

TENNESSEE BOARD OF REGENTS
Committee on Audit

AGENDA
November 16, 2021

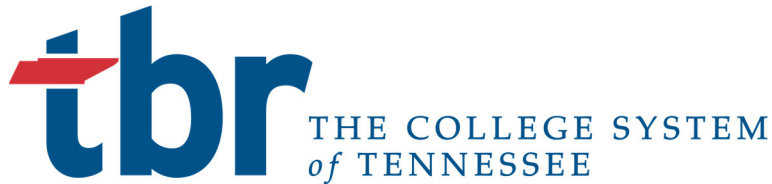
- I. INFORMATIONAL REPORTING (Mike Batson)**
 - a. Highlights of Audit Findings and Recommendations**
 - b. Audit Reports and Reviews**
 - c. System-wide Internal Audit Updates**
 - d. University Updates**

- II. CONSENT AGENDA (Mike Batson)**
 - a. Review of Revisions to Fiscal Year 2022 Internal Audit Plans**
 - b. Review of Internal Audit Charters**

- III. REVIEW OF SALARIES AND STAFFING FOR THE OFFICE OF SYSTEM-WIDE INTERNAL AUDIT (Mike Batson)**

- IV. REVIEW OF SALARIES AND BUDGETS FOR INTERNAL AUDITORS (Mike Batson)**

- V. NON-PUBLIC EXECUTIVE SESSION (Mike Batson)**



BOARD TRANSMITTAL

MEETING: Committee on Audit

SUBJECT: Highlights of Audit Findings and Recommendations

DATE: November 16, 2021

PRESENTER: Mike Batson

ACTION REQUIRED: Informational Report

STAFF'S
RECOMMENDATION: Accept Report

The following items will be discussed with the Audit Committee:

TBR System Office- Performance (Sunset) Review
Chattanooga State Community College FY 20 & 19 Comptroller's Office Report
Recommendation/Finding Logs

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 recommendations as of September 30, 2021. 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	Finding	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	9/21/2021	RSCC FY 2019 & 2018- Finding 1 of 2 The college did not have written institutional policies in effect during the audit period for collection of accounts receivable.	Vice President of Business & Finance, Bursar	12/31/2021			9/22/2021	9/22/2021	Action Completed
STCC	9/16/2020	STCC FY 2019 & 2018 - Finding 3 of 3 Southwest Tennessee Community College did not provide adequate internal controls in one area that was reported in the prior three audits. The details of this finding are confidential pursuant to Section 10-7-504(i), Tennessee Code Annotated.	Chief Information Officer	2/20/2020	10/15/2021	1	4/20/2021	8/18/2021	Action Completed
ChSCC	10/5/2021	ChSCC FY 2020 & 2019- Finding 1 of 1 Chattanooga State Community College did not provide adequate internal controls in four areas that were reported in the prior audit	Vice President Technology	12/17/2021					In Progress
NeSCC	8/10/2020	NeSCC FY 2019 & 2018 - Finding 1 of 3 Northeast State Community College did not provide adequate internal controls over information technology in two areas. The details of this finding are confidential pursuant to Section 10-7-504(i), Tennessee Code Annotated. One of two areas has been corrected.	VP for Finance and Information Technology	6/30/2021	12/31/2021	2	10/16/2020	10/19/2021	In Progress
RSCC Foundation	9/21/2021	RSCC Foundation FY 2019 & 2018- Finding 1 of 1 Foundation personnel did not prepare bank reconciliations timely.	Foundation Executive Director, Foundation Coordinator	11/30/2021			9/16/2021	9/16/2021	In Progress
RSCC	9/21/2021	RSCC FY 2019 & 2018- Finding 2 of 2 Foundation personnel did not prepare bank reconciliations timely.	Foundation Executive Director, Foundation Coordinator	11/30/2021			9/16/2021	9/16/2021	In Progress
STCC	10/23/2020	STCC FY 2019 & 2018 - Finding 1 of 3 The college does not have adequate controls in place to ensure compliance with the requirements of the Federal Work Study Program.	Vice President of Student Services	4/30/2021	8/31/2021	1	4/20/2021		In Progress

TBR SWIA - Status Report on State Audit Findings
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TBR System Office	12/17/2020	TBR FY 2019 & 2018- Finding 3 of 3 As noted in the prior audit, the Tennessee Board of Regents did not provide adequate internal controls in one area. Although management has taken steps since the prior audit to correct the condition, the corrective action was not sufficient. The details of this finding are confidential pursuant to Section 10-7-504(i), Tennessee Code Annotated.	Assistant Vice Chancellor for Information Technology	6/17/2021	9/30/2021	1	6/16/2021		In Progress

TBR SWIA - Status Report on Internal Audit Recommendations- Community Colleges
(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	9/28/2020	It is recommended that internal controls be improved to ensure that all sick leave is reported correctly and timely in the Human Resources department. When Family Medical Leave time is involved, it is recommended that the employee be required to work out some type of advance schedule with his or her supervisor and that these arrangements are documented thoroughly.	Vice President for Finance and Administrative Services, Director of HR	12/31/2020			1/28/2021	6/30/2021	Action Completed
DSCC	9/28/2020	It is recommended that internal controls be improved in the Human Resources department to ensure that proper policies and procedures are followed with regard to processing of all records, including Family Medical Leave Act records, alternate work schedule agreements, and requests for changes to benefits. It is also recommended that all steps and procedures regarding the documentation of Family Medical Leave Act filings be written in a more formalized manner or in a policy designated for this purpose. Alternate work schedule processes should be followed, appropriate forms should be submitted weekly and changes to employee benefits should follow DSCC policy.	Vice President for Finance and Administrative Services, Director of HR	12/31/2020			1/28/2021	6/30/2021	Action Completed
JSCC	3/29/2019	JSCC-IAR-WFD - Recommendation 1 of 2: For the sample of courses reviewed, the headcount total was overstated by 10 which resulted in an overstatement of 168 contact hours. Headcount and contact hours should be reported according to the instructions for the TBR Workforce Training Contact Hours report.	Dean of Business and Industry/Director of Workforce Development	9/30/2019		0		8/31/2021	Action Completed
JSCC	3/29/2019	JSCC-IAR-WFD- Recommendation 2 of 2: There were four courses in the sample that would lead to a certification that were not reported in the TBR Workforce Training Contact Hours report. Certifications should be reported according to the instructions for the TBR Workforce Training Contact Hours report.	Dean of Business and Industry/Director of Workforce Development	9/30/2019		0		8/31/2021	Action Completed
RSCC	2/26/2020	Foundation - Completion of missing COI forms for board members	Foundation Executive Director; Foundation Coordinator	9/30/2020		1	3/30/2020	9/16/2021	Action Completed
RSCC	2/26/2020	Foundation - Review information requested on COI forms	Foundation Executive Director; Foundation Coordinator	9/30/2020		1	3/30/2020	9/16/2021	Action Completed

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(Reports sorted by Status, Institution, Report Release Date)

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ChSCC	12/18/2020	TCAT Transportation Repair Technology Client Services and Inventory 5 of 6: TCAT Management should explore and obtain an electronic work order system for each program. Assistance from the Technology Division should be used to identify current software restrictions and capabilities available to build an in-house work order system for the programs.	Executive Vice President - Technical College	8/1/2021	12/31/2021	1	2/2/2021	7/26/2021	In Progress
CoSCC	6/7/2021	CoSCC-FU-Financial Aid-06072021 Strengthen Control Environment - Formalize the process and establish accountability to ensure the college submits timely updates to the Department of Education by mapping communication flows, assigning responsibility for timely initiation and submission of ECAR updates, and implementing a periodic review of the ECAR of record. Establish accountability for obtaining Lower Tier Contractor forms and document retention standards, including the location of, access to, and disposal date of the documents.	Director, Financial Aid	6/30/2021					In Progress
DSCC	6/30/2021	Further HR departmental documentation is needed on the tracking and processing of FMLA and Sick leave, as well as many other HR departmental processes and tasks. The process of rewriting job descriptions in the Human Resources department has begun but was not finalized at the time of this review.	Vice President for Finance and Administrative Services, Director of HR	12/31/2021			1/15/2022		In Progress
JSCC	09/20/2018	JSCC-INV18-03-Club Account Review Recommendation 1 of 3: Guidelines for fundraising events including cash management procedures should be developed and included in the JSCC Student Life Handbook. Guidelines may also include an approval process and any restrictions or limitations (e.g. raffles). <i>Updated 03/05/2021:</i> Management reviewed and updated petty cash procedures and implemented an online approval system for events. Due to staff changes in key positions and the impact of COVID-19 on student events, the recommendations have not been fully implemented.	Vice President for Student Services	3/30/2019	9/1/2021	1		9/15/2021	In Progress

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JSCC	9/20/2018	JSCC-INV18-03-Club Account Review Recommendation 2 of 3: Training should be provided periodically and the JSCC Student Life Handbook should be distributed to club advisors and club officers. Increased communication between student activities and the club advisors could be beneficial and provide benefits to the student clubs. <i>Updated 03/05/2021</i> : Management provided training on student events and fundraising to club and event sponsors in the fall of 2018 and 2019. There were no club events in 2020 due to COVID-19. The JSCC Student Life Handbook was under review in 2019 but not finalized. Management plans to complete the handbook review by the beginning of the 2021 fall semester in order to provide the club and event sponsors with training and the updated handbook.	Vice President for Student Services	3/30/2019	9/1/2021	1		9/15/2021	In Progress
JSCC	9/20/2018	JSCC-INV18-03-Club Account Review Recommendation 3 of 3: The JSCC Student Life Handbook should be reviewed annually and updated (if needed). <i>Updated 03/05/2021</i> : Due to changes with key staff positions and COVID-19 during 2020, the JSCC Student Life Handbook has not been reviewed or updated for distribution. Management plans to review and update the handbook to be available at the beginning of the 2021 fall semester.	Vice President for Student Services	3/30/2019	9/1/2021	1		9/15/2021	In Progress
JSCC	7/16/2019	JSCC -INV19-01-Timekeeping - Recommendation 1 of 3: Supervisors and employees should be trained on time sheet procedures.	Director of Athletics and Director of Human Resources	1/17/2020		0		4/20/2021	In Progress
JSCC	7/16/2019	JSCC- INV19-01-Timekeeping - Recommendation 2 of 3: Processes should be reviewed to ensure that new hire paperwork and time sheets are completed correctly and periodic training should be provided to supervisors and employees.	Director of Athletics and Director of Human Resources	1/17/2020		0		4/20/2021	In Progress
JSCC	7/16/2019	JSCC-INV19-01-Timekeeping - Recommendation 3 of 3: The hiring process and subsequent periodic training for supervisors and employees should provide an explanation of contract terms. Supervisors should ensure that employees abide by the contract terms.	Director of Athletics and Director of Human Resources	1/17/2020		0		4/20/2021	In Progress

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JSCC	2/17/2020	JSCC-IAR-Foundation -Recommendation 1 of 2: The Foundation has developed some policies and procedures, however; the foundation should ensure that adequate policies and procedures exist for the Foundation operations as required by TBR Policy 4.01.07.02, <i>Foundations</i> . All policies should be approved by the Foundation Board. <i>Updated 12/15/2020</i> : Management is in the process of developing foundation policies and procedures for review and approval by the foundation board.	Director of Community Development & Foundation	8/31/2020	7/1/2021	1	12/15/2020	9/27/2021	In Progress
JSCC	2/17/2020	JSCC-IAR-Foundation- Recommendation 2 of 2: Foundation management should create an annual budget and advise the foundation of its needs and priorities for the upcoming year. The budget should be approved by the Foundation Board. <i>Updated 12/15/2020</i> : Management is in the process of developing a budget and priority listing for review and approval by the foundation board.	Director of Community Development & Foundation	8/31/2020	7/1/2021	1	12/15/2020	9/27/2021	In Progress
MSCC	5/4/2018	MSCC should maintain documentation of TBR approval, when required, for changes in MSCC policy.	Executive Vice President of Academic Affairs and Student Success, Assistant Vice President for Academic Affairs 10/1/20 - Special Assistant to the President	11/4/2018	5/15/2020	8	12/19/2018	10/6/2021	In Progress
MSCC	6/29/2018	Access and diversity scholarships should only be awarded to individuals that meet the stated criteria developed by Motlow State Community College and approved by the Tennessee Board of Regents Office of Organizational Effectiveness and Strategic Initiatives. Written procedures should be developed regarding the process of selecting access and diversity scholarship awardees, and sufficient documentation must be maintained to support the selection of the awardees by the committee based on the approved criteria.	Executive Vice President of Academic Affairs and Student Success, Dean of Students 10/1/20 - Special Assistant to the President	12/24/2018	1/1/2021	8	10/2/2019	4/9/2021	In Progress

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MSCC	6/29/2018	It is recommended that Motlow State Community College develop procedures requiring documentation and approval of Faculty/Staff Recruitment and Retention expenditures by the Access and Diversity Committee. At the time of issuance of the report, the Access and Diversity Committee has developed and is in the process of finalizing procedures for awarding funds for Faculty/Staff Recruitment and Retention.	Executive Director of Human Resources 10/21/19 - Compliance Officer	12/24/2018	1/1/2021	8	10/2/2019	4/9/2021	In Progress
MSCC	4/12/2019	The recommendation from the previous audit report is repeated. It is recommended that Motlow State Community College improve internal controls over maintaining workforce development documentation to sufficiently support training contact hours reported in the THEC Workforce Training Contact Hours report to THEC/TBR.	Chief Learning Officer, Executive Director of Workforce Development 7/1/20 - Title Change - Executive Vice President of Workforce and Community Development	9/30/2019	11/30/2020	6	12/16/2020	9/15/2021	In Progress
MSCC	4/12/2019	It is recommended that Motlow State Community College establish a formal review and verification process over training data for inclusion in the THEC Workforce Training Contact Hours report prior to submission to THEC/TBR.	Chief Learning Officer, Executive Director of Workforce Development 7/1/20 - Title Change - Executive Vice President of Workforce and Community Development	9/30/2019	11/30/2020	6	12/16/2020	9/15/2021	In Progress
NaSCC	8/2/2019	Form a Conflict of Interest Committee to receive, review, and issue a recommendation to management for disclosed conflicts of interest.	Director of Human Resources	1/31/2020	9/30/2020	0	2/6/2020	7/21/2020	In Progress
NaSCC	4/30/2020	The Foundation should ensure that all board members review and acknowledge the Code of Ethics annually	Executive Director of Foundation	6/30/2020	10/31/2020	0	6/30/2020	8/18/2021	In Progress
NaSCC	4/30/2020	The Foundation should develop policies and procedures to ensure compliance with donor intent and conditions	Executive Director of Foundation	6/1/2020	10/31/2020	1	6/1/2020	8/18/2021	In Progress

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NaSCC	4/30/2020	The Foundation should develop policies and procedures in regard to disclosure of gift records	Executive Director of Foundation	6/1/2020	10/31/2020	1	6/1/2020	8/18/2021	In Progress
NaSCC	4/30/2020	The Foundation should develop policies and procedures on procurement and contracting activities	Executive Director of Foundation	6/1/2020	10/31/2020	0	6/1/2020	8/18/2021	In Progress
NaSCC	6/24/2020	Management should take corrective actions to mitigate security risk.	Vice President of Finance and Administrative Services, Associate Vice President of Accounting and Finance, Executive Director of Operations, and Director of Safety and Security	10/31/2020	10/31/2020	1	10/31/2020	10/31/2020	In Progress
NaSCC	8/2/2019	Begin collecting positive confirmation from all employees of the existence or non-existence of a potential conflict of interest.	Director of Human Resources	1/31/2020	9/30/2020	0	2/6/2020	7/21/2020	In Progress
RSCC	2/26/2020	Foundation - Review Records Retention Policy and delete records not maintained at the Foundation	Foundation Executive Director; Foundation Coordinator	12/15/2021		1	3/30/2020	9/16/2021	In Progress
RSCC	4/30/2020	Review contracts, job descriptions and responsibilities of the Clinical Coordinators to determine whether each position should be a 9, 10, or 12 month position.	Vice President, Student Learning; Dean, Health Sciences Division	12/31/2020	12/31/2021	1	7/31/2020	6/22/2021	In Progress
RSCC	4/30/2020	Review positions of Clinical Coordinators and determine an objective method of calculating workload.	Vice President, Student Learning; Dean, Health Sciences Division	12/31/2021			7/31/2020	6/22/2021	In Progress
CISCC	4/13/2021	When setting or reducing budgets management should consider requirements for different programs, if any, set forth by outside regulatory boards and agencies, to ensure the requirements can be met.	VP of Academic Affairs and VP of Finance and Administration	7/1/2021					No Progress

