

TENNESSEE BOARD OF REGENTS
Committee on Audit

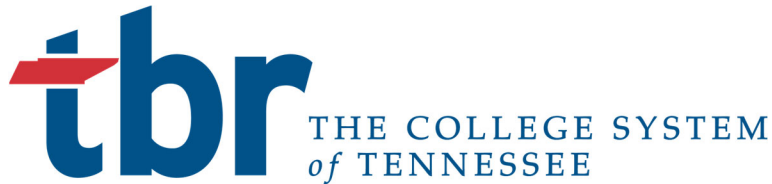
AGENDA
March 7, 2023

- 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 2023 Internal Audit Plans**
 - b. Review of Internal Audit Charters**

- III. REVIEW OF INTERNAL QUALITY ASSURANCE SELF-ASSESSMENT (Mike Batson)**

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



BOARD TRANSMITTAL

MEETING: Committee on Audit

SUBJECT: Highlights of Audit Findings and Recommendations

DATE: March 7, 2023

PRESENTER: Mike Batson

ACTION REQUIRED: Informational Report

STAFF'S
RECOMMENDATION: Accept Report

The following items will be discussed with the Audit Committee:

External Miscellaneous Reviews
Federal Audits
Comptroller's Office Financial and Compliance Audits
Internal Audit Reports
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 December 31, 2022. 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 Internal Audit Recommendations- Community Colleges (Reports sorted by Status, Institution, Report Release Date)										
Institution	Report Release Date	Recommendation	Responsible Staff	TBR Vice Chancellor Area	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	Notes and Dates	Status
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	Business and Finance	8/1/2021	12/31/2022	2	2/2/2021		Action Completed
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	Economic and Community Development	2/28/2021		0	1/6/2021		Action Completed
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	Economic and Community Development	2/28/2021		0	1/6/2021		Action Completed
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	Policy and Strategy	6/30/2021		0	9/17/2021		Action Completed
DSCC	3/31/2022	A meeting should be held with all applicable parties, including but not limited to, Athletic department staff, coaches, other departments using group travel, accounting and administrative services staff, to review the Athletic and Other Group Travel policy and decide on consistent practices, procedures and related paperwork to be used in processing all group travel events.	Vice President for Finance and Administrative Services	Business and Finance	9/1/2022	12/1/2022	3	8/16/2022		Action Completed
MSCC	4/12/2019	The recommendation from the previous audit report is repeated. Motlow State Community College should 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 Vice President of Workforce and Community Development	Economic and Community Development	9/30/2019	9/30/2022	8	12/16/2020		Action Completed

