 and TBR Policy 4-01-05-00, *Internal Audit*, the System-wide Chief Audit Executive reports directly to the Audit Committee and the TBR. Walters State Community College's internal auditor reports to the President with audit reporting responsibility to the Audit Committee and the Board through the System-wide Chief Audit Executive.

The internal auditing services provided by the internal audit office are reported directly to the President and the TBR Audit Committee. All audit work is summarized in timely written reports distributed to management to ensure that the results are given due consideration. In addition to management, reports or summaries are distributed to members of the Audit Committee and to the State of Tennessee, Comptroller's Office. Management is provided a discussion draft of the audit

report prior to the report being issued. Internal audit is responsible for following up timely on audit findings to ascertain the status of management's corrective actions.

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Internal audit has neither direct responsibility for, nor authority over, any of the activities, functions, or tasks it reviews, nor shall their review relieve others of their responsibilities. The internal auditors must maintain a high degree of independence and not be assigned duties or engage in any operations or decision making in any activities that they would normally be expected to review or evaluate as part of the normal audit function.

Responsibility and Role

TBR Policy 04:01:05:00, *Internal Audit*, states the role of internal audit is to assist members of the organization in the effective discharge of their responsibilities. Meaningful internal auditing requires cooperation among internal audit, (name of institution)'s administration, and the department under audit. In fulfilling their responsibilities, internal audit will:

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- Review the reliability and integrity of information, and the information technology processes that produce that information.

- Verify compliance with applicable policies, guidelines, laws, and regulations.

- Suggest policies and procedures or improvements to existing policies and procedures where appropriate.

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Periodic Review of Internal Audit Charter

This charter will be periodically assessed by the Chief Audit Executive to determine whether the purpose, authority, and responsibilities defined in this charter are adequate to enable the internal auditing activity to accomplish its objectives. The results of the periodic assessment will be communicated to senior management and the Audit Committee.

_____   4/16/18
President, Walters State Community College   Date

_____   4-10-2018
Auditor, Walters State Community College   Date

BOARD TRANSMITTAL

MEETING: Committee on Audit

SUBJECT: Review of System-wide Internal Audit Budget for Fiscal
                             Year 2019

DATE: May 30, 2018

PRESENTER: Mike Batson

ACTION REQUIRED: Roll-Call Vote

STAFF'S
RECOMMENDATION: Approve

The committee will review the Fiscal Year 2019 budget for the Office of System-wide Internal Audit. The Fiscal Year 2018-2019 budget is presented on the following page. Funding sources for the office have changed since the implementation of the FOCUS Act and these changes will be discussed at the meeting.

Tennessee Board of Regents
Office of System-wide Internal Audit
**Operating Budget for Fiscal Year 2018 - 2019**

	FY 2019 Budget		Approved by Audit Committee FY 2018 Budget		Received FY 2018 Budget	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Salaries	412,200	62%	510,900	66%	411,800	65%
Employee Benefits	161,300	25%	185,500	24%	160,000	25%
Total Salaries and Benefits	573,500	87%	696,400	90%	571,800	90%
Travel and Professional Development						
In State Travel and Professional Development	32,640	5%	21,000	3%	12,400	2%
Out of State Travel and Professional Development	8,000	1%	23,000	3%	12,400	2%
Visitor Travel - External QAR	10,500	2%	-	0%	-	0%
Total Travel and Professional Devleopment	40,640	8%	44,000	6%	24,800	4%
Operating Expenses	26,689	5%	33,000	4%	36,300	6%
Total Budget	640,829	100%	773,400	100%	632,900	100%

Notes:

Salaries and Benefits includes 5 staff positions for System-wide Internal Audit: Chief Audit Executive, Investigative Auditor, Information Systems Auditor, TCAT Internal Auditor and Admnistrative Assistant. The decrease in salaries and benefits from FY2018 to FY2019 is due to the loss of the Director of Internal Audit position in July 2017.

Travel and Professional Development categories include the costs for system office audit staff to travel in state for audits and investigations, meetings and other business activities. It also includes the costs of in state and out of state professional development activities and any related out of state travel costs for the training. There is a decrease in budgeted Out of State Travel and Professional Development to try to cover increased Operating Expenses. An External QAR is required for our audit offices this year. Since carryover funds reserved for the review were removed in FY 2018, we are trying to save money by using only volunteers for the external review and pay only travel expenses.