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CISCC	5/10/2021	The TAF actual spending plan should be reconciled to the general ledger at the end of each year and any discrepancies resolved	Director of Information Technology	7/30/2021					No Progress
CISCC	6/16/2021	Management should complete the upgrading of exterior doors in a timely manner.	VP of Finance and Operations	1/31/2021					No Progress
CoSCC	10/29/2020	CoSCC-FU Workforce Development Controls Review-10292020 College leadership and departmental management can strengthen the college control environment through improvements to processes that <ul style="list-style-type: none"> • Ensure workforce development objectives are tied to and directed by the college's mission and strategic plan, • Ensure college policies are current and reflect the existing operating environment and expectations, • Support employee competency and accountability with job descriptions specific to the employee's role, and • Ensure all employees complete orientation, receive job specific training, and are fully aware of policies that specifically impact the employee's job responsibilities. 	Vice President, Williamson Campus and External Affairs Operations Manager, Workforce and Continuing Education	2/28/2021		0	1/6/2021		No Progress
CoSCC	10/29/2020	CoSCC-FU Workforce Development Controls Review-10292020 Strengthen Control Activities by: <ul style="list-style-type: none"> · Clearly identify and prioritize departmental strategic objectives and establish key progress indicators (KPIs) so that departmental expectations are clear to management and staff, and accountability is clear and measurable. • Develop job specific onboarding that provides new employees with the knowledge and resources (for example, process instructions, accountability measurements and timelines, project prioritization, and role-specific policies) to be successful in their role. 	Vice President, Williamson Campus and External Affairs Operations Manager, Workforce and Continuing Education	2/28/2021		0	1/6/2021		No Progress
CoSCC	6/7/2021	CoSCC-FU-Financial Aid-06072021 Ensure GLBA safeguards are established. (Initial Outcome from CoSCC IAR-Financial Aid-03122018)	Vice President for Information Technology	5/30/2021				6/7/2021	No Progress

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JSCC	11/15/2016	JSCC-IAR-Payroll -Recommendation 1 of 1: Equity salary increases and reclassifications were reviewed by management and verbally approved at the institution prior to submission to the Tennessee Board of Regents. However, there was no formal institutional approval including signatures and dates for equity salary increases and reclassifications. An appropriate approval process including documentation should be in place for equity salary increases and reclassifications. <i>Updated 08/27/2020:</i> Management should develop an institutional approval process for the compensation plan (equity) salary increases including appropriate documentation with signatures and dates.	Payroll Supervisor and Director of Human Resources	5/15/2017	12/31/2021	1	12/3/2019	8/27/2020	Not Yet Due
VSCC	3/16/2021	The college should ensure that federal work study students use sign-in sheets so hours may be tracked and monitored as prescribed in the Volunteer State College Work Study Program booklet.	Financial Aid	11/1/2021					Not Yet Due
VSCC	3/16/2021	The college should ensure that students receiving a work component award do not work during class time. Additionally, the federal work study students should have an approved work schedule that ensures the student is not scheduled to work during class time.	Financial Aid	11/1/2021					Not Yet Due
VSCC	3/16/2021	The college should award the ambassador scholarships in the correct amount. The scholarship award should cover full in-state tuition and fees plus a \$300 book stipend.	Financial Aid	11/1/2021					Not Yet Due
VSCC	3/16/2021	The campus access fee should not be deducted from federal work study student payroll. The students pay this fee through the student fee assessment.	Payroll Services	11/1/2021					Not Yet Due
VSCC	3/16/2021	Evaluations should be completed for all federal work study students and academic service scholarship students.	Financial Aid	11/1/2021					Not Yet Due
VSCC	3/16/2021	The college should accurately report the participant and federal wage amounts of community service activities on the Department of Education FISAP report.	Financial Aid	11/1/2021					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
ChSCC	4/12/2016	Chattanooga State Community College did not provide adequate internal controls in one area. Ineffective internal controls increases the likelihood of errors, data loss, and unauthorized access to college information. The details of this finding are confidential pursuant to Section 10-7-504(i), <i>Tennessee Code Annotated</i> . Details will be provided to the Board during Audit Committee Executive Session.	Vice President of Technology and President's Cabinet	10/3/2016	6/30/2021	6	7/14/2017	8/3/2021	In Progress
CISCC	4/6/2015	Cleveland State Community College did not provide adequate internal controls in one area. Ineffective internal controls increases the likelihood of errors, data loss, and unauthorized access to college information. The details of this finding are confidential pursuant to Section 10-7-504(i), <i>Tennessee Code Annotated</i> . Details will be provided to the Board during Audit Committee Executive Session.	Chief Information Officer	12/1/2015	6/30/2019	5	7/14/2017	8/3/2021	In Progress
CISCC	6/29/2018	Cleveland State Community College did not provide adequate internal controls in seven areas. Ineffective internal controls increases the likelihood of errors, data loss, and unauthorized access to college information. The details of this finding are confidential pursuant to Section 10-7-504(i), <i>Tennessee Code Annotated</i> . Details will be provided to the Board during Audit Committee Executive Session. Five of seven areas have been corrected.	Chief Information Officer	11/30/2018	3/31/2019	1	2/4/2019	8/3/2021	In Progress
CoSCC	2/5/2019	Columbia State Community College did not provide adequate internal controls in ten areas. Ineffective internal controls increases the likelihood of errors, data loss, and unauthorized access to college information. The details of this finding are confidential pursuant to Section 10-7-504(i), <i>Tennessee Code Annotated</i> . Details will be provided to the Board during Audit Committee Executive Session. Nine of ten areas have been corrected.	Associate VP for IT	8/31/2019		0	10/17/2019	9/10/2021	In Progress
DSCC	8/2/2021	Dyersburg State Community College did not provide adequate internal controls in six areas. Ineffective internal controls increases the likelihood of errors, data loss, and unauthorized access to college information. The details of this finding are confidential pursuant to Section 10-7-504(i), <i>Tennessee Code Annotated</i> . Details will be provided to the Board during Audit Committee Executive Session. Four of six areas have been corrected.	Vice President of Information Technology	6/30/2022		0		9/28/2021	In Progress

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MSCC	1/11/2021	Motlow State Community College did not provide adequate internal controls in eight areas. Ineffective internal controls increases the likelihood of errors, data loss, and unauthorized access to college information. The details of this finding are confidential pursuant to Section 10-7-504(i), <i>Tennessee Code Annotated</i> . Details will be provided to the Board during Audit Committee Executive Session. Seven of eight areas have been corrected.	Chief Information Officer	3/31/2021		0		9/16/2021	In Progress
NaSCC	8/15/2016	Nashville State Community College did not provide adequate internal controls in one area. Ineffective internal controls increases the likelihood of errors, data loss, and unauthorized access to college information. The details of this finding are confidential pursuant to Section 10-7-504(i), <i>Tennessee Code Annotated</i> . Details will be provided to the Board during Audit Committee Executive Session.	Chief Information Officer	4/28/2017	12/31/2018	2	7/14/2017	9/16/2021	In Progress
NaSCC	3/22/2021	Nashville State Community College did not provide adequate internal controls in nine areas. Ineffective internal controls increases the likelihood of errors, data loss, and unauthorized access to college information. The details of this finding are confidential pursuant to Section 10-7-504(i), <i>Tennessee Code Annotated</i> . Details will be provided to the Board during Audit Committee Executive Session. Four of nine areas have been corrected.	Chief Information Officer	12/31/2021		1		9/16/2021	In Progress
NeSCC	2/17/2017	Northeast State Community College did not provide adequate internal controls in twelve areas. Ineffective internal controls increases the likelihood of errors, data loss, and unauthorized access to college information. The details of this finding are confidential pursuant to Section 10-7-504(i), <i>Tennessee Code Annotated</i> . Details will be provided to the Board during Audit Committee Executive Session. Nine of twelve areas have been corrected.	Chief Information Officer	5/1/2017	6/30/2021	6	7/14/2017	9/16/2021	In Progress
PSCC	9/3/2014	Pellissippi State Community College did not provide adequate internal controls in one area. Ineffective internal controls increases the likelihood of errors, data loss, and unauthorized access to college information. The details of this finding are confidential pursuant to Section 10-7-504(i), <i>Tennessee Code Annotated</i> . Details will be provided to the Board during Audit Committee Executive Session.	Chief Information Officer	3/31/2015	12/31/2020	6	7/14/2017	3/30/2021	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
PSCC	2/14/2020	Pellissippi State Community College did not provide adequate internal controls in one area. Ineffective internal controls increases the likelihood of errors, data loss, and unauthorized access to college information. The details of this finding are confidential pursuant to Section 10-7-504(i), <i>Tennessee Code Annotated</i> . Details will be provided to the Board during Audit Committee Executive Session.	Chief Information Officer and Vice President of Business and Finance	9/30/2020	9/30/2021	2	9/17/2020	3/30/2021	In Progress
RSCC	4/17/2015	Roane State Community College did not provide adequate internal controls in one area. Ineffective internal controls increases the likelihood of errors, data loss, and unauthorized access to college information. The details of this finding are confidential pursuant to Section 10-7-504(i), <i>Tennessee Code Annotated</i> . Details will be provided to the Board during Audit Committee Executive Session.	Chief Information Officer	7/31/2015	12/31/2020	8	7/14/2017	3/30/2021	In Progress
RSCC	4/13/2018	Roane State Community College did not provide adequate internal controls in eight areas. Ineffective internal controls increases the likelihood of errors, data loss, and unauthorized access to college information. The details of this finding are confidential pursuant to Section 10-7-504(i), <i>Tennessee Code Annotated</i> . Details will be provided to the Board during Audit Committee Executive Session. Seven of eight areas have been corrected.	Chief Information Officer	10/12/2018	9/30/2020	3	2/12/2019	1/8/2021	In Progress
VSCC	5/13/2016	Volunteer State Community College did not provide adequate internal controls in two areas. Ineffective internal controls increases the likelihood of errors, data loss, and unauthorized access to college information. The details of this finding are confidential pursuant to Section 10-7-504(i), <i>Tennessee Code Annotated</i> . Details will be provided to the Board during Audit Committee Executive Session. One area has been corrected.	Chief Information Officer	11/30/2016	12/31/2020	4	7/14/2017	3/30/2021	In Progress
WSCC	7/23/2021	Walters State Community College did not provide adequate internal controls in six areas. Ineffective internal controls increases the likelihood of errors, data loss, and unauthorized access to college information. The details of this finding are confidential pursuant to Section 10-7-504(i), <i>Tennessee Code Annotated</i> . Details will be provided to the Board during Audit Committee Executive Session.	Chief Information Officer	6/30/2022		0			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
PSCC	6/28/2021	Pellissippi State Community College did not provide adequate internal controls in one area. Ineffective internal controls increases the likelihood of errors, data loss, and unauthorized access to college information. The details of this finding are confidential pursuant to Section 10-7-504(i), <i>Tennessee Code Annotated</i> . Details will be provided to the Board during Audit Committee Executive Session.	Chief Information Officer	8/31/2021	12/31/2021	1	10/19/2021		Not Yet Due
PSCC	9/22/2021	Pellissippi State Community College did not provide adequate internal controls in one area. Ineffective internal controls increases the likelihood of errors, data loss, and unauthorized access to college information. The details of this finding are confidential pursuant to Section 10-7-504(i), <i>Tennessee Code Annotated</i> . Details will be provided to the Board during Audit Committee Executive Session.	Chief Information Officer	10/31/2021		0			Not Yet Due

BOARD TRANSMITTAL

MEETING: Committee on Audit

SUBJECT: Audit Reports and Reviews

DATE: November 16, 2021

PRESENTER: Mike Batson

ACTION REQUIRED: Informational Report

STAFF'S
RECOMMENDATION: Accept Report

Miscellaneous External Reviews

The Audit Committee will review executive summaries for the miscellaneous external reviews (reports issued by entities other than Internal Audit, State Audit, or Federal agencies) issued from July 1, 2021, to September 30, 2021.

- Chattanooga State Community College
 - American Association of Community Colleges (AACC)
 - Department of Labor- Subrecipient Award Monitoring Review
- TCAT Morristown
 - Tennessee Student Assistance Corporation- Financial Aid Audit

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.

FINANCIAL AND COMPLIANCE AUDITS – FINDINGS

- Chattanooga State Community College
 - FYE June 30, 2020 and June 30, 2019
- Roane State Community College
 - FYE June 30, 2019 and June 30, 2018
- Roane State Community College Foundation
 - FYE June 30, 2019 and June 30, 2018

FINANCIAL AND COMPLIANCE AUDITS – NO FINDINGS

- Cleveland State Community College
 - FYE June 30, 2020 and June 30, 2019
- Columbia State Community College
 - FYE June 30, 2020 and June 30, 2019
- Jackson State Community College
 - FYE June 30, 2020 and June 30, 2019
- Motlow State Community College
 - FYE June 30, 2020 and June 30, 2019
- Volunteer State Community College
 - FYE June 30, 2020 and June 30, 2019

PERFORMANCE AUDITS – NO FINDINGS

TBR System Office

Internal Audit

The Audit Committee will receive executive summaries for the internal audit reports issued from July 1, 2021, to September 30, 2021, as well as reports issued after September 30, 2021, which contain 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 Reports for Informational Purposes- Financial Management

ChSCC Credit Card Purchases Page 29

Internal Audit Reports for Informational Purposes- Institutional Support

NaSCC CCTA- Completion Page 31
VSCC CCTA- Completion Page 33

Internal Audit Reports for Informational Purposes- Investigations

STCC INV 22-01: Employee Overpayment Page 35

Internal Audit Reports for Informational Purposes- Follow-up

JSCC Follow-up to the Workforce Development Audit Page 37
NeSCC Follow-up to the State Single Audit for FY 2020 Page 39

* Limited Official Use Only reports for Dyersburg State Community College- LOU Information Security Audit-General Controls; Northeast State Community College- Follow-up to the LOU State Single Audit for FY 2020; Pellissippi State Community College- LOU Employee File Share Server Vulnerability Assessment; Southwest Tennessee Community College- Additional Follow-up to the LOU State Audit Report for FY 2019 & 2018; and Walters State Community College- LOU Information Security Audit-General Controls were completed during this period. These reports will be shared in the Audit Committee Executive Session.

**Tennessee Board of Regents
Audit Committee
November 16, 2021**

*Miscellaneous External
Reviews*

Chattanooga State Community College
American Association of Community Colleges
Expanding Community College Apprenticeships- Subrecipient Review
May 19, 2021
Executive Summary

<p>Introduction</p>	<p>As part of American Association of Community College (AACC)'s cooperative agreement, subrecipients are required to be reviewed on a regular basis for AACC to stay compliant with the U.S. Department of Labor (DOL) award.</p> <p>A subrecipient is a non-Federal entity that receives a subaward from a pass-through entity to carry out part of a federal award. As the prime recipient and pass-through entity, AACC is ultimately responsible for the subrecipient's performance and compliance with federal and state regulations, and requirements. Under Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200) ("Uniform Guidance"), specifically §200.331, requires pass-through entities to evaluate each subrecipient's risk of noncompliance in order to determine the appropriate monitoring level, by monitoring the activities of subrecipient organizations to ensure that the subaward is in compliance with applicable Federal statutes, regulations, and terms of the subaward.</p>
<p>Purpose</p>	<p>The purpose of the monitor review is to verify and collect documentation which will demonstrate compliance on expenditures and program activities. For AACC purposes, a monitoring review is a process used to measure progress, identify areas of compliance, offer opportunities for technical assistance to help resolve non-compliance issues, and ensure funds are used in-accordance with the DOL, other Federal policies, and the award terms and conditions.</p>
<p>Recommended Technical Assistance and/or Future Monitoring Visits</p>	<p>The college is still at risk with the number of participants served. They provided a forecast on how they will meet their outcome numbers by the end of February 2022. Technical Assistance services will be continued until the college is no longer within the "at risk" category. AACC will continue to track their progress monthly.</p>
<p>Conclusion</p>	<p>The College is in full compliance according to their current Statement of Work on file with AACC.</p>

Tennessee Colloge of Applied Technology- Morristown
Tennessee Student Assistance Corporation – Financial Aid Review
Period Coverage: 2020-2021 Award Year
August 5, 2021
Executive Summary

Introduction	A Tennessee Student Assistance Corporation (TSAC) program review of the institution’s State financial aid programs for the 2020-2021 award year was conducted via virtual review on August 2, 2021, through August 4, 2021. A Senior Compliance Officer reviewed the records of a random sample of the institution’s financial aid recipients.
Scope	<p>The review consisted of an examination of the institution’s procedures for administering its financial aid programs and a review of the records of a sample of recipients of State and Lottery funded programs. Administrative procedures for the application process, disbursement of aid, student status verification, and institutional refunds were considered.</p> <p>Due to the limited time of the review, the review was not meant to be all-inclusive. The absence of statements in this report regarding specific practices and procedures followed by the institution should not be construed as acceptance, approval, or endorsement of the same and does not lessen the institution’s obligation to comply with all laws and regulations pertaining to its financial aid program.</p>
Conclusion	<p>I. Determination of Financial Aid Eligibility</p> <p>This area of the review examines student records to ensure that eligibility for Tennessee Student Assistance Corporation awards has been determined and that all required documentation has been maintained. All records reviewed were found to be organized in an efficient and consistent manner.</p> <p>II. Disbursements</p> <p>The institution’s procedures for negotiating checks/electronic funds transfers and posting payments to student accounts are acceptable.</p> <p>III. Academic Records</p> <p>Current administrative and operational procedures for monitoring academic progress comply with TSAC regulations.</p> <p>IV. Institutional Liability</p> <p>Financial liabilities were not found in the overall administration of the Tennessee Student Assistance Corporation financial aid programs for the 2020-2021 award year.</p>

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 (GAGAS) 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 Control¹

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 Deficiency¹

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 Weakness¹

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 Reported²

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.

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.

**Tennessee Board of Regents
Audit Committee
November 16, 2021**

***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
Chattanooga State Community College	June 30, 2020 and June 30, 2019	Unmodified Opinion	One finding identified as a significant deficiency	No instances of noncompliance required to be reported	1

Finding 1 – Chattanooga State Community College did not provide adequate internal controls in four areas that were reported in the prior audit

Chattanooga State Community College did not design and monitor effective internal controls in four areas. For the second consecutive audit, we found internal control deficiencies related to one of the college's systems. Although management has taken steps to correct these conditions, we are reporting internal control deficiencies for the second consecutive audit because corrective action was not sufficient.