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	TBR Vice Chancellor Area	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	Notes and Dates	Status
MSSC	4/12/2019	Motlow State Community College should 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 Vice President of Workforce and Community Development	Economic and Community Development	9/30/2019	9/30/2022	8	12/16/2020		Action Completed
MSSC	6/30/2022	We recommend that a written checklist of items needed for the student file be created and implemented and that there be regular review of files by a supervisor or other employee independent of the SCO.	Director of Admissions and Records	Policy and Strategy	10/31/2022		0	10/31/2022		Action Completed
NaSCC	8/2/2019	Form a Conflicts of Interest Committee to receive, review, and issue a recommendation to management for disclosed conflicts of interest.	Director of Human Resources	Business and Finance	1/1/2020	9/30/2020	1	2/6/2020		Action Completed
NaSCC	5/20/2022	The college should establish a review process by a supervisor or other employee independent of the veterans affairs specialist to ensure completeness of student files and to reduce risk of inaccuracies of data entered into VA Once.	Director of Admissions and Records	Policy and Strategy	9/30/2022	9/30/2022	1	10/3/2022		Action Completed
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	Business and Finance	1/1/2020	9/30/2020	1	2/6/2020		Action Completed
STCC	6/29/2021	Increase internal controls over data entry.	Human Resources	Business and Finance	12/30/2021	12/30/2022	3			Action Completed
STCC	6/29/2021	Increase internal controls over timekeeping.	Finance	Business and Finance	12/30/2021	12/30/2022	3			Action Completed
STCC	6/29/2021	Increase internal control over the employment of Adjunct Faculty.	Academic Affairs	Policy and Strategy	12/31/2021	6/30/2022	1	7/31/2020		Action Completed
STCC	3/25/2022	Annual Reporting Fees should be segregated from the General Fund.	Veteran Affairs	Business and Finance	4/29/2022	12/30/2022	1			Action Completed
STCC	3/25/2022	Student files should be reviewed by an employee independent of the SCO.	Veteran Affairs	Policy and Strategy	4/29/2022	12/30/2022	1			Action Completed
STCC	3/25/2022	A system shall be established for retrieving mail when employees are not working on campus.	Veteran Affairs	Policy and Strategy	4/29/2022	12/30/2022	1			Action Completed
WSSC	4/22/2022	Segregation of duties can be an effective internal control. Although the SCO reports to the Executive Director of Counseling and Testing, his work is not currently being reviewed by a second party. To provide oversight, the SCO should provide the Executive Director of Counseling and Testing or another designated employee with "Read Only" access and high-level training to create familiarity with the certification process and related requirements.	Veterans Coordinator and School Certifying Official (SCO)	Policy and Strategy	10/1/2022	12/1/2022	1	9/7/2022		Action Completed
ChSCC	7/29/2022	Follow-up to Campus Safety and Security Upgrades: Management should work to complete installation of phase three hardware in the warehouse and eliminate door chaining risk.	Executive Vice President - Business and Finance	Business and Finance	9/30/2022	3/31/2023	1	9/27/2022	9/27/2022 - Management has eliminated the chaining risk, but has a few hardware installations to complete. The installations have been hampered by staffing issues and remodeling efforts. 1/31/2023 - Remaining items tied to areas of campus being remodeled.	In Progress
ChSCC	10/3/2022	Campus Safety Equipment Inventory 1 of 6: The definition of sensitive equipment should be expanded to include Police Department equipment in the Sensitive Equipment Policy.	Executive Vice President - Business and Finance	Business and Finance	2/1/2023			10/26/2022	10/26/2022 - Submitted policy language to Policy Review Committee for Spring session.	In Progress
ChSCC	10/3/2022	Campus Safety Equipment Inventory 2 of 6: The Police Department equipment inventory should be added to the sensitive equipment listing and items tagged as appropriate per the Sensitive Equipment policy, 04:12:01.	Executive Vice President - Business and Finance	Business and Finance	6/30/2023			11/18/2022	11/18/2022 - Initial listing submitted, but final submission to the maintainer of equipment list will occur after the policy update.	In Progress

TBR SWIA - Status Report on Internal Audit Recommendations- Community Colleges (Reports sorted by Status, Institution, Report Release Date)										
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ChSCC	10/3/2022	Campus Safety Equipment Inventory 4 of 6: The Fire Extinguisher listing should be updated to ensure it includes all fire extinguishers and appropriate identification information. Changes made during annual inspections, six-year servicing, hydro testing, or twelve-year replacement should be reflected in a timely manner.	Executive Vice President - Business and Finance	Business and Finance	12/31/2023			11/18/2022	10/3/2022 - Completion date depends on date of hire for new coordinator. 11/18/2022 - Coordinator hired November 2022.	In Progress
ChSCC	10/3/2022	Campus Safety Equipment Inventory 5 of 6: Documentation of the required OSHA employee trainings including the date and time of the activity completed should be developed and retained.	Executive Vice President - Business and Finance	Business and Finance	12/31/2023			11/18/2022	10/3/2022 - Completion date depends on date of hire for new coordinator. 11/18/2022 - Coordinator hired November 2022.	In Progress
ChSCC	10/3/2022	Campus Safety Equipment Inventory 6 of 6: A procedures manual should be developed to define and document the processes for inspection, replacement, and inventory of Fire Extinguishers, AEDs, and other safety equipment and ensure compliance with college, TBR, and federal/state OSHA requirements.	Executive Vice President - Business and Finance	Business and Finance	12/31/2023			11/18/2022	10/3/2022 - Completion date depends on date of hire for new coordinator. 11/18/2022 - Coordinator hired November 2022.	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 Operations	Business and Finance; Policy and Strategy	7/1/2021			2/1/2022	02/01/2022-VPAA is verifying that the budget she requested (in order to comply with outside regulatory agency for Nursing instruction) gets funded properly in the FY23 Revised Oct budget. Waiting on Oct budget to be loaded into Banner to review. 01/31/2023-New VP of Finance, new VPAA and new President were all given the 2021 Audit Report to review and consider for action.	In Progress
CISCC	6/16/2021	Management should complete the upgrading of exterior doors in a timely manner.	VP of Finance and Operations	Business and Finance	1/31/2022			6/29/2022	06/29/2022-As a follow-up to the 6/16/21 Safety Audit, all doors have been properly replaced except for 3 sets in the Gym. 01/31/2023-3 more sets of doors with improper handles were found in the Student Center for a total of 6 sets.	In 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	Business and Finance	5/30/2021	6/7/2021	0	12/2/2021	6/24/2022 - key personnel transition in November 2021 delayed management action. 7/13/2022 - IA Follow-up scheduled for October 2022 8/1/2022 - Management reports completion of a GLBA specific IT risk assessment. 8/29/22 - management provided with GLBA safeguard checklist to initiate IA follow-up 10/4/22 - no change 11/1/22 - mgmt completed GLBA checklist, working to schedule review 11/30/22 - Internal Audit Reviewing 12/19/2022 - Internal Audit Report with Management 1/31/23 - Management Response under review	In Progress