Operating Expenses include the general operating costs for the system audit office such as copier lease, supplies, computer software, non-capitalized equipment, meeting expenses and when applicable, instructors for group training. In FY 2019, a joint training retreat is planned with the audit staff of the University of Tennessee and the locally governed universities, for which TBR will share in the cost of the training. External peer review costs for FY 2019 are included in the travel budget, but should be included in the FY 2019-FY 2023 reserves to cover the FY 2023 external peer review. The increase in the budget for FY 2019 is directly related to the loss of reserved funds for the external peer review. This has resulted in the entire cost coming from the FY 2019 budget.
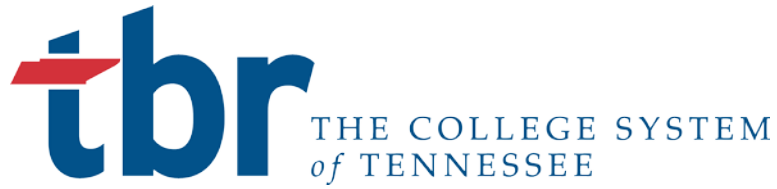
BOARD TRANSMITTAL

MEETING: Committee on Audit

SUBJECT: Review of TBR Financial Oversight Comptroller Letter

DATE: May 30, 2018

PRESENTER: Mike Batson

ACTION REQUIRED: Informational Report

STAFF'S
RECOMMENDATION: Accept Report

Mike Batson will give a brief summary of the letter to the Comptroller regarding the Tennessee Board of Regents Financial Oversight of Community Colleges including Northeast State Community College.

MEMORANDUM

TO: The Honorable Justin P. Wilson, Comptroller

FROM: Robert D. Hunter, Audit Manager

DATE: April 19, 2018

SUBJECT: Tennessee Board of Regents Financial Oversight of Community Colleges
                Including Northeast State Community College

Faculty at Northeast State Community College confirmed a vote of no confidence in the president of the institution by a vote of 98 to 16 on February 2, 2017. Among the reasons for the vote was a decline in financial viability.

Per your request, we have reviewed the processes put in place by the Tennessee Board of Regents (TBR) to seek to prevent financial mismanagement from occurring at any of the TBR community colleges. We interviewed Mr. Danny Gibbs, the Vice Chancellor for Business and Finance at TBR. Mr. Gibbs assumed the duties of his current position in July 2017. Previously he was the Executive Vice President for Business and Finance at Roane State Community College. We also reviewed the related internal audit report on Northeast State prepared by the TBR System-wide Internal Audit staff.

TBR Policy 1:02:02:00, *Duties of the Board*, places many responsibilities on TBR, including being responsible for

- operating, governing, managing, and controlling the institutions;

- selecting and employing presidents of the institutions;

- confirming the appointment of administrative personnel, faculty, and other employees;

- approving the operating and capital budgets of each institution; and

- assuming general responsibility for the operations of the institutions, while delegating to the presidents such powers and duties as are necessary and appropriate for the efficient administration of their respective institutions.

TBR Policy 1:03:02:00, *Duties of the Presidents and Directors*, gives the presidents the responsibility to exercise such supervision and direction that will promote the efficient operation of the institutions.

It appears that much of the responsibility for monitoring the financial well-being of the institutions is delegated to the college presidents. In our opinion, this delegation is necessary and appropriate. There does, however, need to be some monitoring by TBR to recognize when an institution is on a downward trajectory over time.

Prior to the 2015 fiscal year, TBR's Office of Business and Finance monitored the TBR institutions' financial condition via an annual review of financial statements when they were submitted for inclusion in the state's *Comprehensive Annual Financial Report*. The statements were reviewed for propriety as to financial reporting and accuracy. The office did not conduct a review to specifically detect indicators of poor financial condition. Any discovery of ill financial health would have been a byproduct of the financial reporting review.

A new TBR Policy 4:01:00:02, *Institutional Financial Performance Review,* was instituted on September 26, 2014. This policy stated that "the chief executive officer of each institution is responsible for administering and managing the institution's financial affairs in such a manner as to ensure the institution's current and future financial health. This policy establishes the tools used to assess the financial health of an institution, the reporting process, and actions to be taken if an institution shows signs of financial weakness." The policy requires each institution to submit, within 30 days after submitting its published financial statements, 4 ratios that are indicative of financial conditions at the institution. These 4 ratios combine to deliver a single measure of the financial health of the institution. These ratios and the combined metric are a widely accepted means of measuring financial health within the higher education community.