Ineffective design and implementation of internal controls increase the likelihood of errors and unauthorized access to college information. Pursuant to Standard 4.40 of the U.S. Government Accountability Office's Government Auditing Standards, we omitted details from this finding because they are confidential under the provisions of Section 10-7-504(i), Tennessee Code Annotated. We provided the college with detailed information regarding the specific conditions we identified, as well as the related criteria, causes, and our specific recommendations for improvement.

Recommendation – The President should ensure that management corrects these conditions by thoroughly evaluating the details of this finding and promptly developing and consistently implementing effective internal controls in these areas.

Management's Comment – Chattanooga State Community College concurs with the findings of the four areas as reported.

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

Institution	For the Year Ended	Auditor's Opinion on Financial Statements	Report on Internal Control	Report on Compliance	Findings
Roane State Community College	June 30, 2019 and June 30, 2018	Unmodified Opinion	Two findings identified as significant deficiencies	No instances of noncompliance required to be reported	2

Finding 1 – As noted in the prior audit, the college did not have written institutional policies to collect accounts receivable during the audit period.

As noted in the prior audit, the Roane State Community College did not have written institutional policies in effect during the audit period for the collection of accounts receivable by the Bursar's office. Instead, the college relied on Tennessee Board of Regents' (TBR) Guideline B-010, "Collection of Accounts Receivable," for guidance. Institution-specific policies are necessary because although TBR Guideline B-010 provides specific instructions that can be followed with little or no additional guidance for certain parts of the collections process, the guideline allows the college to determine important definitions and timeframes and include them in its policy. Although management has taken steps to correct these conditions, we are reporting these deficiencies for the second consecutive audit because corrective action was not sufficient.

Recommendation – Management should follow the institution's collection policy effective April 22, 2019. The policy should be promptly applied to all current and future outstanding account receivables.

Management's Comment – Management concurs. Roane State Community College established BA-08-01 Collection of Accounts Receivable effective April 22, 2019. Along with the procedures and staff changes, the Business Office personnel made significant improvements to the process, collection efforts, and resolution of many old outstanding accounts receivable. New leadership is providing guidance and has established checks and balances to ensure that collections are being handled according to BA-08-01.

Finding 2 – As noted in the prior audit, foundation personnel did not prepare bank reconciliations timely

As noted in the prior audit, foundation management did not prepare bank reconciliations timely. For purposes of the bank reconciliation testwork, we considered reconciliations prepared within 30 days after a month's end to be timely. During our audit period, the foundation maintained two bank accounts during fiscal year 2018 and one bank account during fiscal year 2019. During the period July 1, 2017, through June 30, 2019, management did not prepare 19 of 36 bank reconciliations (52.8%) within 30 days of month-end. Staff prepared the 19 late bank reconciliations from 2 to 57 days after the end of the month. We could not determine timeliness of review for 22 of the 36 reconciliations (61.1%) because the reviewers did not always date their approval signatures. We noted management has taken steps to correct these conditions beginning November 2018.

Recommendation – Foundation personnel should prepare and review bank reconciliations monthly, soon after the receipt of the bank statements, but not to exceed 30 days after each reporting period. Management should document the reconciliations in a way that ensures accountability and demonstrates timeliness of preparation and review.

Management's Comment – Management concurs. After being informed of the deficiency during the prior audit, foundation personnel made significant improvements in the preparation timeliness and bank reconciliations approvals. Bank reconciliations are now prepared earlier in the month so that review and approval can be completed within the required 30 days. All bank reconciliations and batch reports are reviewed prior to being filed to ensure that signatures and dates are on each one.

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

Institution	For the Year Ended	Auditor's Opinion on Financial Statements	Report on Internal Control	Report on Compliance	Findings
Roane State Community College Foundation	June 30, 2019 and June 30, 2018	Unmodified Opinion	One finding identified as a significant deficiency	No instances of noncompliance required to be reported	1

Finding 1 – As noted in the prior audit, foundation personnel did not prepare bank reconciliations timely

As noted in the prior audit, foundation management did not prepare bank reconciliations timely. For purposes of the bank reconciliation testwork, we considered reconciliations prepared within 30 days after a month's end to be timely. During our audit period, the foundation maintained two bank accounts during fiscal year 2018 and one bank account during fiscal year 2019. During the period July 1, 2017, through June 30, 2019, management did not prepare 19 of 36 bank reconciliations (52.8%) within 30 days of month-end. Staff prepared the 19 late bank reconciliations from 2 to 57 days after the end of the month. We could not determine timeliness of review for 22 of the 36 reconciliations (61.1%) because the reviewers did not always date their approval signatures. We noted management has taken steps to correct these conditions beginning November 2018.

Recommendation – Foundation personnel should prepare and review bank reconciliations monthly, soon after the receipt of the bank statements, but not to exceed 30 days after each reporting period. Management should document the reconciliations in a way that ensures accountability and demonstrates timeliness of preparation and review.

Management's Comment – Management concurs. After being informed of the deficiency during the prior audit, Foundation personnel made significant improvements in the preparation timeliness and bank reconciliations approvals. Bank reconciliations are now prepared earlier in the month so that review and approval can be completed within the required 30 days. All bank reconciliations and batch reports are reviewed prior to being filed to ensure that signatures and dates are on each one.

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 Board of Regents
Audit Committee
November 16, 2021**

***Internal Audit Reports
Financial Management***

Chattanooga State Community College
Credit Card Purchases
July 1, 2020 – April 30, 2021
August 23, 2021
Executive Summary

Key Staff Personnel	Assistant Vice President, Business Office	Internal Auditor	Kimberly Clingan Director, Internal Audit
Introduction	<p>The Chattanooga State Community College (ChSCC) credit card purchasing processes have been established to facilitate the purchase of goods and services in instances where an electronic payment method is the most effective and efficient considering the type or timing of the transaction. The credit card option is intended primarily for circumstances where other authorized purchasing methods are not possible or practical. A Request for Credit Card Purchase with management approvals including additional approval from the Executive Vice President - Business and Finance, is required prior to processing of a credit card purchase.</p> <p>The credit card account is through ChSCC’s banking partner and has three authorized cards. These cards are held by the Executive Vice President - Business and Finance, Assistant Vice President - Business Office, and the Purchasing Agent. Credit card statements are provided by the bank monthly.</p>		
Objectives	<p>The objectives of the audit were:</p> <ul style="list-style-type: none"> • To determine if internal controls over credit card purchases are operating effectively. • To determine if purchases made with a college credit card are in compliance with college policies and procedures. 		
Conclusion	<p>Chattanooga State Community College’s credit card purchasing processes have adequate internal controls with consistent procedures that provide reasonable assurance of the accuracy of credit card transaction payments.</p>		

**Tennessee Board of Regents
Audit Committee
November 16, 2021**

***Internal Audit Reports
Institutional Support***

Nashville State Community College
Complete College Tennessee Act – Completion Outcomes – Page 1 of 2
Academic Year 2019 – 2020
September 21, 2021
Executive Summary

Key Staff Personnel	Director of Records and Registration, Graduation Specialists	Internal Auditor	Henry Ho, CPA, CGFM
Introduction	<p>The Complete College Tennessee Act of 2010 (the Act) charged the Tennessee Higher Education Commission (THEC) with developing a statewide master plan for development of the state’s public higher education institutions and for directing the higher education institutions to be accountable for increasing the educational attainment levels of Tennesseans. In implementing the master plan, the Act requires that THEC use an outcomes-based model for making funding recommendations for public higher education institutions.</p> <p>The outcome measures identified for use in the funding formula are different for universities and community colleges and are further distinguished by weighting the measures by institutional mission. The outcomes represent the broad range of activities conducted at universities and community colleges and may be grouped into student progression, student completion (degrees and certificates awarded), efficiency measures and other important institutional factors.</p> <p>Each Tennessee Board of Regents (TBR) community college prepares data files from the Banner system and provides them to the TBR. The TBR Office of Institutional Research compiles the institutional files into system data files and provides them to THEC for use in the funding formula.</p>		
Objective	<p>The objective of our audit was to determine whether Nashville State Community College’s internal controls provide reasonable assurance that the student completion data, specifically degrees and certificates earned, reported to THEC was accurate and in compliance with the reporting instructions provided by TBR based on the institution’s supporting records.</p>		
Scope	<p>Our audit scope included a review of degree and certificate completion data from the 2019 – 2020 academic year.</p> <p>We conducted our audit in accordance with the <i>International Standards for the Professional Practice of Internal Auditing</i> issued by the Institute of Internal Auditors. The audit included tests of controls and other procedures considered necessary to achieve the audit objectives.</p>		

Nashville State Community College
Complete College Tennessee Act – Completion Outcomes – Page 2 of 2
Academic Year 2019 – 2020
September 21, 2021
Executive Summary

Conclusion	<p>Based on audit tests performed on a sample of students, the degrees and certificates reported to the TBR and subsequently to THEC by the TBR for Nashville State Community College for the 2019 – 2020 academic year used for completion outcomes appeared accurate. In addition, the review of the system of internal controls over student data indicated that the College has established controls to provide reasonable assurance that the data is accurately reported. The audit did not reveal matters warranting audit findings or observations.</p> <p>The completion outcomes reported by THEC for the 2019 – 2020 academic year for the College were 932 associate degrees, 186 1–2-year certificates, and 88 <1-year certificates.</p>
Recommendation	None

**Volunteer State Community College
Complete College Tennessee Act
Completion Outcomes for Reporting Year 2019-2020
August 20, 2021
Executive Summary**

Key Staff Personnel	Records and Registration Office	Internal Auditor	Nancy Batson
Introduction	<p>The Complete College Tennessee Act of 2010 (the Act) charged the Tennessee Higher Education Commission (THEC) with developing a statewide master plan for development of the state’s public higher education institutions and for directing the higher education institutions to be accountable for increasing the educational attainment levels of Tennesseans. In implementing the master plan, the Act requires that THEC use an outcomes-based model for making funding recommendations for public higher education institutions.</p>		
Objectives	<p>The objectives of the audit including the following.</p> <ul style="list-style-type: none"> ▪ Determine whether controls were in effect to provide reasonable assurance that outcomes funding formula data was accurately reported and in compliance with regulations. ▪ Determine the accuracy of funding formula data. ▪ Determine the accuracy of degree and certificate counts during the academic year based on the THEC funding formula definitions by individual institutions. ▪ Determine that graduation standards are enforced. 		
Scope	<p>The audit reviewed completion data from the 2019-2020 reporting year. The included degrees and certificates awarded in the Summer 2019, Fall 2019, and Spring 2020 terms.</p>		
Conclusion	<p>Except as noted, the funding formula data for degree and certificate awards appears accurate. Graduation standards are enforced, and controls appear in place that correct and compliant data is provided to THEC for the funding formula.</p>		
Recommendations	<p>The report contains no recommendations.</p>		

**Tennessee Board of Regents
Audit Committee
November 16, 2021**

***Internal Audit Reports
Investigations***

**Southwest Tennessee Community College
Investigation 20-01 Employee Overpayment
July 30, 2021
Executive Summary**

<p>Key Staff Person: Director of Physical Plant; Director of Human Resources; Vice President of Financial and Administrative Services; Payroll Department</p>	<p>Auditor: Charlotte Johnson, Internal Auditor</p>
<p>Introduction</p>	<p>An employee that worked in Custodial Services stopped coming to work on June 1, 2020. The employee continued to be paid through December 2020.</p>
<p>Objective</p>	<p>The primary objective of this review was to determine if an internal control weakness caused an employee to be paid when not providing services to Southwest Tennessee Community College (STCC).</p>
<p>Loss</p>	<p>The employee was overpaid a gross amount of \$10,635.00 (net amount \$9,046.99) for the period of June 2020 through December 2020.</p>
<p>Results of the Review</p>	<p>The Director of Physical Plant submitted emails to the Director of Human Resources on June 18, 2020, and July 6, 2020, stating the employee should be terminated. The Director of the Physical Plant also sent an email on August 6, 2020, to the Vice President of Financial and Administrative Services and to Human Resources stating the employee should be terminated. A letter was sent to the employee on January 20, 2021, informing her that her services as a custodian in the Physical Plant Department at STCC were terminated effective June 4, 2020, due to job abandonment. However, Payroll was not informed of the termination and payments continued through December 23, 2020.</p>
<p>Recommendation</p>	<p>Human Resources should review established termination procedures for reasonable assurance that notifications of all terminations received from management are forwarded to the Payroll Department in a timely manner.</p>
<p>Management's Response</p>	<p>We concur with the findings and HR is reviewing its policies and updating them as necessary to ensure terminations are communicated in a timely fashion. A subsequent meeting with Payroll, Finance, HR, and Audit will outline a process that is approved by all respective departments.</p>

**Tennessee Board of Regents
Audit Committee
November 16, 2021**

***Internal Audit Reports
Follow-ups***

Jackson State Community College
Follow-up to Workforce Development Audit – Page 1 of 2
For FY2020
August 31, 2021
Executive Summary

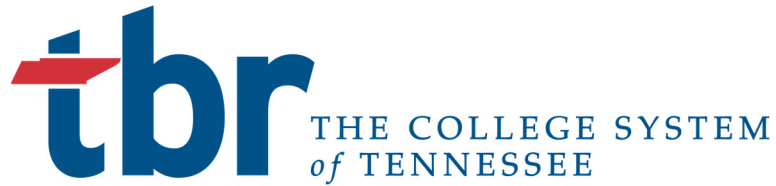
Key Staff Personnel	Dean of Business and Industry /Director of Workforce Development	Internal Auditor	Chrystal Pittman
Introduction	An audit of Workforce Development was conducted in March 2019 for fiscal year 2017-2018 to determine whether the institution’s internal controls provided reasonable assurance that the data reported to the Tennessee Board of Regents (TBR) and the Tennessee Higher Education Commission (THEC) for the funding formula was accurate and in compliance with the reporting instructions provided by TBR. The report included two recommendations.		
Objective	To determine if management implemented adequate corrective actions to address recommendations noted in the Workforce Development audit.		
Scope	The current follow-up review covered fiscal year 2020.		
Conclusion	Based on the results of tests and procedures performed, management has improved its internal controls to address the recommendations. Except for a few immaterial errors, the data reported to THEC and TBR appears to be accurate and in compliance with the reporting instructions.		
Recommendations	<p>Recommendation 1 For the sample of courses reviewed, the headcount total was overstated by 10 which resulted in an overstatement of 168 contact hours. Headcount and contact hours should be reported according to the instructions for the TBR Workforce Training Contact Hours report.</p> <p>Current Status For the sample of courses reviewed, headcount and contact hour errors resulted in an overstatement of 58 total contact hours. The reporting error was less than 1% of the total contact hours reported and was considered immaterial to the total contact hours reported.</p> <p>Total contact hour errors continue to decline with the implementation of improved processes.</p> <p>The recommendation has been cleared.</p> <p>Recommendation 2 There were four courses in the sample that would lead to a certification that were not reported in the TBR Workforce Training Contact Hours report. Certifications should be reported according to the instructions for the TBR Workforce Training Contact Hours report.</p>		

Jackson State Community College
Follow-up to Workforce Development Audit – Page 2 of 2
For FY2020
August 31, 2021
Executive Summary

Cont. Recommendations	Current Status Certifications were reported according to the instructions for the TBR Workforce Training Contact Hours report. The recommendation has been cleared.
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**Northeast State Community College
Follow-Up to the State Single Audit Report
For the Year Ending June 30, 2020
Issued March 26, 2021
Executive Summary**

Key Staff Personnel	Interim VP of Academic Affairs; VP of Finance & Information Technology; Director of Financial Aid Office; Assistant Vice President & Chief Information Officer	Internal Auditor	Christopher Hyder
Introduction	Northeast State Community College was issued two findings included in the State Single Audit report for the year ended June 30, 2020, issued by the Tennessee Division of State Audit on March 26, 2021. As required, Internal Audit has performed a follow-up review of actions taken in response to the findings.		
Objective	The objective of the follow-up was to determine whether adequate corrective actions have been implemented to comply with the audit recommendations.		
Findings	<p>2020-27. <u>College Staff Did Not Adequately Monitor Attendance for Pell Recipients</u></p> <p><u>Current Status</u> <i>Complete. Faculty have received addition training on the importance of accurate recording of attendance. Management appears to have improved the monitoring of attendance reporting. The college continues to use the updated Purge Report to correctly award earned financial aid of students that withdraw on/prior to the census date.</i></p> <p>2020-28. <u>Northeast State Community College did not provide adequate internal controls in one area</u></p> <p><u>Current Status</u> <i>Complete. Management continues with the actions cited in the original audit recommendation and management’s comment.</i></p>		
Audit Conclusion	Based on the results of tests and procedure performed, management has taken appropriate actions to address the audit findings, implement the audit recommendations, and mitigate the associated risks.		



BOARD TRANSMITTAL

MEETING: Committee on Audit

SUBJECT: System-wide Internal Audit Updates

DATE: November 16, 2021

PRESENTER: Mike Batson

ACTION REQUIRED: Informational Report

STAFF'S
RECOMMENDATION: Accept Report

Mike Batson will give brief updates for the following items:

- Internal Audit October Conference
- System-wide Internal Audit Director Position

BOARD TRANSMITTAL

MEETING: Committee on Audit
SUBJECT: University Updates
DATE: November 16, 2021
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.

Summary of Recent Activities

- The State of Tennessee Comptroller of the Treasury released the Financial and Compliance Audit Report for the below universities.