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

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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	Business and Finance	1/17/2020		0		06/27/2022- Responsible parties notified of the new recommendations process. 06/27/2022. Follow up work was conducted in Spring and Fall 2021. IA needs to review the work and determine the status. 11/28/2022- IA is in the process of reviewing prior follow up work. 01/26/2023- IA met with the HR Coordinator to discuss the follow up. JSCC Payroll and some HR processes have been moved to TBR Shared Services. IA has requested transition dates and other information as an initial step.	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	Business and Finance	1/17/2020		0		06/27/2022- Responsible parties notified of the new recommendations process. 06/27/2022. Follow up work was conducted in Spring and Fall 2021. IA needs to review the work and determine the status. 11/28/2022-IA is in the process of reviewing prior follow up work. 01/26/2023-IA met with the HR Coordinator to discuss the follow up. JSCC Payroll and some HR processes have been moved to TBR Shared Services. IA has requested transition dates and other information as an initial step.	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	Business and Finance	1/17/2020		0		06/27/2022- Responsible parties notified of the new recommendations process. 06/27/2022. Follow up work was conducted in Spring and Fall 2021. IA needs to review the work and determine the status. 11/28/2022-IA is in the process of reviewing prior follow up work. 01/26/2023-IA met with the HR Coordinator to discuss the follow up. JSCC Payroll and some HR processes have been moved to TBR Shared Services. IA has requested transition dates and other information as an initial step.	In Progress
JSCC	5/17/2022	JSCC-IAR- Veterans Affairs - Recommendation 1 of 2: Supporting documentation was missing from some of the student files including student fee schedules, Certificate of Eligibility (COE), Notice of Indebtedness (NOI) letters and original VA ONCE printouts showing credit hours prior to any amendments. Management should review the student files and ensure that adequate supporting documentation exists. It was recommended that a checklist be created and included in each student file.	Dean for Students/School Certifying Official	Policy and Strategy	1/31/2023		0		01/17/2023 -IA notified the SCO in January 2023 of the upcoming follow-up. A copy of the audit was provided. The SCO provided some documentation needed for the follow-up. The SCO requested additional time due to Spring registration and other tasks. Planned timeframe to continue the follow-up is late February.	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	TBR Vice Chancellor Area	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	Notes and Dates	Status
JSCC	5/17/2022	JSCC-IAR- Veterans Affairs - Recommendation 2 of 2: No evidence of student file review was determined. Management should implement review of a sample grouping of student files for each semester. A designated employee, such as the backup SCO, should conduct the review and initial, sign and date the newly implemented checklist in the student file. In addition, the reviewer should email the SCO a listing of the examined files at the completion of the review and include any requests for updates.	Dean for Students/School Certifying Official	Policy and Strategy	1/31/2023		0		01/17/2023 -IA notified the SCO in January 2023 of the upcoming follow-up. A copy of the audit was provided. The SCO provided some documentation needed for the follow-up. The SCO requested additional time due to Spring registration and other tasks. Planned timeframe to continue the follow-up is late February.	In Progress
MSCC	5/4/2018	MSCC should maintain documentation of TBR approval, when required, for changes in MSCC policy.	EVP of Academic Affairs and Student Success, AVP for Academic Affairs 10/1/20 - Special Assistant to the President 6/1/22- Interim Vice President for Student Success 9/1/22 - EVP of Academic Affairs, Interim Vice President for Student Success 11/1/22 - EVP of Academic Affairs	Policy and Strategy	11/4/2018	10/31/2022	10	12/19/2018	6/30/22 - Motlow Policy: 5:10:00:00 has been in process of revision at Motlow since 4/16/2021. The policy is currently being reviewed by the MSCC Policy Review Committee. 9/1/22 - Met with EVP of Academic Affairs and Interim VP for Student Success on 8/29. Policy continues in review process. Currently in review with the President's Cabinet. 9/30/22 - Policy revision up for President's Cabinet vote. After approval vote by the IOC, the policy will go to TBR for approval. 1/4/23 - The policy has been approved by TBR Academic Affairs and forwarded to TBR General Counsel for review and approval in December 2022. 2/1/23 - Executive Vice President of Academic Affairs to confirm approval of policy by institution Deans.	In Progress