The combined ratio is named the Composite Financial Index (CFI). Parameters are set for each ratio and for the index. Institutions not meeting the parameters are placed on a watch list and warrant additional monitoring. These ratios were first calculated for Northeast State and the other community colleges in 2015 for the 2014 fiscal year. Based on these calculations, Northeast State was put on a watch list in fall 2015. TBR staff's review of ratios and overall CFI indicates that several colleges have exhibited watch-level performance indicators for individual ratios since the policy's inception, and that two colleges, Cleveland State and Dyersburg State, have exhibited overall CFI watch-level performance. (See attachment reporting the colleges' ratios and CFI scores for each fiscal year-end since 2008 as calculated by the TBR system office.)

Policy 4:01:00:02 requires several monitoring steps when watch-level performance is indicated:

- Along with submitting the required ratio calculations, if watch-level performance is evidenced on any indicator, the chief business officer must address what action the institution plans to take to improve the ratio or score in subsequent years.
- The TBR system office is to review with the chief business officer of the institution the adequacy of the institution's plan to address issues that resulted in any watch-level

performance. Concerns regarding the adequacy of such plans, if any, shall be communicated to the Chancellor and the institution's president. If a watch-level performance issue persists, it will be brought to the attention of the Chancellor and the board in an exception report.

- Also, on an annual basis, the system office staff is to advise the board of the aggregate financial performance of the system and its institutions and of any institution whose performance meets the CFI watch-level criteria.

We reviewed the actions taken by the institutions and the system office to comply with the above requirements. Our review indicated compliance with the policy except that the system office, while communicating watch levels to presidents and chief business officers, has not reviewed with the chief business officers every watch-level indicator and the adequacy of the institutions' plans to address the issues that resulted in watch-level performance. The system office decided to forgo the review with some of the chief business officers because it believes, based on its overall review of those colleges, the colleges were not at financial risk. The system office has, however, reviewed the watch-level performance indicators and planned corrective actions with the chief business officers of the colleges it believes have shown an overall risk of financial problems. In addition to Northeast State, Cleveland State and (to a lesser degree) Dyersburg State have been considered to be at risk. For Cleveland State, the system office has made calls to the chief business officer discussing financial performance and budgetary items. For Dyersburg State, the system office reviewed the college's October 2017 budget and plan to hold additional discussions with the chief business officer as the spring budget is prepared. The system office also plans to continue to evaluate the college's financial performance to determine if closer monitoring is needed.

Starting last year and going forward, each November TBR staff will send a summary of select financial information for all colleges to all business officers, all presidents, the Chancellor, and the full board. This summary will include the four ratios and the CFI calculation for each college based on prior-year data. TBR staff believe this additional transparency will afford all those charged with governance the information necessary to detect poor financial condition as it develops.

In addition to the monitoring of financial performance now required by TBR Policy 4:01:00:02, TBR's Office of Business and Finance plans to enhance its review of annual budgets of select schools with known financial problems. In the past, the emphasis on reviewing budget documents has been more to ensure compliance with TBR's budget submission requirements than to look for unrealistic budget expectations. More analysis and inquiry will be done in the future to seek evidence supporting budget estimates for selected items at selected institutions. The TBR Chancellor has also added a financial management element to the college presidents' evaluations.

It should be noted that the procedures we have described apply not only to the 13 community colleges, but also to the 27 Tennessee Colleges of Applied Technology.

In conclusion, it is our belief that the procedures now required by Policy 4:01:00:02 are substantively in place, and, if followed, appear adequate to alert those charged with governance of declining financial stability. We recommend that the TBR system office consider two things:

- a continuance of its plans to enhance its review of annual budgets of colleges with known financial problems, and

- modification of TBR Policy 4:01:00:02 to ensure its requirements provide a focus on truly weak financial institutions and to bring the policy in alignment with the current practice followed by the system office.

Attachment

Primary Reserve Ratio

How long could the institution conduct operations if no new revenues were being generated?

Expected performance level is .40 or above (5 months). Watch level performance is 0.133 (1.5 months) or below.

	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009	FY 2008
CHSCC	0.14	0.12	0.10	0.14	0.15	0.14	0.23	0.14	0.09	0.10
CLSCC	0.17	0.12	0.13	0.23	0.23	0.26	0.35	0.32	0.25	0.27
COSCC	0.76	0.64	0.67	0.71	0.78	0.69	0.68	0.60	0.44	0.44
DSCC	0.26	0.26	0.25	0.38	0.34	0.32	0.32	0.28	0.22	0.26
JSCC	0.36	0.36	0.37	0.46	0.43	0.44	0.48	0.34	0.25	0.19
MSCC	0.62	0.53	0.53	0.62	0.59	0.60	0.54	0.37	0.25	0.22
NASCC	1.04	0.81	0.93	0.94	0.83	0.81	0.87	0.50	0.64	0.54
NESCC	0.03	0.10	0.20	0.44	0.45	0.48	0.59	0.55	0.47	0.52
PSCC	0.23	0.19	0.17	0.26	0.24	0.23	0.24	0.28	0.31	0.27
RSCC	0.34	0.31	0.25	0.32	0.33	0.31	0.31	0.22	0.14	0.15
STCC	0.66	0.60	0.67	0.78	0.68	0.73	0.50	0.47	0.33	0.30
VSCC	0.32	0.33	0.31	0.44	0.40	0.41	0.42	0.36	0.35	0.35
WSCC	0.24	0.16	0.15	0.28	0.27	0.28	0.25	0.20	0.22	0.19