FINANCIAL AND COMPLIANCE AUDITS –FINDINGS

Tennessee State University
— FYE June 30, 2019
Tennessee State University
— FYE June 30, 2020

**Tennessee Board of Regents
Audit Committee
November 16, 2021**

***Review of Comptroller's Office Audit Reports- Universities
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 State University	June 30, 2019	Unmodified Opinion	Three findings were identified as material weaknesses and two findings were identified as significant deficiencies	No instances of noncompliance required to be reported	5

Finding 1 – TSU management did not ensure staff performed key fiscal and financial reporting functions, which led to a pervasive breakdown of controls that resulted in errors in the financial statements and delays in required audits

TSU management is responsible for preparing and fairly presenting the university's financial statements and the accompanying notes in accordance with accounting principles generally accepted in the United States of America. This includes designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement.

Based on the results of our financial statement audit for the year ended June 30, 2019, university management has not addressed pervasive fiscal and operational issues, which resulted in repeated internal control and compliance deficiencies related to fiscal operations and financial reporting. Specifically, we noted the following in TSU's current financial statement audit:

- Management did not prepare timely financial statements.
- Management was unresponsive to the auditors' requests for audit data, which impacted the auditors' ability to perform the audit.
- For the sixth consecutive audit, TSU management had not implemented adequate internal controls in one area. In addition, management did not implement adequate internal controls in three additional areas for the current audit (see finding 5).
- For the fifth consecutive audit, TSU management did not have adequate procedures for preparing and reviewing the financial statements (see finding 2).
- For the third consecutive audit, the university and the foundation's accounting records did not reconcile to the bank statements (see finding 3).
- For the third consecutive audit, TSU management did not have adequate policies and procedures to collect accounts receivable (see finding 4).

Recommendation - TSU management must act to safeguard the university's legacy and future. As the steward of TSU's assets, including both physical assets and the university's reputation, TSU management must address identified deficiencies and correct pervasive issues. Management should develop mechanisms to regularly assess and respond to known deficiencies. Upon failure to address and correct these deficiencies, management should hold itself and staff accountable. Management should ensure staff who are preparing and/or reviewing the financial statements have the adequate knowledge of accounting and reporting requirements.

Management's Comment – We concur. As this finding is essentially a summary of the following findings, we refer you to our comments for findings 2 through 5. Additionally, the newly formed Executive Leadership Team of the Division of Business and Finance has established regular communication with members of the Tennessee Comptroller's office and is committed to meeting the financial and audit deadlines. Please see our responses to findings 2 through 5.

Finding 2 – As noted in the prior four audits, management needs to improve procedures for preparing and reviewing financial statements

As noted in the prior four audits, Tennessee State University's procedures for preparing its financial statements and the accompanying notes to the financial statements are not adequate to ensure the accuracy, proper classification, and disclosure of information. Since we initially reported this finding, management has created and updated financial statement preparation checklists, developed ad-hoc reports to help detect errors, and defined the accounting duties and responsibilities for foundation personnel. In response to the most recent prior audit finding, management stated that they would increase training for accounting personnel and consult with a CPA firm, as necessary. For the current audit period, the CPA firm assisted with the university's statement of cash flows and the combined bank reconciliations (see finding 3 for more information). Even with the added procedures, management continued to make reporting errors associated with the foundation.

Based on our review of the financial statements, we noted that the Director of Fiscal Affairs made several errors when preparing the foundation's financial statements for the fiscal year ended June 30, 2019:

- Total cash and cash equivalents were overstated by \$745,482 (see finding 3).
- Current cash was overstated, and noncurrent cash was understated by \$9,015,822.87 because management incorrectly classified restricted cash as current instead of noncurrent.
- Nonexpendable net position, restricted for the Endowment for Educational Excellence, was understated and expendable net position, restricted for the Endowment for Educational Excellence, was overstated by \$794,424.24 because management incorrectly classified expendable net position as nonexpendable net position.

In addition to the errors noted above for the statement of net position, management used the bank and investment statements, rather than the general ledger, as the basis for the amounts shown on the statement of net position. He adjusted cash to agree with the statements and used investment income as the other side of the entry. As a result, he understated investment income by \$1,369,277.94, understated noncurrent investments by \$850,186.17, and understated cash by \$519,091.77. These errors included the following:

- an omission of the cash surrender of life insurance in the amount of \$82,446.85,
- an omission of corporate bonds totaling \$79,239.00,
- an omission of equity funds totaling \$154,988.45,
- an omission of exchange traded funds totaling \$454,608.92, and
- an omission of real estate investment trusts totaling \$107,002.20.

These omissions caused similar errors in the notes to the financial statements.

On the foundation's schedule of cash flows, in the cash flows from investing activities section, management understated proceeds from the sales and maturities of investments by \$5,188,638, overstated income on investments by \$534,077, and understated purchases of investments by \$3,524,671. Supporting documentation that management provided us showed that calculations did not include all amounts for interest, dividends, fees, purchases, sales, withdrawals, deposits, and miscellaneous income.

In addition to the errors in the notes to the financial statements noted above, management made errors in the cash and cash equivalents note. In total, management understated the foundation's bank balance and amount exposed to custodial credit risk by \$36,559.98 and \$66,727.82, respectively.

In the investments note, the Director of Fiscal Affairs made the following errors:

- Foreign bonds in the amount of \$1,078,182.27 were categorized as foreign stocks in the investment maturities (in years) disclosure statement and in the fair value measurement disclosure statement. As a result, they were omitted from the credit quality rating disclosure statement.

- Redemption frequencies and redemption notice periods were incorrect for four of five investments on the Assets and Liabilities Measured at the Net Asset Value disclosure.
- In the investment maturities portion of the note, several investments were misclassified:
 - o U.S. Treasury Notes totaling \$1,011,134.20 were categorized as maturing in 1 to 5 years but should have been categorized as less than 1 year to maturity.
 - o U.S. Treasury Notes totaling \$383,294.10 were categorized as maturing in 6 to 10 years but should have been categorized as 1 to 5 years to maturity.
 - o Investments in U.S. Agencies totaling \$250,430.38 were categorized as maturing within 1 to 5 years but should have been categorized as less than 1 year to maturity.
 - o U.S. Agency investments totaling \$78,437.15 were categorized as maturing in 6 to 10 years but should have been categorized as 1 to 5 years to maturity.
 - o Corporate bonds totaling \$264,770.78 were categorized as 1 to 5 years to maturity but should have been categorized as less than 1 year to maturity.
 - o Corporate bonds originally reported as totaling \$595,712.91 and maturing in 6 to 10 years should have been reported as totaling \$568,167.66 and maturing in 1 to 5 years.

In addition to the foreign bonds' omission mentioned above, foreign bonds totaling \$385,207.29 were categorized as 6 to 10 years to maturity but should have been categorized as maturing in 1 to 5 years.

- The credit quality rating disclosure for several investments was not reported correctly:
 - o U.S. agencies with an AA rating totaling \$989,193.73 were reported as AAA.
 - o Corporate bonds with an A rating totaling \$305,421.88 were reported as AA.
 - o Corporate bonds with a BBB rating totaling \$182,875.42 were reported as A.
 - o Mutual bond funds reported as unrated were overstated by \$23,614.63.
 - o Foreign bonds were omitted from this schedule, resulting in the understatement of AAA, A, and BBB by \$660,780.18, \$259,960.83, and \$157,441.26, respectively.
 - o Corporate bonds were understated by \$79,239.00 due to cross-footing errors. These errors caused a net overstatement of the AAA rating of \$328,413.55, an understatement of the AA rating of \$683,771.85, an understatement of the A rating of \$461,746.29, an understatement of the BBB rating of \$340,316.68, and an overstatement of the unrated total of \$23,614.63.

In the endowments note, management made the following errors:

- The Title III net appreciation amount was overstated by \$49,191.50. The amount reported was \$215,568.31, which was the fiscal year beginning balance of the account. The correct amount was \$264,759.81.
- The Consent Decree Net Appreciation amount was overstated by \$165,502.67. The amount reported was \$214,260.52 rather than \$379,763.19.

The financial statements and notes were corrected for the audit report.

Recommendation - As noted in the prior four audits, the Vice President of Business and Finance should ensure improved communication and cooperation between all staff with accounting responsibilities and should ensure staff timely complete the information necessary to compile and review the financial statements and notes. The Vice President of Business and Finance should institute procedures that ensure the accuracy, proper classification, and disclosure of information presented in the financial statements and the accompanying notes. The procedures should address the preparation of the financial statements and the notes, as well as the subsequent review process. Management should perform adequate reviews on the statements and the notes to mitigate the risk of errors. Management should ensure staff preparing and/or reviewing the financial statements have the adequate knowledge of governmental accounting and reporting requirements to properly perform their responsibilities.

Management's Comment – We concur. Errors were made by inadequate personnel staff and that has been revamped with new staffing members with accounting experience and expertise. To ensure the specific errors documented in the audit finding do not recur, we are implementing necessary changes in processes and internal controls.

Additional personnel with the proper background in accounting and finance have been hired to specifically perform the accounting duties of the Foundation and to ensure the accuracy, proper classification, and disclosure of information presented in the financial statements and accompanying notes.

TSU Management has undertaken several corrective measures to address Finding #1 and the related recommendations:

- **Staffing Changes.** To address the deficiencies and issues contained in the Audit Report, the Division of Business and Finance (Division) overtook significant staffing changes, including effectuating staff departures and the hiring of new personnel to ensure TSU has corrected understaffing issues, and have a professional and experienced team to implement and follow the policies, procedures, and actions required to address the deficiencies reflected in Finding #1.
- **Key Senior Personnel Hired.** The personnel changes and hires include the hiring of a new Vice President for Business and Finance, who is a CPA with extensive experience in managing financial services related staff in a state university system; the hiring of an experienced Controller with significant experience in the Tennessee Board of Regents system in managing accounting functions (including bank reconciliations) and preparing financial statements; and the hiring of a new Director of Grants Accounting with several years of management and grants accounting experience.
- **Additional Personnel Hired/Personnel Changes.** We have also hired a Director of Foundation Accounting and a Director of General Accounting and Financial Reporting. TSU also converted three Business and Finance positions to accountants and will be adding a fourth accountant. Each accountant has been assigned specific duties that must be completed on a monthly basis.
- **Organizational Structure Changes.** The Division's organizational structure has been modified to create a Controller position. The Director of Foundation Accounting position now reports directly to the Controller.
- **Retained CPA Firm.** TSU retained the services of a reputable CPA firm to assist with preparation and submission of outstanding financial statements and bank reconciliations.
- **Training.** TSU personnel has solicited and received input on training information to upgrade the practices for Business and Finance financial related personnel. Business and Finance staff members completed trainings in several different areas, including the use of Banner and the running of various processes and reports. In addition, two staff members completed two days of Government Auditing Training that was recommended by peer institutions. Additional trainings have occurred and are ongoing on accounting processes. In addition, TSU continues to use the services of a reputable CPA firm to assist with questions as processes are evaluated and updated.

The accounting for transactions is now being maintained monthly by the Director of Foundation Accounting to ensure that year-end adjustments are minimal. The Director of Foundation Accounting prepares the Foundation Financial Statements and notes timely so that the Executive Director of the Foundation and Fiscal Operations now reviews them to ensure completion and accuracy.

Additional personnel have also been hired to specifically perform the accounting duties of the university and to ensure the accuracy, proper classification, and disclosure of information presented in the financial statements and accompanying notes.

The accounting for transactions is being maintained monthly by the General Accounting staff; which has been staffed with experienced personnel. It is supervised by the Director of General Accounting to ensure that year-end adjustments are minimal. The General Accounting team prepares the university Financial Statements and notes timelier now so that the Director of General Accounting can review them to ensure completion and accuracy.

In addition, the Controller and the Vice President for Business and Finance review the final year-end financial statements and notes of the university and foundation to ensure completion and accuracy.

Management will continue to ensure staff preparing and/or reviewing the financial statements have the adequate knowledge of governmental accounting and reporting requirements to properly perform their responsibilities.

Finding 3 – As noted in the prior two audits, the university and the university foundation’s accounting records did not reconcile to the bank statements

Although the university does have written policies and procedures for preparing and reviewing bank reconciliations, these policies were not adequate. While current best practices recommend that bank reconciliations be prepared and reviewed within 30 calendar days after month’s end, TSU’s policy states that reconciliations should be prepared and completed within 60 days after month’s end. Even though TSU’s policy allows additional time, employees did not follow the policy.

University-Prepared Reconciliations

As noted in the prior two audits, business office personnel did not prepare and review bank reconciliations completely or timely. Instead of preparing a separate bank reconciliation for each bank account, university personnel prepared one monthly bank reconciliation that combined the information for the university’s operating account, the university’s payroll account, and the foundation’s operating account. Beginning with the month ended November 30, 2016, the Financial Analyst 3 began performing bank reconciliations that were deficient because he began adding unresolved reconciling items to the reconciliations.

In fiscal year 2019, we reviewed all 12 combined bank reconciliations and noted the following problems:

- Preparers did not indicate the date the reconciliations were performed.
- Reviewers did not indicate the date the reconciliations were reviewed.
- No month was fully reconciled as a difference ranging from (\$34,157.21) to \$53,292.63 was still remaining. As part of the unreconciled difference, each monthly reconciliation included an unresolved amount of either \$80,742.76 or \$80,752.76 with no further explanation. The June 30, 2019, reconciliation included unresolved items of (\$80,752.26) and an unreconciled balance of \$15,275.99.

External CPA Firm Reconciliation

In response to the prior audit finding, management stated that they would seek external personnel to assist with bringing the university’s bank reconciliations to a current and complete status. In fall 2020, TSU management contracted with a CPA firm to reconcile fiscal year 2019 bank statements. On December 30, 2020, we received one combined bank reconciliation for the university operating account, university payroll account, and foundation operating account for the entire fiscal year ended June 30, 2019. This reconciliation included unreconciled foundation deposits in the general ledger totaling \$1,086,768.77 and unreconciled foundation disbursements totaling \$201,495.18. The reconciliation also included unresolved reconciling items of \$187,535.32 for the university and \$(137,336.71) for the foundation. In addition, this reconciliation took into account the prior audit adjustment for due to foundation/due from university in the amount of \$1,092,329.92 that was not made by management. Management examined the reconciliations to determine the cause of the adjusting amounts that existed at fiscal year-end. As of March 15, 2021, roughly 28 months after June 30, 2019, management was able to reconcile \$970,258.70 of the unreconciled foundation deposits of \$1,086,768.77 and \$200,174.48 of the unreconciled foundation disbursements of \$201,495.18.

Recommendation - Each month, business office personnel should prepare and review separate bank account reconciliations for each bank statement, soon after receiving the bank statements but no later than 30 days after the end of the month. Bank reconciliation policies should be updated to require

reconciliations to be performed within 30 days. Once those policies are modified as needed, management should ensure TSU staff follow them consistently. Management should investigate the unresolved differences between cash per the bank and cash per the accounting records and determine what caused the differences. Management should then make necessary adjustments to the accounting records. Upon completion, management should forward the results of this examination to the Comptroller of the Treasury.

Management's Comment – We concur. Each month, business office personnel prepares and reviews separate bank reconciliations for each bank account. Currently bank reconciliations are performed within 10-60 days. We are refining the policy to complete reconciliations within 30 days, soon after receiving the bank statements but no later than 30 days after the end of the month. Management is investigating the unresolved differences between cash per bank and cash per the accounting records to determine the bases for the differences. Management is then making necessary adjustments to the accounting records.

Additional care has been taken to ensure that all banking transactions are recorded in the general ledger.

New staff members have been trained on how to properly and timely perform bank reconciliations. TSU staff members have undergone additional training to prepare and complete bank reconciliations in a timely manner. Staff from other areas of the university and/or temporary external personnel will be secured to assist with bringing the university's bank reconciliations to current and complete status if necessary.

Finding 4 – As noted in the prior two audits, university personnel did not perform adequate collection procedures for accounts receivable

Our review of Tennessee State University's accounts receivable collection procedures revealed two areas of concern:

- the university did not consistently perform timely collection procedures and collection agency assignments, and
- the university did not follow its written accounts receivable collection policy.

Recommendation - Management should ensure that staff perform collection efforts timely and that the tracking system maintains documentation of when collection letters are mailed. Management should provide oversight and review of the collection process to ensure each step is completed properly.

Management's Comment – We concur. The Associate Vice President for Financial Services worked with the Bursar's Office to write up-to-date policies and procedures for collection of accounts receivable. This updated policy was approved at the November 19, 2020, Tennessee State University Board of Trustees Meeting. The updated policy includes: 1) a schedule defining delinquent periods; 2) the timing of collection letters; 3) when an account should be considered in default; 4) a statement concerning when the account should be sent to a collection agency after the final collection letter has been sent and the debtor has not responded; and 5) a statement regarding the retention of collection records.

Members of the newly formed Executive Leadership Team of the Division of Business and Finance will work with Bursar's Office Staff to ensure that collection efforts are timely and to develop an efficient tracking system that maintains documentation of when collection letters are mailed. In addition, a dedicated position has been created as of August 2021 to focus primarily on collection of accounts receivable. This position will ensure that staff perform collection efforts timely, and that the tracking system maintains documentation of when collection letters are mailed. This position will meet with the Business and Finance Executive Staff monthly to ensure progress is made.

Finding 5 – Tennessee State University did not provide adequate internal controls in four areas, including one area reported for the sixth consecutive audit

Tennessee State University did not design and monitor effective internal controls in four areas. We found internal control deficiencies that were in violation of university policies or industry-accepted best practices. One of these four control deficiencies is repeated for the sixth time from a prior-year audit. While management did implement improved internal controls over this one area, the control did not consistently operate effectively during the audit period.