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MSCC	6/29/2018	Motlow State Community College should 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 7/1/21 - Title Change - Executive Director of Diversity, Equity, and Inclusion	Policy and Strategy	12/24/2018	11/11/2022	10	10/2/2019	6/30/22 - An additional follow-up review is in process. 8/5/22 - Procedures have been developed but not consistently followed or fully documented. 8/29. Meeting of relevant offices. Revised procedures will be developed and Access and Diversity Committee planned date of 11/11/22. 9/30/22 - Access and Diversity Committee policy and revised procedures in development process. 12/2/22 - Procedures have been published by the Access and Diversity Committee. 12/15/22 - The Executive Director of DEI, the Dean of Students, and the Internal Auditor met virtually with the TBR Vice Chancellor for Organizational Effectiveness on December 15, 2022. 2/1/23 - Executive Director of Diversity, Equity & Inclusion following up with the TBR Office of Organizational Effectiveness on expectations for funding criteria.	In Progress
NaSCC	4/30/2020	The Foundation should develop policies and procedures on procurement and contracting activities.	Executive Director of Foundation	External Affairs	6/1/2020	10/31/2020	0	6/1/2020	06/30/2022- The former Executive Director position is vacant; auditor will follow up once a new director is hired. 09/01/2022- The Executive Director has not responded yet. 10/03/2022- Auditor has sent a follow-up email to the Executive Director. 11/01/2022- The Executive Director has prepared a draft procurement and contracting policy for review and vote by the Foundation board at the next board meeting. 12/01/2022- The draft procurement and contracting policy will be on the agenda for the foundation board meeting on 12/8/2022. 01/03/2023- The discussion of the policy is postponed to the next board meeting on 3/2/2023.	In Progress
STCC	4/20/2022	Each Individual student employed in a Federal Work study position should have an individual job description.	Student Services	Policy and Strategy	5/31/2022	12/30/2022	1		10/03/2022- The Federal Work-Study program currently has no students in the program	In Progress
STCC	6/17/2021	Audit resources allocated to safeguarding of assets will be increased.	Internal Audit		3/30/2023	12/30/2022	5		7/30/22 The review will be conducted later in the year	In Progress
STCC	4/20/2022	Management should ensure Federal Work Study Students are supervised during their work hours by a Center employee.	Student Services	Policy and Strategy	5/31/2022	12/30/2022	1		10/03/2022- The Federal Work-Study program currently has no students in the program	In Progress