Return on Net Assets Ratio

Is the institution better off financially than it was a year ago?

Expected performance is at least 3% above the Consumer Price Index (CPI). Watch level performance is below CPI.

	CPI -	2.10%	1.30%	0.10%	1.60%	1.50%	2.10%	3.20%	1.60%	-0.40%	3.80%
		FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009	FY 2008
CHSCC		2.46%	2.85%	6.13%	0.45%	-1.99%	-3.78%	29.89%	11.89%	35.92%	5.99%
CLSCC		7.61%	-2.08%	0.77%	4.67%	1.70%	-5.64%	21.10%	19.92%	-0.71%	-5.40%
COSCC		6.45%	18.00%	55.00%	3.40%	3.95%	15.74%	11.81%	12.87%	10.03%	5.73%
DSCC		-0.12%	-1.33%	-2.80%	15.36%	12.13%	0.10%	4.29%	6.78%	-1.72%	14.51%
JSCC		28.37%	13.77%	30.24%	1.41%	1.83%	10.47%	30.46%	18.10%	10.67%	0.17%
MSCC		7.42%	4.92%	3.49%	1.37%	17.45%	4.36%	14.23%	6.28%	8.34%	18.61%
NASCC		6.11%	0.45%	17.74%	14.64%	5.58%	15.77%	17.53%	27.72%	30.52%	22.38%
NESCC		2.56%	-7.99%	-3.77%	-2.41%	-2.43%	-0.09%	7.62%	11.78%	1.82%	9.63%
PSCC		7.17%	1.75%	3.10%	1.40%	-0.73%	10.76%	6.14%	23.84%	7.62%	8.78%
RSCC		1.94%	6.70%	1.97%	3.44%	9.73%	-1.01%	10.50%	10.16%	2.67%	2.31%
STCC		0.09%	-0.67%	2.44%	8.52%	2.16%	8.38%	7.75%	17.92%	41.10%	19.72%
VSCC		5.93%	24.82%	14.99%	6.56%	7.15%	0.41%	10.87%	7.70%	2.53%	6.64%
WSCC		7.06%	4.00%	5.28%	10.72%	0.53%	-2.43%	3.74%	5.93%	-0.12%	1.30%

Net Operating Revenues Ratio

Was the institution able to conduct operating activities using just "operating revenues" (includes state appropriations)?

Expected performance is 4% or above. Watch level performance is consistently below zero.

	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009	FY 2008
CHSCC	1.06%	1.43%	3.93%	-0.54%	-3.17%	-5.86%	7.17%	1.06%	-0.01%	-2.08%
CLSCC	2.41%	-1.88%	-0.90%	-0.82%	-5.82%	-8.63%	9.57%	6.86%	2.60%	-4.84%
COSCC	7.48%	4.01%	8.29%	1.86%	5.09%	0.57%	9.57%	11.25%	9.56%	4.50%
DSCC	-2.86%	-3.13%	-6.17%	-2.79%	-2.86%	-1.40%	2.94%	6.54%	-4.93%	-6.95%
JSCC	-2.08%	0.05%	0.22%	-4.86%	-6.97%	0.73%	14.37%	9.03%	3.86%	-0.57%
MSCC	10.07%	6.87%	5.74%	-0.18%	3.07%	2.44%	11.11%	5.93%	-0.49%	-2.32%
NASCC	12.25%	-1.81%	12.82%	10.62%	4.59%	10.33%	18.00%	7.66%	4.56%	5.56%
NESCC	-3.90%	-11.45%	-13.86%	-5.58%	-4.62%	-4.04%	7.88%	13.28%	2.24%	5.84%
PSCC	6.49%	1.18%	1.98%	1.00%	-1.96%	-3.83%	2.99%	4.04%	-0.67%	-1.27%

RSCC	-0.14%	5.00%	1.49%	-5.01%	-5.16%	-4.25%	7.85%	8.55%	3.97%	-3.42%
STCC	-1.15%	-2.83%	3.34%	4.62%	1.10%	11.79%	7.59%	11.75%	3.70%	1.70%
VSCC	-2.73%	-0.37%	10.75%	-2.22%	-7.20%	-1.01%	8.55%	4.26%	2.70%	6.32%
WSCC	0.77%	4.84%	4.50%	2.23%	-10.29%	-6.91%	-3.21%	0.04%	-5.86%	-12.50%

Viability Ratio

How much of the institution's debt can the institution pay off with existing resources?