Ineffective implementation and operation of internal controls increases the likelihood of errors, data loss, and unauthorized access to university information. Pursuant to Standard 4.40 of the U.S. Government Accountability Office's *Government Auditing Standards*, we omitted details from this finding because they are confidential under the provisions of Section 10-7-504(i), *Tennessee Code Annotated*. We provided the university with detailed information regarding the specific conditions we identified, as well as the related criteria, causes, and our specific recommendations for improvement.

Recommendation - Management should ensure that these conditions are corrected by the prompt development and effective implementation of 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 when deficiencies occur.

Management's Comment – We concur. We have either corrected the issues or are in the process of correcting the issues brought to our attention.

Institution	For the Year Ended	Auditor's Opinion on Financial Statements	Report on Internal Control	Report on Compliance	Findings
Tennessee State University	June 30, 2020	Unmodified Opinion	Three findings were identified as material weaknesses and two findings were identified as significant deficiencies	No instances of noncompliance required to be reported	7

Finding 1 – TSU management allowed a breakdown of controls that has resulted in errors in the financial statements, inadequate daily operations, and deficiencies in oversight of federal programs

Based on the results of our financial statement audit for the year ended June 30, 2020, Tennessee State University (TSU) management has failed to correct control deficiencies related to the university's operations, reporting, and compliance and has allowed pervasive issues in TSU management's administration of the university, including the following:

- Management did not prepare timely financial statements.
- For the seventh consecutive audit, TSU management had not implemented adequate internal controls in one area. In addition, management did not implement adequate internal controls in two additional areas (see finding 7).
- For the sixth consecutive audit, TSU management did not have adequate procedures for preparing and reviewing the financial statements (see finding 2).
- For the fourth consecutive audit, the university's and the university foundation's accounting records did not reconcile to the bank statements (see finding 3).
- For the fourth consecutive audit, TSU management did not have adequate policies and procedures to collect accounts receivable (see finding 4).
- TSU did not return Title IV funds in compliance with federal regulations (see finding 5).
- The Financial Aid Office did not adequately reconcile its Direct Loan records to the Direct Loan Servicing System's records, as required by federal regulations, and did not resolve discrepancies timely (see finding 6).

TSU management is responsible for designing and implementing a system of internal control to ensure the university achieves its objectives, including operating effectively and efficiently; reporting accurate financial information; and complying with applicable federal laws, regulations, and grant agreements. TSU management must monitor the ongoing, daily operations and activities of the university and its staff. Management must prepare and fairly present the university's financial statements and the accompanying notes in accordance with accounting principles generally accepted in the United States of America. Because TSU is a recipient of federal grant awards, management must also ensure the university complies with the requirements and provisions of those federal awards. While ensuring the university achieves these objectives, TSU management must safeguard the assets of the university, including its financial and physical assets, as well as TSU's reputation and legacy, to ensure the ongoing

viability of the university and to reasonably ensure the university achieves its mission and strategic goals.

Due to TSU's extensive financial reporting complications, the audit of the year ended June 30, 2020, was issued less than two months after the audit of the year ended June 30, 2019, was originally issued. In response to the prior audit finding, management committed to meet future financial and audit deadlines. That commitment will be evaluated in future audits. Management also responded individually to the repeat findings dating back four to seven years. Those responses are included later in this report.

Recommendation - TSU management must take prompt corrective action to safeguard the university's legacy and future. As the steward of TSU's assets, including both physical assets and the university's reputation, TSU management must address identified deficiencies and correct pervasive issues. Management must develop adequate mechanisms to regularly assess and respond to known deficiencies. Upon failure to address and correct these deficiencies, management should hold itself and staff accountable. Management should ensure staff who are preparing and/or reviewing the financial statements have the adequate knowledge of accounting and reporting requirements to properly perform their responsibilities.

Management's Comment – We concur. As this finding is essentially a summary of the following findings, we refer you to our comments for findings 2-7. Additionally, the newly formed Executive Leadership Team of the Division of Business and Finance has established regular communication with members of the Tennessee Comptroller's office and is committed to meeting the financial and audit deadlines. Please see our responses to findings 2 through 7.

Reports developed in conjunction with our Office of Technology are currently being used to identify students who have withdrawn or stopped attending. These reports are reviewed weekly after census date each term, and the Return to Title IV calculation is performed for each student. These reports also help to identify and confirm if an enrolled student ever attended classes. (If it is determined the student never attended classes, this is not considered a Return of Title IV situation. For students in this category, all federal aid is cancelled.)

Beginning spring 2021, we will continue communicating monthly with the Tennessee State University Records Office and the Tennessee State University Financial Aid Office. Prior to the start of each term, the Assistant Vice President of Financial Aid confirms with the Registrar that any break of five or more days has been recorded in the Banner system by Records Office personnel and any changes in start and end dates for the terms have been made prior to the start of classes.

Effective July 1, 2021, procedures regarding drawdown of federal funds will be modified. Instead of drawing down 100% of funds available at the time, the university will leave a cushion of approximately 10% not drawn down. This will help ensure that the university maintains compliance with returning Title IV funds to the Department of Education (ED) in a timely manner. The need to initiate refunds to ED should be greatly diminished as there will always be a cushion of funds that have not been drawn down.

Effective April 1, 2021, within the first 10 days of each month, the Assistant Director of Loans will reconcile the university's Direct Loan records to the Direct Loan Servicing System's records for the prior month. The reconciliation will be prepared using instructions in the Federal Student Aid Handbook. The Assistant Director of Loans will ensure that the reconciliations are documented and complete. Any identified variances will be investigated and resolved at the time of reconciliation. The Assistant Vice President of Financial Aid will review the completed monthly reconciliations and verify the accuracy and completeness of the reconciliations.

The Director of Financial Aid (or designee) and a member of the Business Office will review each reconciliation each month and at award year-end to ensure accuracy and completeness. This reconciliation and review will be documented and maintained for audit purposes. The Financial Aid Office and the Business Office will develop policies and procedures for the reconciliation process.

Finding 2 – As noted in the prior five audits, management needs to improve procedures for preparing and reviewing financial statements

As noted in the prior five audits, Tennessee State University's procedures for preparing its financial statements and the accompanying notes to the financial statements were not adequate to ensure the accuracy, proper classification, and disclosure of information. In response to the most recent prior audit finding, management stated that they had hired additional personnel, including a Director of Foundation Accounting; made organizational structure changes; retained a CPA firm to assist with financial statements; and added more training for staff. Not enough time has elapsed to see the effect of these changes. In the years since we initially reported this finding, efforts to implement controls and training and to redefine staff duties have failed, and management continued to make reporting errors associated with the foundation.

Recommendation - As noted in the prior five audits, the new Vice President of Business and Finance should ensure improved communication and cooperation between all staff with accounting responsibilities and should ensure staff timely complete the information necessary to compile and review the financial statements and notes. The Vice President of Business and Finance should ensure all staff are properly trained and should institute procedures that ensure the accuracy, proper classification, and disclosure of information presented in the financial statements and the accompanying notes. These procedures should address the preparation of the financial statements and the notes, as well as the subsequent review process. Management should perform adequate reviews on the statements and the notes to mitigate the risk of errors. Management should ensure staff preparing and/or reviewing the financial statements have adequate knowledge of governmental accounting and reporting requirements to properly perform their responsibilities.

Management's Comment – We concur. Errors were made by inadequate personnel staff and that has been revamped with new staffing members with accounting experience and expertise. To ensure the specific errors documented in the audit finding do not recur, we are implementing necessary changes in processes and internal controls.

Additional personnel with the proper background in accounting and finance have been hired to specifically perform the accounting duties of the Foundation and to ensure the accuracy, proper classification, and disclosure of information presented in the financial statements and accompanying notes.

TSU management has undertaken several corrective measures to address Finding #1 and the related recommendations:

- **Staffing Changes.** To address the deficiencies and issues contained in the audit report, the Division of Business and Finance (Division) overtook significant staffing changes, including effectuating staff departures and the hiring of new personnel to ensure TSU has corrected understaffing issues, and have a professional and experienced team to implement and follow the policies, procedures, and actions required to address the deficiencies reflected in Finding #1.
- **Key Senior Personnel Hired.** The personnel changes and hires include the hiring of a new Vice President for Business and Finance, who is a CPA with extensive experience in managing financial services related staff in a state university system; the hiring of an experienced Controller with significant experience in the Tennessee Board of Regents system in managing

accounting functions (including bank reconciliations) and preparing financial statements; and the hiring of a new Director of Grants Accounting with several years of management and grants accounting experienced.

- Additional Personnel Hired/Personnel Changes. We have also hired a Director of Foundation Accounting and a Director of General Accounting and Financial Reporting. TSU also converted three Business and Finance positions to accountants and will be adding a fourth accountant by the end of fiscal year 21. Each accountant has been assigned specific duties that must be completed on a monthly basis.
- Organizational Structure Changes. The Division's organizational structure has been modified to create a Controller position. The Director of Foundation Accounting position now reports directly to the Controller.
- Retained CPA Firm. TSU retained the services of a reputable CPA firm to assist with preparation and submission of outstanding financial statements and bank reconciliations.
- Training. TSU personnel have solicited and received input on training information to upgrade the practices for Business and Finance financial related personnel. Business and Finance staff members completed trainings in several different areas, including the use of Banner and the running of various processes and reports. In addition, two staff members completed two days of government accounting and auditing training that was recommended by peer institutions. Additional trainings have occurred and are ongoing on accounting processes. In addition, TSU continues to use the services of a reputable CPA firm to assist with questions as processes are evaluated and updated.

The accounting for transactions is now being maintained monthly by the Director of Foundation Accounting to ensure that year-end adjustments are minimal. The Director of Foundation Accounting prepares the foundation financial statements and notes timely so that the Executive Director of the Foundation and Fiscal Operations now reviews them to ensure completion and accuracy.

Additional personnel have also been hired to specifically perform the accounting duties of the university and to ensure the accuracy, proper classification, and disclosure of information presented in the financial statements and accompanying notes.

The accounting for transactions is being maintained monthly by the General Accounting staff; which has been staffed with experienced personnel. It is supervised by the Director of General Accounting to ensure that year-end adjustments are minimal. The General Accounting team prepares the university financial statements and notes timelier now so that the Director of General Accounting can review them to ensure completion and accuracy.

In addition, the Controller and the Vice President for Business and Finance reviews the final yearend financial statements and notes of the university and foundation to ensure completion and accuracy.

Management will continue to ensure staff preparing and/or reviewing the financial statements have the adequate knowledge of governmental accounting and reporting requirements to properly perform their responsibilities.

Finding 3 – As noted in the prior three audits, the university's and the university foundation's accounting records did not reconcile to the bank statements

As noted in the prior three audits, Tennessee State University has written policies and procedures for completing bank reconciliations; however, they were not adequate. While current best practices recommend that management prepare and review bank reconciliations within 30 calendar days after month's end, TSU's policy states that reconciliations should be prepared and completed within 60 days after month's end. Even though TSU's policy allowed additional time, employees did not follow the policy. TSU Business Office personnel did not complete any monthly bank reconciliations for the fiscal year ended June 30, 2020.

External CPA Firm Reconciliation

In fall 2020, TSU management contracted with a CPA firm to reconcile fiscal year 2020 bank statements. On January 12, 2021, we received one combined bank reconciliation for the university operating account, university payroll account, and foundation operating account for the entire fiscal year ended June 30, 2020.

This reconciliation included unreconciled foundation deposits in the general ledger totaling \$1,064,738.60 and unreconciled foundation disbursements totaling \$220,275.23. The reconciliation also included unresolved reconciling items of \$368,182.24 for the university. In addition, this reconciliation took into account the prior-audit adjustments that had not been made by management. Management examined the reconciliations to determine the cause of the adjusting amounts that existed at fiscal year-end. As of February 17, 2021, roughly 7 months after June 30, 2020, management was able to reconcile \$820,924.49 of the unreconciled foundation deposits of \$1,064,738.60. Management's examination also uncovered additional unresolved reconciling items for the foundation of \$138,360.96.

Recommendation - Each month, Business Office personnel should prepare and review separate bank account reconciliations for each bank statement, soon after receiving the bank statements but no later than 30 days after the end of the month. Bank reconciliation policies should be updated to require TSU Business Office personnel to perform reconciliations within 30 days. Once those policies are modified as needed, management should ensure TSU staff follow them consistently and are properly trained to complete the reconciliations. Management should investigate the unresolved differences between cash per the bank and cash per the accounting records and determine whether fraud or error caused the differences. After making necessary adjustments to the accounting records, management should forward the results of this examination to the Comptroller of the Treasury.

Management's Comment – We concur. Each month, business office personnel prepares and reviews separate bank reconciliations for each bank account. Currently bank reconciliations are performed within 10-60 days. We are refining the policy to complete reconciliations within 30 days soon after receiving the bank statements but no later than 30 days after the end of the month. Management is investigating the unresolved differences between cash per bank and cash per the accounting records to determine the basis for the differences. Management is then making necessary adjustments to the accounting records.

Additional care has been taken to ensure that all banking transactions are recorded in the general ledger.

New staff members have been trained on how to properly and timely perform bank reconciliations. TSU staff members have undergone additional training to prepare and complete bank reconciliations in a timely manner. Staff from other areas of the university and/or temporary external personnel will be secured to assist with bringing the university's bank reconciliations to current and complete status if necessary.

Finding 4 – As noted in the prior three audits, university personnel did not perform adequate collection procedures for accounts receivable

Our review of Tennessee State University's accounts receivable collection procedures revealed that the university did not consistently perform timely collection procedures and collection agency assignments. As accounts receivable cannot be written off until the university has exhausted all collection efforts, accounts receivable reported in the notes may not accurately reflect the amount that the university expects to collect.

Recommendation - Management should ensure that policies are clear about what is expected of staff and that policies do not contain language that is in contrast to current practice. Management should also ensure that staff perform collection efforts timely and that the tracking system maintains

documentation of when staff sent billing and collection letters. Management should provide oversight and review of the collection process to ensure that staff complete each step properly. When the university has exhausted its collection efforts, management should submit the receivables for write-off. After the write-off of accounts receivable is approved, management should remove them from the accounting records, thus reducing the amount of gross receivables reported in the notes to the financial statements.

Management's Comment – We concur. The Associate Vice President for Financial Services worked with the Bursar's Office to write up-to-date policies and procedures for collection of accounts receivable. This updated policy was approved at the November 19, 2020, Tennessee State University Board of Trustees Meeting. The updated policy includes: 1) a schedule defining delinquent periods; 2) the timing of collection letters; 3) when an account should be considered in default; 4) a statement concerning when the account should be sent to a collection agency after the final collection letter has been sent and the debtor has not responded; and 5) a statement regarding the retention of collection records.

Members of the newly formed Executive Leadership Team of the Division of Business and Finance will work with Bursar's Office Staff to ensure that collection efforts are timely and to develop an efficient tracking system that maintains documentation of when collection letters are mailed. In addition, a dedicated position has been created as of August 2021 to focus primarily on collection of accounts receivable. This position will ensure that staff perform collection efforts timely, and that the tracking system maintains documentation of when collection letters are mailed. This position will meet with the Business and Finance Executive Staff monthly to ensure progress is made.

Finding 5 – Tennessee State University did not return Title IV funds in compliance with federal Regulations

We selected a sample of 11 students from a population of 120 Title IV aid recipients who officially or unofficially withdrew from classes at Tennessee State University during the 2019–2020 award year. When we reperformed the return of Title IV funds calculations, we found that the university did not perform its return of Title IV funds calculations in compliance with federal regulations for 6 of the 11 Title IV aid recipients tested (54.5%). Based on the high error rate for the original 11 students tested, we did not expand our testwork.

For 6 of 11 students tested, management made the following errors:

- 1) For the fall 2019 semester, the university did not exclude the fall break from the total number of calendar days in the period of enrollment and the number of calendar days completed; as a result, an additional eight class days were included in the calculation. Because the days in the semester were incorrectly calculated, the date on which the student had earned his or her financial aid was incorrect for the return of funds calculation. These errors resulted in the university returning more funds than required for three of the students tested.
- 2) When calculating summer term returns, the university incorrectly used the first day of the May term as the start of the summer term, regardless of which summer term the student attended. Because the days in the semester were incorrectly calculated, the date on which one student had earned financial aid was incorrect for the return of funds calculation. This error resulted in the university not returning enough required funds for one of the students tested.
- 3) The university did not calculate the return of funds for two students who did not attend class. This error resulted in the university not returning enough required funds for these two students.

In addition, for the three students discussed in items 2 and 3 above, Financial Aid personnel did not return Title IV funds to the Department of Education (ED) in a timely manner. After we brought these errors to management's attention, the institution stated that they had returned the funds for two of the three students on December 20, 2020. These funds were returned to ED over 489 days late. The funds

for the final student, who withdrew during the summer of 2020, have not been returned as of January 12, 2021.

Recommendation - The Registrar's Office and the Financial Aid Office should follow federal regulations. Although the Registrar's Office is responsible for entering the number of days, including breaks, in the period of enrollment into the Banner information system, the Financial Aid Office should verify that the Registrar's Office entered the information correctly. Management should ensure that the Financial Aid Office re-performs all return of Title IV funds calculations and makes necessary corrections to student and federal fund accounts for the 2019–2020 academic year. Management should ensure that the Registrar's Office communicates any status changes to the Financial Aid Office.