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WSSC	4/22/2022	To address unanticipated risks, the SCO should create a Business Continuity Plan using Kualu Ready software.	Veterans Coordinator and School Certifying Official (SCO)	Policy and Strategy	10/1/2022	2/15/2023	3	9/7/2022	10/03/2022- Since WSSC's SCO resigned, a replacement SCO has been hired and is scheduled to start on 10/17/22. After some Banner and VA-Once orientation/training and the establishment of an appropriate segregation of duties, the Kualu BCP can then be completed.	In Progress
ChSCC	12/15/2022	NACHA 2022 1 of 1: A review of the TouchNet SOC II report should be performed annually to ensure third party vendor risks are identified in a timely manner.	Executive Vice President - Business and Finance, Interim Vice-President - Technology	Business and Finance, Technology	8/31/2023					Not Yet Due
STCC	9/29/2022	Management should create a system to collect required data to be used to ensure students with the highest point averages are the students admitted into the Special Admission Process Programs.	Academic Affairs	Policy and Strategy	3/31/2023					Not Yet Due
VSCC	6/14/2022	The Manager of Adult Learners and Veterans Affairs (ALVA) should implement a supervisory review of the student files and VA submissions each semester to ensure accuracy and completeness.	ALVA	Policy and Strategy	2/1/2023		0			Not Yet Due
VSCC	6/14/2022	Management should review the current Banner reporting to determine if all changes in schedule can be identified for potential reporting to the VA.	ALVA	Policy and Strategy	2/1/2023		0			Not Yet Due
VSCC	6/14/2022	Management should ensure that applicable financial aid awards are deducted from the veteran benefits.	ALVA	Policy and Strategy	2/1/2023		0			Not Yet Due
VSCC	6/14/2022	Management should review the eligibility of the International Education Fee for education benefits and obtain approval from the Tennessee State Approving Agency (SAA) for certification to the VA.	ALVA	Policy and Strategy	4/1/2023		0			Not Yet Due

TBR SWIA - Status Report on State Audit Findings
(Reports sorted by Status, Institution, Report Release Date)

Institution	Report Release Date	Finding	Responsible Staff	TBR Vice Chancellor Area	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	Notes & Date	Status
RSCC	11/10/2022	RSCC FY 2021 & 2020- Finding 1 of 1 As noted in the prior two audits, the college did not perform adequate collection procedures for accounts receivable	VP - Business & Finance, Director of Accounting	Executive Vice Chancellor - Business & Finance	10/15/2022			10/13/2022	10/13/22 - Staff has completed CAP items which include strong monitoring of the process of collection of AR and adherence to RSCC policy. First monitoring meeting was held October 2022. 01/31/23 - VP of Business & Finance is holding quarterly meetings with Bursar, Dir of Accounting, and Internal Audit to discuss progress made in collection of Accounts Receivable. January's meeting had to be rescheduled to February.	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	Business and Finance	12/17/2021	12/31/2022	2	2/2/2022	06/29/2022: Two areas completed and two areas in process. 8/1/2022 - Remaining corrections hampered by staffing issues and divisional restructuring. 9/29/2022 - Lack of staff and divisional reorganization continue to affect the development of automated processes to complete corrections for these issues. 11/18/2022 - One area completed with one area remaining. 12/20/2022- Final item has been completed but has not been tested by Internal Audit.	In Progress
NeSCC	11/7/2022	NeSCC FY 2021 & 2020 Finding 1 of 1 Northeast State Community College did not provide adequate internal controls in two specific areas. The details of this finding are confidential pursuant to Section 10-7-504(i), Tennessee Code Annotated.	VP for Finance and Information Technology	Business and Finance	5/7/2023			12/1/2022		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	Business and Finance	4/30/2021	1/31/2023	3	4/20/2021	9/1/2022- Currently no students in the Work Study program.	In Progress
STCC	8/18/2022	STCC FY 2021 & 2020 - Finding 1 of 3 The college did not comply with requirements in one area.	Associate Vice President of Information Systems	Business and Finance	7/30/2023			1/31/2023	01/31/2023- A follow-up report is completed and is currently under final review.	In Progress
STCC	8/18/2022	STCC FY 2021 & 2020 - Finding 2 of 3 The college incorrectly reported, or did not report, student status changes to the National student Loan Database System.	Vice President of Student Services	Policy & Strategy	7/30/2023			1/31/2023	01/31/2023- A follow-up report is completed and is currently under final review.	In Progress
STCC	8/18/2022	STCC FY 2021 & 2020 - Finding 3 of 3 The college incurred over \$10,000 in unnecessary payroll costs for an employee who stopped reporting to work.	Associate Vice President of Human Resources	Business and Finance	7/30/2023			1/31/2023	01/31/2023- A follow-up report is completed and is currently under final review.	In Progress