Expected performance is 1.25 or above. Watch level performance is 0.41 or less.

	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009	FY 2008
CHSCC	4.72	3.75	2.68	4.10	3.93	3.49	5.20	3.09	2.13	1.91
CLSCC	24.40	14.61	12.65	23.96	21.91	23.50	26.67	8.65	9.11	8.21
COSCC	26.06	20.35	17.34	18.22	17.59	15.01	14.38	26.43	176.42	144.84
DSCC	581.49	439.79	317.81	1079.67	n/a	n/a	n/a	363.77	37.73	26.68
JSCC	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	47.47	17.65
MSCC	n/a	171.94	77.58	63.97	44.69	34.64	24.77	13.87	7.35	4.65
NASCC	165.29	134.29	110.91	106.61	88.30	78.55	67.45	44.16	31.69	23.21
NESCC	10.24	26.20	41.69	75.22	82.23	70.66	76.15	59.66	29.84	21.61
PSCC	21.34	14.54	7.17	9.81	7.72	7.12	11.21	10.74	8.88	6.66
RSCC	29.68	21.40	14.80	18.24	15.88	14.15	12.58	7.63	3.81	3.46
STCC	41.11	29.76	27.94	30.71	27.89	23.82	18.38	14.28	9.16	9.53
VSCC	n/a	n/a	n/a	n/a	1326.95	681.08	462.10	290.59	79.27	46.07
WSCC	1.47	1.41	3.31	9.99	8.99	8.27	5.85	13.31	10.19	7.54

Composite Financial Index (CFI)

The CFI is a combination of the four previous ratios indicating an overall measure of the institution's financial health.

Expected performance level is a score of at least 3. Watch level performance is a score of 1 or less.

	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010	FY 2009	FY 2008
CHSCC	1.08	1.10	1.77	0.60	-0.04	-0.66	4.78	2.47	3.38	1.06
CLSCC	2.13	-0.02	0.56	1.57	0.53	-0.76	5.55	5.12	1.23	-0.25
COSCC	4.98	5.82	6.71	3.68	4.41	5.30	5.70	5.70	4.44	3.18
DSCC	0.72	0.50	-0.09	3.57	2.88	1.19	2.30	2.92	0.10	2.43
JSCC	4.26	3.57	4.54	1.56	1.26	3.48	6.49	5.16	3.09	0.74
MSCC	4.85	3.70	3.37	2.74	5.42	3.42	5.64	3.16	2.24	3.42
NASCC	6.65	3.21	8.01	7.32	4.82	6.92	7.75	5.96	6.15	5.88
NESCC	0.07	-2.09	-1.32	0.83	0.96	1.50	4.51	5.56	2.46	4.25
PSCC	2.76	1.16	1.40	1.42	0.64	2.14	2.25	4.63	2.35	2.28
RSCC	1.70	2.85	1.48	1.26	2.22	0.65	3.78	3.42	1.44	0.57
STCC	2.63	2.04	3.53	5.04	3.27	5.65	4.13	5.99	4.81	4.38
VSCC	1.88	4.33	4.79	2.56	1.91	1.66	4.34	3.15	2.14	3.16
WSCC	2.62	1.80	1.92	3.02	0.02	-0.01	1.23	1.74	0.21	-0.45
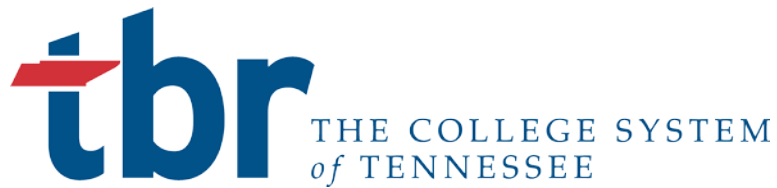
BOARD TRANSMITTAL

MEETING: Committee on Audit

SUBJECT: Financial Status Report

DATE: May 30, 2018

PRESENTER: Danny Gibbs

ACTION REQUIRED: Informational Report

STAFF'S
RECOMMENDATION: Accept Report

The Vice Chancellor of Business and Finance, Danny Gibbs, will give a brief presentation on the financial status of the TBR institutions.