Management's Comment – Management concurs with the finding. To ensure that the university is in compliance with federal regulations regarding Title IV funds, the following actions will be taken:

- Necessary adjustments will be made to student accounts identified during the performance of the audit for differences not considered immaterial by auditors. Tennessee State University Office of Financial Aid staff will make the corrections by March 15, 2021.
- Reports developed in conjunction with our Office of Technology are currently being used to identify students who have withdrawn or stopped attending. These reports are reviewed weekly after census date each term, and the Return to Title IV calculation is performed for each student. These reports also help to identify and confirm if an enrolled student ever attended classes. (If it is determined the student never attended classes, this is not considered a Return of Title IV situation. For students in this category, all federal aid is cancelled.)
- Beginning spring 2021, we will continue to remove aid for students identified as having never attended. Notification will be made to the Records Office and the Bursars Offices. The Records Office is responsible for the removal of any classes for which the student was enrolled but never attended. Further, Records Office will update Clearinghouse regarding student's enrollment status. The Bursar's Office staff will determine whether the student owes any funds back to the university. If there is a balance owed, the Records Office will not remove enrolled classes until the student returns any outstanding funds.
- Beginning spring 2021, we will continue communicating monthly with the Tennessee State University Records Office and the Tennessee State University Financial Aid Office. Prior to the start of each term, the Assistant Vice President of Financial Aid confirms with the Registrar that any break of five or more days has been recorded in the Banner system by Records Office personnel and any changes in start and end dates for the terms have been made prior to the start of classes.
- Effective July 1, 2021, procedures regarding drawdown of federal funds will be modified. Instead of drawing down 100% of funds available at the time, the University will leave a cushion of approximately 10% not drawn down. This will help ensure that the University maintains compliance with returning Title IV funds to the Department of Education (ED) in a timely manner. The need to initiate refunds to ED should be greatly diminished as there will always be a cushion of funds that have not been drawn down.

Finding 6 – The Financial Aid Office did not adequately reconcile its Direct Loan records to the Direct Loan Servicing System's records, as required by federal regulations, and did not resolve discrepancies timely

The United States Department of Education (ED) requires a mandatory Direct Loan reconciliation be performed monthly. The reconciliation should compare Direct Loan data between the school's financial aid office and business office, and between school data, ED's Common Origination and Disbursement (COD) System, and ED's Grants Management (G5) System. The Financial Aid Office at Tennessee State University did not properly reconcile and document the university's Direct Loan financial records with the federal Direct Loan Servicing System. The Financial Aid Office did perform informal monthly reconciliations for August and September. After noting a large discrepancy in

October 2019, however, they prepared an informal aggregated reconciliation for the remaining academic year. As of January 14, 2021, the Financial Aid Office has not been able to resolve all discrepancies from the academic year.

Recommendation - The Director of Financial Aid should ensure that the required monthly reconciliations are prepared based on instructions in the *Federal Student Aid Handbook* and yearly training documents. If any items on the School Account Statement do not agree to the institution's financial records, Financial Aid staff should investigate and resolve these differences in a timely manner. In addition, the Director of Financial Aid should ensure that reconciliations are documented. The Director of Financial Aid and a member of the Business Office should review the reconciliation each month and at award year-end to ensure accuracy and completeness. The Financial Aid Office and the Business Office should develop policies and procedures for the reconciliation process.

Management's Comment – Management concurs with the finding. Effective April 1, 2021, within the first 10 days of each month, the Assistant Director of Loans will reconcile the university's Direct Loan records to the Direct Loan Servicing System's records for the prior month. The reconciliation will be prepared using instructions in the *Federal Student Aid Handbook*. The Assistant Director of Loans will ensure that the reconciliations are documented and complete. Any identified variances will be investigated and resolved at the time of reconciliation. The Assistant Vice President of Financial Aid will review the completed monthly reconciliations and verify the accuracy and completeness of the reconciliations.

The Director of Financial Aid (or designee) and a member of the Business Office will review each reconciliation each month and at award year-end to ensure accuracy and completeness. This reconciliation and review will be documented and maintained for audit purposes. The Financial Aid Office and the Business Office will develop policies and procedures for the reconciliation process.

Finding 7 – Tennessee State University did not provide adequate internal controls in three areas, including one area reported for the seventh consecutive audit

Tennessee State University did not design and monitor effective internal controls in three areas. We found internal control deficiencies that violated university policies or industry-accepted best practices. Two of these three control deficiencies are repeated for the first time from a prior-year audit, while the remaining one is repeated for the seventh time. While management did implement improved internal controls over this one area, the control did not consistently operate effectively during the audit period. Ineffective design and implementation of internal controls increase the likelihood of errors and unauthorized access to university information. Pursuant to Standard 4.40 of the U.S. Government Accountability Office's *Government Auditing Standards*, we omitted details from this finding because they are confidential under the provisions of Section 10-7-504(i), *Tennessee Code Annotated*. We provided the university with detailed information regarding the specific conditions we identified, as well as the related criteria, causes, and our specific recommendations for improvement.

Recommendation - The President should ensure that management across the university's various departments thoroughly evaluate the details of this finding and collaborate to correct these conditions by promptly developing and effectively implementing internal controls in these areas. Management should implement effective controls to address the risks noted in this finding, update the risk assessment as necessary, and take action if deficiencies occur. As part of this process, management should assign staff to continually monitor risks and assess mitigating controls.

Management's Comment – We concur. We have either corrected the issues or are in the process of correcting the issues brought to our attention.

BOARD TRANSMITTAL

MEETING: Committee on Audit

SUBJECT: Review of Revisions to Fiscal Year 2022 Audit Plans

DATE: November 16, 2021

PRESENTER: Mike Batson

ACTION REQUIRED: Roll-Call 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 2021 to September 2021 is attached, followed by the revised plan for each of the audit offices.

**Tennessee Board of Regents
Summary of Revisions
Fiscal Year 2022 Audit Plans**

Overview of Significant Revisions: Below are revisions to the audit plans created in July 2021, reflecting changes which occurred from July 1, 2021, to September 30, 2021*. 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, 2021
PSCC	Removed PSCAS Server Vulnerability Assessment due to server removal.
TBR-INV	Added INV TBR-22-01, Added STCC-President's Expense Audit, Added Application Data Review

*DSCC revised audit plan is included by the Office of System-wide Internal Audit with no actual hours or statuses due to extenuating circumstances.

Chattanooga State Community College
Internal Audit Plan
Fiscal Year Ending June 30, 2022
Revised October 2021

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	C	Management Advisory Services	5.0	Jul-21	100.0	100.0	0.0	0%		26.5	73.5		In Process
FM	F	State Audit Assist/Follow-up	5.0	Jul-21	75.0	75.0	0.0	0%		3.5	71.5		In Process
IS	F	Follow up Reviews	5.0	Jul-21	75.0	75.0	0.0	0%		16.0	59.0		In Process
IS	I	Unscheduled Investigations	5.0	Jul-21	100.0	100.0	0.0	0%		0.0	100.0		Scheduled
IS	I	Developing Investigations-Assist TBR	5.0	Jul-21	20.0	20.0	0.0	0%		2.0	18.0		In Process
IS	I	INV-2020-02	5.0	Jan-20	25.0	25.0	0.0	0%		12.5	12.5		In Process
IS	M	Enterprise Risk Assessment	5.0	Nov-21	35.0	35.0	0.0	0%		0.0	35.0		Scheduled
FM	S	YE Procedures FYE 2021	5.0	Jun-21	10.0	10.0	0.0	0%		10.0	0.0	Jul-21	Completed
FM	S	YE Procedures FYE 2022	5.0	Jun-22	15.0	15.0	0.0	0%		0.0	15.0		Scheduled
SS	R	CCTA Element Audit	5.0	May-22	100.0	100.0	0.0	0%		0.0	100.0		Scheduled
FM	R	Cares Act	5.0	Mar-22	125.0	125.0	0.0	0%		0.0	125.0		Scheduled
IT	S	IAR-NACHA-2021	5.0	Aug-21	70.0	70.0	0.0	0%		20.0	50.0		In Process
IA	S	Faculty Credentials	5.0	Nov-21	50.0	50.0	0.0	0%		2.0	48.0		In Process
FM	A	Procurement Card Purchases	3.4	May-21	25.0	25.0	0.0	0%		25.0	0.0	Aug-21	Completed
IT	A	Technology Access Fee (TAF Fund)	3.3	Feb-22	100.0	100.0	0.0	0%		0.0	100.0		Scheduled
PP	A	Campus Safety Equipment Inventory	3.1	Dec-21	75.0	75.0	0.0	0%		15.0	60.0		In Process
Total Planned Audit Hours:					1000.0	1000.0	0.0			132.5	867.5		

Estimated Available Audit Hours = 1000.0

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

Cleveland State Community College
Internal Audit Plan
Fiscal Year Ending June 30, 2022
Revised October 2021

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	NACHA 2022	5.0	Apr-22	75.0	75.0	0.0	0%			75.0		Scheduled
IA	R	CCTA	5.0	May-22	150.0	150.0	0.0	0%			150.0		Scheduled
FM	R	Cares ACT	5.0	May-22	175.0	175.0	0.0	0%			175.0		Scheduled
Total Planned Audit Hours:					400.0	400.0	0.0				0.0	400.0	

Estimated Available Audit Hours = 400.0

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

Columbia State Community College
Internal Audit Plan
Fiscal Year Ending June 30, 2022
Revised October 2021

							Revised to Original		Planned to Actual				
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
FM	R	State Audit Year End Work	5.0	PY	7.5	5.5	-2.0	-27%		5.5	0.0	Aug-21	Completed
FM	R	State Audit Year End Work	5.0	May-22	22.5	15.0	-7.5	-33%			15.0		
FM	R	CARES Act Review	5.0	Apr-21	150.0	114.5	-35.5	-24%			114.5		
FM	R	Complete College Tennessee Act - Progression	5.0	Oct-21	150.0	150.0	0.0	0%		23.3	126.8		In Progress
FM	R	Complete College Tennessee Act - Element	5.0	Feb-22	150.0	140.0	-10.0	-7%			140.0		
IT	F	GLBA Outcome Follow-up	5.0	Oct-21	37.5	37.5	0.0	0%			37.5		
IA	F	WF/CE IA Engagement Follow-up	5.0	Jan-22	37.5	37.5	0.0	0%			37.5		
SS	F	Financial Aid IA Engagement FU	5.0	Sep-21	22.5	22.5	0.0	0%			22.5		
FM	M	Review Management's Risk Assessment	5.0	Nov-20	22.5	22.5	0.0	0%			22.5		
IS	C	Privacy Policy & Language Compliance Check	4.0	Sep-21	37.5	37.5	0.0	0%			37.5		
SS	C	DoD MOU Compliance Check	3.3	Aug-21	22.5	22.5	0.0	0%		6.8	15.8		In Progress
SS	C	PPA Compliance Check	3.3	Aug-21	22.5	22.5	0.0	0%		10.3	12.3		In Progress
SS	C	Business Process Review: Records	3.3	Oct-21	75.0	75.0	0.0	0%			75.0		
IS	C	Records Retention	2.2	Aug-21	75.0	75.0	0.0	0%			75.0		
IS	F	Engagement Follow-up/Monitoring	1.4	Aug-21	22.5	22.5	0.0	0%			22.5		
IS	P	IA Data Analytics	1.4	May-20	120.0	120.0	0.0	0%			120.0		
AT	C	Title IX Gender Equity Assessment	0.0	PY	22.5	60.0	37.5	167%	2	59.0	1.0		In Progress
IS	C	Informal Consulting	0.0	Jul-21	52.5	70.0	17.5	33%	1	62.7	7.3		In Progress
Total Planned Audit Hours:					1050.0	1050.0	0.0			167.5	882.6		
Estimated Available Audit Hours =					1050.0								

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

Footnotes:

1- Value-Added Service (Virtual Advising)
 2- Project Close-out

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

Dyersburg State Community College
Internal Audit Plan
Fiscal Year Ending June 30, 2022
Revised October 2021

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	F	Follow-up to State Audit		Feb-22	40.00	40.00	0.0	0%	1		40.0		
FM	R	Year End Bank Confirmations		Jun-22	30.00	30.00	0.0	0%	1		30.0		
IS	P	PII Review		Jul-21	60.00	60.00	0.0	0%	1		60.0		
IS	C	General Consultation		Jul-21	75.00	75.00	0.0	0%	1		75.0		
IS	A	Human Resources		Aug-21	50.00	50.00	0.0	0%	1		50.0		
FM	A	Cash Handling		Sep-21	40.00	40.00	0.0	0%	1		40.0		
FM	R	ChSCC President's Expense Audit		Oct-21	140.00	140.00	0.0	0%	1		140.0		
AT	A	Athletic Camps, Clinics and Fundraising		Dec-21	60.00	60.00	0.0	0%	1		60.0		
IS	M	Risk Assessment		Oct-21	60.00	60.00	0.0	0%	1		60.0		
IS	F	Follow-up Audits		Jul-21	75.00	75.00	0.0	0%	1		75.0		
FM	A	Records Mgmt and Retention		Apr-22	80.00	80.00	0.0	0%	1		80.0		
IS	I	Unscheduled Investigations		Jul-21	75.00	75.00	0.0	0%	1		75.0		
SS	R	CCTA		Jun-21	145.00	145.00	0.0	0%	1		145.0		
SS	R	CARES Act		May-22	120.00	120.00	0.0	0%	1		120.0		

Total Planned Audit Hours: 1050.0 1050.0 0.0 0.0 1050.0

Estimated Available Audit Hours = 1050.0

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- Revised Audit Plan included by TBR System -wide Internal Audit Office with no actual hours or statuses due to extenuating circumstances.

Jackson State Community College
Internal Audit Plan
Fiscal Year Ending June 30, 2022
Revised October 2021

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	R	CCTA Element Audit- Completion		In Progress	50.0	50.0	0.0	0%		20.0	30.0		In Progress
IS	R	CARES Act		February 2022	200.0	200.0	0.0	0%			200.0		Scheduled
IA	R	CCTA Element Audit		January 2022	150.0	150.0	0.0	0%			150.0		Scheduled
FM	F	Payroll Follow up		January 2022	100.0	100.0	0.0	0%			100.0		Scheduled
IA	F	Workforce Development Follow up		In Progress	75.0	80.5	5.5	7%		80.5	0.0	8/31/2021	Completed
SS	F	Inv 18-03 Follow up		September 2021	75.0	75.0	0.0	0%		6.5	68.5		In Progress
AT	F	Inv 19-01 Follow up		In Progress	75.0	75.0	0.0	0%			75.0		In Progress
AD	F	Foundation Follow up		October 2021	95.0	95.0	0.0	0%		33.0	62.0		In Progress
IA	F	CCTA Element Audit -Completion Follow up		January 2022	55.0	49.5	-5.5	-10%			49.5		Scheduled
IS	M	Risk Assessment		December 2021	40.0	40.0	0.0	0%			40.0		Scheduled
IS	M	Business Continuity Plan and Risk Assessments (IT and Financial Aid)		In Progress	150.0	150.0	0.0	0%		138.5	11.5		In Progress
FM	R	Year-end Procedures		July 2022	40.0	40.0	0.0	0%		37.0	3.0		Scheduled
IS	C	General Consultation		As needed	45.0	45.0	0.0	0%		15.5	29.5		Scheduled
IS	I	Unscheduled Investigations and Special Requests		As needed	50.0	50.0	0.0	0%			50.0		Scheduled
Total Planned Audit Hours:					1200.0	1200.0	0.0			331.0	869.0		

Estimated Available Audit Hours = 1200

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

Motlow State Community College
Internal Audit Plan
Fiscal Year Ending June 30, 2022
Revised October 2021

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	A	Procurement Card/Continuous Monitoring	4.8	Jan-22	150.0	150.0	0.0	0%		150.0		Scheduled	
FM	A	Equipment/Inventory Management	4.8	Feb-22	50.0	40.0	-10.0	-20%		40.0		Scheduled	
AT	A	Athletics	4.7	Feb-22	50.0	50.0	0.0	0%		50.0		Scheduled	
SS	A	Admissions & Records	4.7	Jan-22	60.0	60.0	0.0	0%		60.0		Scheduled	
FM	R	CARES Funding		Jan-22	100.0	100.0	0.0	0%		100.0		Scheduled	
IS	R	CCTA Completion		Jul-21	30.0	40.0	10.0	33%		19.6	20.4	In Progress	
IS	R	CCTA Element Audit		Apr-22	75.0	75.0	0.0	0%		75.0		Scheduled	
IA	S	Faculty Credentials		Mar-22	100.0	100.0	0.0	0%		100.0		Scheduled	
FM	R	President's Expense Review (TBR)		Aug-21	75.0	75.0	0.0	0%		34.3	40.7	In Progress	
FM	S	President's Expense Review (MSCC)		Nov-21	40.0	40.0	0.0	0%		40.0		Scheduled	
IA	M	Risk Assessment		Nov-21	30.0	20.0	-10.0	-33%		2.5	17.5	In Progress	
IA	F	Follow Up Workforce Development		Jul-21	30.0	30.0	0.0	0%		10.8	19.2	In Progress	
AT	F	Follow Up INV 1604		Feb-22	30.0	30.0	0.0	0%		30.0		Scheduled	
SS	F	Follow Up INV 1801		Jul-21	30.0	30.0	0.0	0%		1.5	28.5	In Progress	
AT	F	Follow Up INV 1802		Jul-21	20.0	20.0	0.0	0%		20.0		In Progress	
FM	F	Follow Up Access and Diversity		Sep-21	50.0	50.0	0.0	0%		3.0	47.0	In Progress	
FM	C	General Consultation		Jul-21	60.0	60.0	0.0	0%		24.0	36.0	In Progress	
FM	R	State Audit Assistance - Yr End		Jul-21	20.0	20.0	0.0	0%		1.5	18.5	In Progress	
IS	I	Unscheduled Investigations		Jul-21	50.0	50.0	0.0	0%		37.1	12.9	In Progress	
FM	R	Other Internal Audit Follow Up		Jul-21	0.0	10.0	10.0	100%		2.5	7.5	In Progress	
IS	P	Quality Assurance Self Assessment		Jul-21	0.0	0.0	0.0	0%		6.5	-6.5	Jul-21 Completed	