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

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PSCC	6/28/2022	Pellissippi State Community College did not provide adequate internal controls in one area. Ineffective internal controls increase 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	Business and Finance	9/30/2022					Action Completed
PSCC	9/30/2022	Pellissippi State Community College did not provide adequate internal controls in one area. Ineffective internal controls increase 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	Business and Finance				12/1/2022		Action Completed
ChSCC	6/10/2022	ChSCC Information Security Review: Chattanooga State Community College did not provide adequate internal controls in seventeen areas. Ineffective internal controls increase 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. Eight of seventeen areas have been corrected.	Chief Information Officer	Business and Finance	12/31/2022			8/10/2022	1/30/2023	In Progress
CISCC	4/6/2015	CISCC ITGCR: Cleveland State Community College did not provide adequate internal controls in one area. Ineffective internal controls increase 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	Business and Finance	12/1/2015	12/31/2022	6	7/14/2017	6/13/2022	In Progress
CISCC	6/29/2018	CISCC Information Security Review: Cleveland State Community College did not provide adequate internal controls in seven areas. Ineffective internal controls increase 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	Business and Finance	11/30/2018	12/31/2022	5	2/4/2019	6/13/2022	In Progress
CoSCC	2/5/2019	CoSCC Information Security Review: Columbia State Community College did not provide adequate internal controls in ten areas. Ineffective internal controls increase 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	Business and Finance	8/31/2019	12/31/2022	1	10/17/2019	8/10/2022	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	TBR Vice Chancellor Area	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
CoSCC	12/15/2022	CoSCC Information Security Review: Columbia State Community College did not provide adequate internal controls in eight areas. Ineffective internal controls increase 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 of eight areas has been corrected.	Associate VP for IT	Business and Finance	5/31/2023					In Progress
NeSCC	1/7/2022	NeSCC ITGCR: Northeast State Community College did not provide adequate internal controls in ten areas. Ineffective internal controls increase 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> . Six of ten areas have been corrected.	Chief Information Officer	Business and Finance	6/30/2022	12/31/2022	1	8/9/2022	1/13/2023	In Progress
PSCC	10/12/2022	Pellissippi State Community College did not provide adequate internal controls in eight areas. Ineffective internal controls increase 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 eight areas have been corrected.	Chief Information Officer	Business and Finance	3/31/2023			1/30/2023		In Progress
RSCC	1/7/2022	RSCC ITGCR: Roane State Community College did not provide adequate internal controls in nine areas. Ineffective internal controls increase 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. Six of nine areas have been corrected.	Chief Information Officer	Business and Finance	12/31/2022				1/18/2023	In Progress
VSCC	6/10/2022	VSCC ITGCR: Volunteer State Community College did not provide adequate internal controls in six areas. Ineffective internal controls increase 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 six areas have been corrected.	Chief Information Officer	Business and Finance	12/31/2022			8/10/2022	1/11/2023	In Progress

BOARD TRANSMITTAL

MEETING: Committee on Audit

SUBJECT: Audit Reports and Reviews

DATE: March 7, 2023

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 October 1, 2022, to December 31, 2022.

- Chattanooga State Community College
 - National Junior College Athletic Association (NJCAA)
Women's Volleyball Eligibility Audit
- Jackson State Community College
 - Tennessee Small Business Development Center (TSBDC)
Programmatic Review
- Roane State Community College
 - Tennessee Small Business Development Center (TSBDC)
Programmatic Review
- Volunteer State Community College
 - National Association of Student Financial Aid Administrators (NASFAA)
Standard of Excellence Review
- Volunteer State Community College
 - National Junior College Athletic Association (NJCAA)
Men's Basketball Eligibility Audit
- TCAT Murfreesboro
 - Tennessee Student Assistance Corporation (TSAC)
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 – NO FINDINGS

Roane State Foundation

— FYE June 30, 2021 and June 30, 2020

FINANCIAL AND COMPLIANCE AUDITS –FINDINGS

Northeast State Community College

— FYE June 30, 2021 and June 30, 2020

Roane State Community College

— FYE June 30, 2021 and June 30, 2020

Federal Audits

The Audit Committee will review executive summaries for the federal audit reports issued before December 31, 2022.