Total Planned Audit Hours: 1050.0 1050.0 0.0 143.3 906.7

Estimated Available Audit Hours = 1050.0

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

Nashville State Community College
Internal Audit Plan
Fiscal Year Ending June 30, 2022
Revised October 2021

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	R	President's Expense Audit - VSCC	3.3	Sep-21	75.0	75.0	0.0	0%		30.0	45.0		In Progress
FM	R	CARES Act	3.7	Mar-22	100.0	100.0	0.0	0%		0.0	100.0		Scheduled
IA	R	CCTA Element (Completion)	3.9	Jul-21	37.5	37.5	0.0	0%		37.5	0.0	Sep-21	Completed
IS	A	Police Department	3.8	Oct-21	100.0	100.0	0.0	0%		0.0	100.0		Scheduled
FM	A	Travel	3.4	Aug-21	100.0	100.0	0.0	0%		15.0	85.0		In Progress
FM	A	Purchase Card / Procurement	3.4	Apr-22	112.5	112.5	0.0	0%		0.0	112.5		Scheduled
FM	A	Cash Collection	3.3	May-22	100.0	100.0	0.0	0%		0.0	100.0		Scheduled
IS	C	Consulting Activities (Grant Policies and Procedures)	3.4	Jan-22	100.0	100.0	0.0	0%		0.0	100.0		Scheduled
AD	F	Foundation Audit Follow Up	3.0	Jul-21	37.5	37.5	0.0	0%		5.0	32.5		In Progress
IS	R	CCTA Element	3.7	Feb-22	112.5	112.5	0.0	0%		0.0	112.5		Scheduled
IS	C	Consulting Activities (Other)	3.0	As Needed	75.0	75.0	0.0	0%		15.0	60.0		In Progress
IS	F	Physical Security / Campus Safety Follow Up	4.3	Nov-21	100.0	100.0	0.0	0%		0.0	100.0		Scheduled
Total Planned Audit Hours:					1050.0	1050.0	0.0			102.5	947.5		
Estimated Available Audit Hours = 1050													

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

Northeast State Community College
Internal Audit Plan
Fiscal Year Ending June 30, 2022
Revised October 2021

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	R	CARES Act Funding Audit	5.0	Jan-21	75.0	75.0	0.0	0%			75.0		Scheduled
FM	R	Single Audit Follow-Up	5.0	Jul-21	100.0	100.0	0.0	0%		99.5	0.5	9/9/2021	Completed
IS	S	Gramm Leach Bliley Act Program	5.0	Jul-21	40.0	40.0	0.0	0%		18.5	21.5		In Progress
FM	A	NorCard Procurement Cards	5.0	Sep-21	40.0	40.0	0.0	0%		3.0	37.0		In Progress
IS	S	HEERF Round 1	5.0	Oct-21	100.0	100.0	0.0	0%		45.0	55.0		In Progress
IT	S	HEERF Round 2	5.0	Feb-21	100.0	100.0	0.0	0%			100.0		Scheduled
FM	S	HEERF Round 3	5.0	Apr-21	100.0	100.0	0.0	0%			100.0		Scheduled
SS	R	Complete College Tennessee Act Element	5.0	Jan-21	100.0	100.0	0.0	0%			100.0		Scheduled
IS	I	Developing Investigations-Assist TBR	5.0	Jul-21	30.0	30.0	0.0	0%		2.0	28.0		In Progress
IS	I	Unscheduled Investigations	5.0	Jul-21	50.0	50.0	0.0	0%			50.0		Scheduled
FM	R	State Audit Assistance - Year End	5.0	Jun-22	30.0	30.0	0.0	0%		4.5	25.5		In Progress
IS	S	Special Requests and Projects	5.0	Jul-21	100.0	100.0	0.0	0%		2.0	98.0		In Progress
IS	F	Other Audit Follow-Up	5.0	Jul-21	50.0	50.0	0.0	0%		7.0	43.0		In Progress
IS	M	Risk Assessment	5.0	Oct-21	35.0	35.0	0.0	0%			35.0		Scheduled
IS	C	Management Advisory Services	5.0	Jul-21	100.0	100.0	0.0	0%		61.5	38.5		In Progress

Total Planned Audit Hours: 1050.0 1050.0 0.0 243.0 807.0

Estimated Available Audit Hours = 1050.0

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

Pellissippi State Community College
Internal Audit Plan
Fiscal Year Ending June 30, 2022
Revised October 2021

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	R	Cares Act Funding	5.0	Jan-22	225.0	225.0	0.0	0%		0.0	225.0		Scheduled
FM	R	Year End Inventory & Cash Counts	5.0	Jul-21	15.0	37.5	22.5	150%		20.0	17.5		In Progress
IS	R	Funding Formula - Progression	5.0	Mar-22	112.5	112.5	0.0	0%		0.0	112.5		Scheduled
FM	F	Audit Follow-Ups	5.0	Feb-22	37.5	37.5	0.0	0%		0.0	37.5		Scheduled
IS	M	Risk Assessment (including Financial Aid)	5.0	Nov-21	37.5	37.5	0.0	0%		0.0	37.5		Scheduled
IA	S	Faculty Credentials	5.0	Oct-21	105.0	105.0	0.0	0%		3.0	102.0		In Progress
IA	S	Review of Compliance Assist	5.0	Dec-21	37.5	37.5	0.0	0%		0.0	37.5		Scheduled
AD	C	Advancement Management Advisory Services, Consultation, etc.	5.0	Jul-21	52.5	52.5	0.0	0%		15.0	37.5		In Progress
FM	C	Finance Management Advisory Services, Consultation, etc.	5.0	Jul-21	37.5	37.5	0.0	0%		10.5	27.0		In Progress
IS	C	Institutional Support Management Advisory Services, Consultation, etc. (includes Covid-19 and SACSCOC MAS)	5.0	Jul-21	150.0	225.0	75.0	50%	1	96.0	129.0		In Progress
IS	I	Unscheduled Investigations and Special Requests	5.0	Jul-21	45.0	45.0	0.0	0%		0.0	45.0		Scheduled
IT	C	IT Audit Management Advisory Service - Phishing Campaign & Building Security Review	5.0	Jul-21	195.0	225.0	30.0	15%		0.0	225.0		Scheduled
IT	C	IT Audit Management Advisory Service - General Review	5.0	Jul-21	165.0	200.0	35.0	21%		34.0	166.0		In Progress
IT	C	IT Audit Management Advisory Service - PCI & ACH Review	5.0	Jul-21	120.0	120.0	0.0	0%		28.0	92.0		In Progress
IS	I	Investigation - Referral from Equity and Compliance of issues related to Campus Police	5.0	Sep-21	0.0	30.0	30.0	100%		11.0	19.0		In Progress
IT	A	Vulnerability Assessment - Banner Server	4.0	Jul-21	187.5	37.5	-150.0	-80%	2	32.0	5.5	Aug-21	Completed
IT	A	Vulnerability Assessment - PS3 (Employee File Share Server)	3.9	Sep-21	187.5	240.0	52.5	28%	3	223.5	16.5	Sep-21	Completed
FM	A	Technology Access Fee	3.7	Aug-21	150.0	150.0	0.0	0%		49.5	100.5		In Progress
IT	A	Computer Center - Disaster Recovery	3.5	Dec-21	150.0	150.0	0.0	0%		0.0	150.0		Scheduled
IT	A	Vulnerability Assessment - password.pstec.edu.server	3.4	Feb-22	187.5	187.5	0.0	0%		0.0	187.5		Scheduled
IT	A	Vulnerability Assessment - pscas.pstec.edu.server	3.4	Apr-22	187.5	15.0	-172.5	-92%	4	11.5	3.5		Removed
Total Planned Audit Hours:					2385.0	2307.5	-77.5			534.0	1773.5		

Estimated Available Audit Hours = 0.0

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 - Original budget did not include hours for the SACSCOC visit. At the request of the President internal audit provided assistance to the visiting team for the days they were in town.
FN2 - When the initial scan was performed of this server numerous problems were encountered. Because of this a discussion was held with the Director of Network and Technical Services who thought that this server had been shut down when the college migrated to Azure. Apparently that did not occur but the server was shut down by the college the day after the Director of Internal Audit discussed this issue with the Director of Network and Technical Services. For this reason an official audit was not completed but appropriate information was provided by audit to the Vice President of Information Services as well as the President.
FN3 - During the course of the vulnerability assessment of the employee file share server the issue of sensitive content (PII) being maintained on these servers was raised by the Director of Network and Technical Services. Because of this additional hours which did not specifically related to the vulnerability assessment were charged to this audit that were not directly related to the actual vulnerability assessment audit.
FN4 - When the initial scan was performed of this server numerous problems were encountered. Because of this a discussion was held with the Director of Network and Technical Services who stated that this server was in the process of being shut down and removed from services. Due to this fact the audit was removed from the audit plan even though a small amount of audit time had already been spent on the review.

**Roane State Community College
Internal Audit Plan
Fiscal Year Ending June 30, 2022
Revised October 2021**

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	R	CCTA	5.0	Jan-22	75.0	75.0	0.0	0%		75.0		Scheduled	
FM	R	Year End Cash Counts	5.0	May-22	45.0	45.0	0.0	0%		45.0		Scheduled	
IS	M	Enterprise Risk Assessment	5.0	Aug-21	75.0	75.0	0.0	0%		17.8	57.3	In Progress	
FM	A	Grants	3.6	Aug-21	75.0	75.0	0.0	0%		18.3	56.8	In Progress	
FM	R	CARES Act	5.0	Jan-22	75.0	75.0	0.0	0%		75.0		Scheduled	
IS	A	Sick Leave Bank	3.5	Jul-21	50.0	50.0	0.0	0%		9.5	40.5	In Progress	
FM	F	State Audit Follow-up	5.0	Jul-21	75.0	75.0	0.0	0%		8.0	67.0	In Progress	
FM	F	IAR Audit Follow-up	5.0	Jul-21	75.0	75.0	0.0	0%		12.0	63.0	In Progress	
FM	I	Unscheduled Investigations	5.0	Jul-21	90.0	90.0	0.0	0%		14.5	75.5	In Progress	
IS	C	Management Advisory Services	5.0	Jul-21	142.5	142.5	0.0	0%		10.3	132.3	In Progress	
AX	S	Foundation - Restricted Funds	4.7	Jul-21	75.0	75.0	0.0	0%		17.8	57.3	In Progress	
IA	S	Nursing Program Review	4.4	Jul-21	75.0	75.0	0.0	0%		35.8	39.3	In Progress	
IA	R	Police/Safety Equipment Inventory	3.1	Jul-21	22.5	22.5	0.0	0%		14.5	8.0	In Progress	
FM	A	Equipment Inventory & Tagging	3.7	Jan-22	65.0	65.0	0.0	0%		65.0		Scheduled	
IS	R	Campus Safety & Security	5.0	Jul-21	10.0	10.0	0.0	0%		3.0	7.0	In Progress	
AD	R	CCTA - Graduation	5.0	Jul-21	25.0	25.0	0.0	0%		7.5	17.5	In Progress	

Total Planned Audit Hours: 1050.0 1050.0 0.0 168.8 881.3

Estimated Available Audit Hours = 1050.0

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

Southwest Tennessee Community College
Internal Audit Plan
Fiscal Year Ending June 30, 2022
Revised October 2021

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	A	IAR-Cash Count		Jun-22	55.5	55.5	0.0	0%			55.5		Scheduled
SS	S	Out of State tuition		Jan-22	76.5	76.5	0.0	0%			76.5		Scheduled
FM	F	FU-Account Payable Vendor		Feb-22	37.5	37.5	0.0	0%			37.5		Scheduled
IS	F	Fu-Campus Safety Audit		Jun-22	55.5	55.5	0.0	0%			55.5		Scheduled
FM	S	Review of Driver License		Aug-21	55.5	55.5	0.0	0%			55.5		Scheduled
FM	F	FU-Whitehaven Federal Work Study		Apr-22	37.5	37.5	0.0	0%			37.5		Scheduled
FM	S	FU Review of Ghost Employee		Dec-21	37.5	37.5	0.0	0%			37.5		Scheduled
FM	E	Inv 20-3 Investigation of Clubs		Jul-21	52.5	52.5	0.0	0%		37.0	15.5		In-Progress
IT	F	FU-State Audit		Nov-21	37.5	37.5	0.0	0%		12.5	25.0	18-Aug	Completed
IS	A	IAR-Risk Management		Sep-21	30.0	30.0	0.0	0%			30.0		In-Progress
IS	F	FU-Internal Audit Follow Up		Jul-21	40.5	40.5	0.0	0%		21.0	19.5		In-Progress
SS	C	IAR-General Consultant		Jul-21	67.5	67.5	0.0	0%		4.5	63.0		In-Progress
FM	I	Unscheduled Investigation		Jul-21	67.5	67.5	0.0	0%			67.5		In-Progress
FM	P	ACM-software		Jul-22	60.0	60.0	0.0	0%		28.5	31.5		In-Progress
FM	I	Inv 20/4 Investigation of Cafeteria		Oct-21	24.0	24.0	0.0	0%			24.0		Scheduled
PP	I	Inv 20-1 Investigation Employee Overpaid		Jun-22	30.0	30.0	0.0	0%		24.0	6.0	30-Jul	Completed
IA	P	Review of Radiology Acceptance		Jun-22	97.5	97.5	0.0	0%		64.5	33.0		In-Progress
SS	R	CCTA		Jun-22	87.5	87.5	0.0	0%			87.5		Scheduled
FM	R	Cares		Jun-22	97.5	97.5	0.0	0%			97.5		Scheduled

Total Planned Audit Hours: 1047.5 1047.5 0.0 192.0 855.5

Estimated Available Audit Hours = 1047.50

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
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

Volunteer State Community College
Internal Audit Plan
Fiscal Year Ending June 30, 2022
Revised October 2021

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	CCTA Completion Element	5.0	May-21	100.0	100.0	0.0	0%		88.5	11.5	Aug-21	Completed
FM	P	ProCard Review - Science Department	4.2	Aug-21	100.0	100.0	0.0	0%		91.0	9.0		In Progress
FM	A	Cash Receipts	4.5	Oct-21	175.0	175.0	0.0	0%		0.0	175.0		Scheduled
IS	M	Management Risk Assessment	5.0	Oct-21	100.0	100.0	0.0	0%		0.0	100.0		Scheduled
IS	R	CARES Act	5.0	Jan-22	175.0	175.0	0.0	0%		0.0	175.0		Scheduled
SS	R	CCTA Funding Formula Outcomes	8.1	Apr-22	175.0	175.0	0.0	0%		0.0	175.0		Scheduled
FM	R	State Audit Year-End Work	5.0	Jun-22	40.0	40.0	0.0	0%		0.0	40.0		Scheduled
IS	P	IIA QAR Self-Assessment	5.0	Jul-21	30.0	30.0	0.0	0%		0.0	30.0		Scheduled
IS	F	Follow-Up Activities	5.0	Jul-21	40.0	40.0	0.0	0%		0.0	40.0		Scheduled
IS	C	General Consultation	5.0	Jul-21	100.0	100.0	0.0	0%		6.5	93.5		In Progress
IS	I	Unscheduled Investigations	5.0	Jul-21	40.0	40.0	0.0	0%		0.0	40.0		Scheduled
Total Planned Audit Hours:					1075.0	1075.0	0.0			186.0	889.0		

Estimated Available Audit Hours = 1075.0

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

**Walters State Community College
Internal Audit Plan
Fiscal Year Ending June 30, 2022
Revised October 2021**

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	C	Management Advisory Services/Consulting	5.0	Jul-21	150.0	150.0	0.0	0%		89.0	61.0		In Progress
FM	F	State Audit Assist/Follow-up	5.0	Oct-21	12.0	12.0	0.0	0%		0.0	12.0		Scheduled
IS	R	IAR-CARES Act Review 2021	5.0	Feb-22	40.0	40.0	0.0	0%		0.0	40.0		Scheduled
IS	R	WSSC Risk Assessment T/B/A	5.0	May-22	22.5	22.5	0.0	0%		0.0	22.5		Scheduled
M	R	WSSC Enterprise-wide Risk Assessment	5.0	May-22	22.5	22.5	0.0	0%		0.0	22.5		Scheduled
IS	R	WSSC IET and Fin Aid Risk Assessments	5.0	Dec-21	37.5	37.5	0.0	0%		0.0	37.5		Scheduled
SS	R	IAR-CCTA-T/B/D	5.0	Mar-22	105.0	105.0	0.0	0%		0.0	105.0		Scheduled
FM	R	YE Procedures FYE 2021	5.0	Jun-22	22.5	22.5	0.0	0%		22.5	0.0	Jul-21	Completed
FM	R	YE Procedures FYE 2022	5.0	Jul-21	22.5	22.5	0.0	0%		0.0	22.5		Scheduled
IT	R	IAR-NACHA-2022	5.0	Jan-22	75.5	75.5	0.0	0%		0.0	75.5		Scheduled
I	R	Unscheduled Investigations	5.0	Jul-21	105.0	105.0	0.0	0%		30.0	75.0		In Progress
A	IT	IT Governance	5.0	Sep-21	80.0	80.0	0.0	0%		4.0	76.0		In Progress
A	M	Accounts Receivable	5.0	Sep-21	75.0	75.0	0.0	0%		0.0	75.0		Scheduled
A	IS	Business Continuity Planning	5.0	Jun-22	75.0	75.0	0.0	0%		26.0	49.0		In Progress
S	IS	Leave Time Keeping	5.0	Nov-21	75.0	75.0	0.0	0%		0.0	75.0		Scheduled
A	FM	Travel Reimbursements	4.8	Feb-22	60.0	60.0	0.0	0%		0.0	60.0		Scheduled
A	PP	Physical Plant/Maintenance	4.8	Apr-22	40.0	40.0	0.0	0%		0.0	40.0		Scheduled
Total Planned Audit Hours:					1020.0	1020.0	0.0			171.5	848.5		
Estimated Available Audit Hours =					1020.0								

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

**Investigations
Internal Audit Plan
Fiscal Year Ending June 30, 2022
Revised October 2021**

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	C	Consultation with Campus Auditors		Jul-21	200.0	162.5	-37.5	-19%		37.5	125.0		In Progress
IS	P	Investigation Management		Jul-21	200.0	162.5	-37.5	-19%		37.5	125.0		In Progress
IS	R	State Audit Follow-up for TBR		Jul-21	75.0	75.0	0.0	0%		0.0	75.0		In Progress
FM	I	Unscheduled Investigations		Jul-21	480.0	255.0	-225.0	-47%		0.0	255.0		In Progress
IS	I	INV TBR 21-04		Feb-21	20.0	20.0	0.0	0%		5.0	15.0		In Progress
PP	I	INV TBR 21-05		Feb-21	37.5	75.0	37.5	100%		37.5	37.5		In Progress
FM	I	INV TBR 21-06		Apr-21	37.5	37.5	0.0	0%		22.5	15.0		In Progress
IS	I	INV TBR 22-01		Oct-21	0.0	37.5	37.5	100%		15.0	22.5		In Progress
FM	R	President's Expense Audit - STCC		Sep-21	0.0	75.0	75.0	100%		20.0	55.0		In Progress
S	IS	Application Data Review		Jul-21	0.0	150.0	150.0	100%		90.0	60.0		In Progress
Total Planned Audit Hours:					1050.0	1050.0	0.0			265.0	785.0		

Estimated Available Audit Hours = 1050.0

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

**TBR- Information Systems
Internal Audit Plan
Fiscal Year Ending June 30, 2022
Revised October 2021**

						Revised to Original			Planned to Actual				
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
IT	R	ChSCC Information Systems	5.0	Nov-21	150.0	150.0	0.0	0%			150.0		Scheduled
IT	R	CoSCC Information Systems	5.0	Dec-21	150.0	150.0	0.0	0%			150.0		Scheduled
IT	R	DSCC Information Systems	5.0	Mar-21	150.0	150.0	0.0	0%		75.0	75.0	Aug-21	Completed
IT	R	NeSCC Information Systems	5.0	Jul-21	150.0	150.0	0.0	0%		114.5	35.5		In Progress
IT	R	RSCC Information Systems	5.0	Jul-21	150.0	150.0	0.0	0%		128.0	22.0		In Progress
IT	R	WSCC Information Systems	5.0	Feb-21	150.0	150.0	0.0	0%		49.5	100.5	Jul-21	Completed
Total Planned Audit Hours:					900.0	900.0	0.0			367.0	533.0		

Estimated Available Audit Hours = 900.0

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

**TCAT
Internal Audit Plan
Fiscal Year Ending June 30, 2022
Revised October 2021**

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	R	FY 20 TCAT Risk Assessment	NA	Oct-21	100.0	100.0	0.0	0%			100.0		
FM	C	FY 20 TCAT Consultation	NA	Jul-21	250.0	250.0	0.0	0%		127.5	122.5		In Progress
FM	C	FY 20 TCAT Year End Procedures	NA	Jun-22	50.0	50.0	0.0	0%		20.5	29.5		In Progress
FM	C	FY 20 TCAT Audit Program	NA	Jul-21	150.0	150.0	0.0	0%		7.5	142.5		In Progress
FM	A	FY 21 TCAT Memphis Controls Review	5.0	Sep-21	75.0	75.0	0.0	0%			75.0		
FM	A	FY 21 TCAT McMinnville Controls Review	5.0	Jul-21	37.5	37.5	0.0	0%			37.5		
FM	R	FY 20 TCAT Knoxville President's Expense	4.7	Jul-21	37.5	37.5	0.0	0%		34.0	3.5		In Progress
FM	R	FY 19 TCAT Murfreesboro President's Expense	4.7	Aug-21	37.5	37.5	0.0	0%		12.0	25.5		In Progress
FM	R	FY 19 TCAT Nashville President's Expense	4.6	Jan-21	37.5	37.5	0.0	0%		22.5	15.0		In Progress
FM	A	FY 20 Nashville-IAR-Equipment/Security Review	4.6	Jan-21	37.5	37.5	0.0	0%			37.5		
FM	R	FY 19 TCAT Jackson/Whiteville President's Expense	3.7	Oct-21	37.5	37.5	0.0	0%		33.5	4.0		In Progress
FM	R	FY 20 TCAT Hohenwald President's Expense	3.2	Oct-21	37.5	37.5	0.0	0%			37.5		
FM	R	FY 20 TCAT Ripley President's Expense	2.7	Feb-21	37.5	37.5	0.0	0%		30.0	7.5		In Progress
FM	R	FY 20 TCAT Pulaski President's Expnese	2.7	Mar-21	37.5	37.5	0.0	0%			37.5		
FM	R	FY 20 TCAT Newbern President's Expense	2.6	Feb-21	37.5	37.5	0.0	0%		22.5	15.0		In Progress
FM	R	FY 20 TCAT Oneida President's Expense	2.6	Jul-21	37.5	37.5	0.0	0%		20.5	17.0		In Progress
FM	R	FY 20 TCAT Crump President's Expense	2.6	May-21	37.5	37.5	0.0	0%		34.5	3.0		In Progress
FM	R	FY 20 TCAT Jacksboro President's Expense	2.1	Mar-21	37.5	37.5	0.0	0%		15.0	22.5		In Progress
FM	R	FY 20 TCAT Chattanooga President's Expense	1.3	May-21	37.5	37.5	0.0	0%			37.5		
FM	A	FY 21 Cosmetology Controls Review	NA	Aug-21	100.0	100.0	0.0	0%			100.0		

Total Planned Audit Hours: 1250.0 1250.0 0.0 380.0 870.0

Estimated Available Audit Hours = 1250.0

Functional Areas:

AD - Advancement
 AT - Athletics
 AX - Auxiliary
 FM - Financial Management
 IA - Instruction & Academic Support
 IS - Institutional Support
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 PP - Physical Plant
 RS - Research
 SS - Student Services

Audit Types:

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 M - Management's Risk Assessment
 C - Consultation
 F - Follow-up Review
 O - Other

Status:

Scheduled
 In Progress
 Completed
 Removed

BOARD TRANSMITTAL

MEETING: Committee on Audit

SUBJECT: Review of Internal Audit Charters

DATE: November 16, 2021

PRESENTER: Mike Batson

ACTION REQUIRED: Roll Call 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 due to a change in Campus President or Director of Internal Audit and are recommended for the committee's approval.

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 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 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.

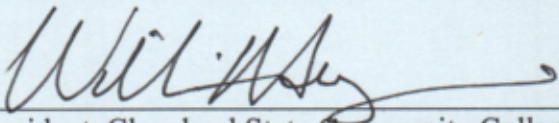
- Promote and evaluate fraud prevention and identification programs and investigate allegations involving fraud, waste, and abuse.
- Demonstrate and promote appropriate ethics and values within the organization.
- Communicate activities and information among the board, internal auditors, external auditors 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.

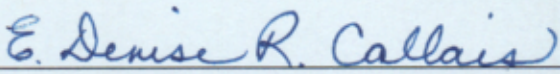
Periodic Review of Internal Audit Charter

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.



President, Cleveland State Community College

9-13-21
Date



Auditor, Cleveland State Community College

9/13/21
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 (the Board), consisting of 19 members 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 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:

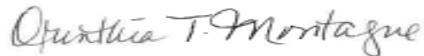
- Comply with auditing standards established by the Institute of Internal Auditors to ensure the effectiveness and quality of the internal audit effort.
- Develop and implement audit plans and programs after consultation with the President that respond to both risk and cost effectiveness criteria.
- 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 Program

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
Volunteer State Community College

September 9, 2021

Date



Director of Internal Audit
Volunteer State Community College

September 9, 2021

Date

BOARD TRANSMITTAL

MEETING: Committee on Audit

SUBJECT: Review of Salaries for the Office of System-wide Internal Audit

DATE: November 16, 2021

PRESENTER: Mike Batson

ACTION REQUIRED: Roll Call Vote

STAFF'S
RECOMMENDATION: Approve

BACKGROUND INFORMATION:

In accordance with the Audit Committee Charter, salaries for auditors in the Office of System-wide Internal Audit are to be reviewed and approved by the Audit Committee. Fiscal Year 2022 salaries for system office audit staff are presented on the attached document for review and approval.

Tennessee Board of Regents
Internal Auditor Salaries and Credentials as of October 22, 2021
For the Fiscal Year Ended June 30, 2022

Title	Name	FY 2022 Salary	FY 2021 Salary	Increase from Prior Year	Professional Certifications	Years of Professional Experience	Years of TBR Experience
System-wide Chief Audit Executive	M. Batson	\$ 137,060	\$ 131,779	\$ 5,281	CPA	34	27
Investigative Audit Manager	J. Garoutte	\$ 89,995	\$ 86,500	\$ 3,495	CFE, CFI, CGFM	21	1
Information Systems Auditor	D. Fritts	\$ 87,264	\$ 83,874	\$ 3,390	CISSP, CNA, CNE, MCSE, ISO 27001 Lead Auditor	32	9
Internal Auditor IV - TCATs	H. Vose	\$ 79,457	\$ 76,371	\$ 3,086	CIA, CFE	25	13
Administrative Assistant III	K. Walker	\$ 55,617	\$ 53,456	\$ 2,161	N/A	21	11

Certifications:

CPA - Certified Public Accountant (AICPA)
CIA - Certified Internal Auditor (IIA)
CFE - Certified Fraud Examiner (ACFE)
CISSP- Certified Information Systems Security Professional
CNA- Certified Network Administrator
CNE- Certified Network Engineer
MCSE- Microsoft Certified Security Engineer
ISO 27001- Lead Auditor- International Organization for Standard- International Security Standards

BOARD TRANSMITTAL

MEETING: Committee on Audit

SUBJECT: Review of Salaries and Budgets for System Auditors

DATE: November 16, 2021

PRESENTER: Mike Batson

ACTION REQUIRED: Informational Reporting

STAFF'S
RECOMMENDATION: Accept Report

BACKGROUND INFORMATION:

In accordance with the Audit Committee Charter, salaries for system auditors are presented on the attached documents for review by the Committee. The salaries are in effect for Fiscal Year 2022. The first page is a summary of the internal audit positions and average salaries. The second page is a listing of the salaries, professional experience, and professional certifications by the institution and individual.

For informational purposes, the third page is a summary of the budget information for each audit office.

Tennessee Board of Regents
Internal Auditor Salaries - Summary Data as of October 22, 2020
For the Fiscal Year Ended June 30, 2022

Positions	Number of Positions	FY 22 Average Annual Salary	FY21	Average Increase from Prior Year	Annual Salary Range*
Community College Directors	11	\$ 74,113	\$ 70,408	5.3%	\$67,5841 - \$91,970
Community College Auditors	3	\$ 73,417	\$ 72,211	1.7%	\$68,106 - \$83,506
Total Community College	<u>14</u>				
System-wide Chief Audit Executive (CAE)	1	\$ 137,060	\$ 131,779	4.0%	
System Office Auditors	3	\$ 85,572	\$ 82,248	4.0%	\$79,457 - \$89,995
Total System-wide Office	<u>4</u>				
Total Filled Positions**	18	\$ 79,404	\$ 73,981	7.3%	
Vacant Positions	<u>0</u>				
All Positions**	<u>18</u>				

<p>Notes: * Excludes CAE ** Does not include Administrative Assistant III position</p>

Tennessee Board of Regents
Internal Auditor Salaries and Credentials as of October 22, 2021
For the Fiscal Year Ended June 30, 2022

Institution	Title	Name	FY22 Salary	Professional Certifications	Years of Professional Experience	Years of TBR Experience
ChSCC	Director of Internal Audit	K. Clingan	\$ 75,778	CIA, CFSA, CIDA	28	9
CISCC	Director of Internal Audit	D. Callais	\$ 67,970	CPA	36	7
CoSCC	Director of Internal Audit	E. Smith	\$ 79,480	CPA, CIA	26	6
DSCC	Director of Internal Audit	S. Pruet	\$ 70,300	CPA, CIA	39	7
JSCC	Director of Internal Audit	C. Pittman	\$ 67,584	CIA	31	18
MSCC	Internal Auditor	T. Wiseman	\$ 68,106	CPA, CRMA	22	18
NaSCC	Director of Internal Audit	H. Ho	\$ 70,891	CPA, CGFM	11	2
NeSCC	Director of Internal Audit	C. Hyder	\$ 70,972	CIA	23	14
PSCC	Director of Internal Audit	S. Walker	\$ 91,970	CPA, CGFM	35	31
	Senior Network & Technical Security Auditor	J. Patterson	\$ 68,640	N/A	20	20
RSCC	Director of Internal Audit	C. Cortesio	\$ 74,261	CIA	34	10
STCC	Director of Internal Audit	C. Johnson	\$ 71,364	CPA	49	7
VSCC	Director of Internal Audit	N. Batson	\$ 74,673	CPA	31	29
WSCC	Internal Auditor	M. Ortlieb	\$ 83,506	CPA	49	9
TBR	System-wide Chief Audit Executive	M. Batson	\$ 137,060	CPA	34	27
TBR	Investigative Audit Manager	J. Garoutte	\$ 89,995	CFE, CFI, CGFM	21	1
TBR	Information Systems Auditor	D. Fritts	\$ 87,264	CISSP, CNA, CNE, MCSE, ISO 27001 Lead Auditor	32	9
TBR	Internal Auditor IV - TCATs	H. Vose	\$ 79,457	CIA, CFE	25	13

Certifications:
 CPA - Certified Public Accountant (AICPA)
 CIA - Certified Internal Auditor (IIA)
 CFE - Certified Fraud Examiner (ACFE)
 CGFM - Certified Government Financial Manager (AGA)
 CFI - Certified Forensic Interviewer (IAI)
 CRMA - Certified in Risk Management Assurance
 CNA - Certified Network Administrator
 CNE - Certified Network Engineer
 MCSE - Microsoft Certified Security Engineer
 ISO 27001 - Lead Auditor - International Organization for Standard- International Security Standards
 CISSP - Certified Information Systems Security Professional

TBR Internal Audit Offices
Budget Comparison of Operating and Travel Budgets for FY 2022

Institution	Number of Auditors	Total Travel Budget	Total Operating Budget	Total Fixed Charges	Description of Fixed Charges	Net Operating Budget
ChSCC	1	\$ 4,950.00	\$ 1,050.00	\$ 340.00	C	\$ 710.00
CISCC	1	\$ 1,000.00	\$ 1,000.00	\$ 450.00	A,C	\$ 550.00
CoSCC	1	\$ 4,500.00	\$ 1,600.00	\$ 340.00	C	\$ 1,260.00
DSCC	1	\$ 2,200.00	\$ 1,200.00	\$ 500.00	C,D	\$ 700.00
JSCC	1	\$ 4,400.00	\$ 1,600.00	\$ 680.00	C	\$ 920.00
MSCC	1	\$ 3,200.00	\$ 2,400.00	\$ -		\$ 2,400.00
NaSCC	1	\$ 500.00	\$ 2,000.00	\$ 278.33	C	\$ 1,721.67
NeSCC	1	\$ 9,180.00	\$ 670.00	\$ 520.00	A,C	\$ 150.00
PSCC	2	\$ 5,000.00	\$ 4,900.00	\$ 3,105.00	C,E	\$ 1,795.00
RSCC	1	\$ 3,370.00	\$ 2,170.00	\$ 500.00	C,D	\$ 1,670.00
STCC	1	\$ 500.00	\$ 750.00	\$ 550.00	A	\$ 200.00
VSCC	1	\$ 1,675.00	\$ 1,215.00	\$ 520.00	C,F	\$ 695.00
WSCC	1	\$ 883.00	\$ 776.00	\$ 265.00	C	\$ 511.00
TBR-SWIA	3	\$ 15,000.00	\$ 23,540.00	\$ 15,000.00	C,D,E	\$ 8,540.00
TBR-TCAT	1	\$ 6,500.00	\$ 1,310.00	\$ 600.00	C,D	\$ 710.00

Fixed Charges:
A Total annual data/phone line charges.
B Professional Privilege Tax
C Professional Membership Dues
D Copier rental/Printing
E Software
F Records Retention/Destruction

Note 1: Operating budgets generally consist of expenses such as printing, office supplies, software,

Note 2: Travel budgets generally cover travel required for audits and the cost of professional development. Some campuses have the option of requesting funds from the president's budget for professional development.

Note 3: In addition to general operating expenses, the operating budget for TBR SWIA covers the following costs for the system:
1. Internal Audit Training & Retreat