Chattanooga State Community College

– US Department of Agriculture

Review of the TN 752-A16 Distance Learning Grant

Jackson State Community College

– Department of Veterans Affairs

Compliance Survey

Internal Audit

The Audit Committee will receive executive summaries for the internal audit reports issued from October 1, 2022, to December 31, 2022, as well as reports issued after December 31, 2022, 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	NACHA Security Audit	Page 34
NeSCC	HEERF I Student Distributions	Page 35
TCAT Oneida/Huntsville	President’s Expense Audit FY 2021	Page 36

Internal Audit Reports for Informational Purposes- Follow-up

CoSCC	Follow-up to the THEC Veterans Affairs Review Outcomes	Page 39
CoSCC	Follow-up to the Workforce and Continuing Education Outcomes	Page 40
JSCC	Additional Follow-up to the Payroll Processes Audit	Page 41
STCC	Follow-up to the Ghost Employee Audit	Page 42
STCC	Follow-up to the Veterans Affairs Benefit Certification	Page 45

* Limited Official Use Only reports for Columbia State Community College- LOU Information Security Audit-General Controls and Pellissippi 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.

** Reports on Quality Assurance Self-Assessments will be reviewed in Section III of these materials.

**Tennessee Board of Regents
Audit Committee
March 7, 2023**

*Miscellaneous External
Reviews*

**Chattanooga State Community College
National Junior College Athletics Association
Women's Volleyball Eligibility Review
October 17, 2022
Executive Summary**

Introduction	The National Junior College Athletics Association (NJCAA) conducted an eligibility audit for the Women's Volleyball Program.
Scope	According to the NJCAA's audit process, 20% of the student-athletes were randomly reviewed. If the 20% reviewed are cleared, the audit is cleared.
Conclusion	The women's volleyball eligibility audit was completed. All required documentation for the student-athletes was complete and correct. Therefore, based on the 20% reviewed this eligibility audit has been cleared.
Findings/ Recommendations	None

Jackson State Community College
Tennessee Small Business Development Center Programmatic Review
Period Coverage: January 1, 2022 – November 14, 2022
November 22, 2022
Executive Summary

Introduction	The purpose of this review is to assist in accomplishing the programmatic review of the Tennessee Small Business Development Lead Center under the Small Business Administration (SBA) Office of Small Business Development Cooperative Agreement. A Zoom meeting review was conducted by the State Executive Director instead of an onsite review because of the ongoing office relocation process of the JSCC service center.
Findings	No findings were noted.
Recommendations	N/A

Roane State Community College
Tennessee Small Business Development Center Programmatic Review
Period Coverage: January 1, 2022 – November 16, 2022
November 21, 2022
Executive Summary

Introduction	The purpose of this review is to assist in accomplishing the programmatic review of the Tennessee Small Business Development Lead Center under the Small Business Administration (SBA) Office of Small Business Development Cooperative Agreement. The review was conducted on November 21, 2022, by the State Executive Director.
Findings	No findings were noted.
Recommendations	N/A

Volunteer State Community College
National Association of Student Financial Aid Administrators- Peer Review
June 6-9, 2022
Executive Summary

Introduction	During the period of June 6 - 9, 2022 a National Association of Student Financial Aid Administrators (NASFAA) Standards of Excellence peer review team visited Volunteer State Community College (VSCC) by invitation to provide an assessment of the Financial Aid Office (FAO) operations and identify any compliance concerns that need management attention.
Scope	<p>During the visit, the peer review team:</p> <ul style="list-style-type: none"> • Interviewed office staff, senior institutional administrators, and key personnel in the business, admissions, student records, and campus safety offices. • Examined all facets of financial aid operations including: <ul style="list-style-type: none"> ➤ Software systems and technology; ➤ Program operations policies and practices; ➤ Publications and website information; ➤ Financial aid packaging and disbursement; ➤ Cash management; ➤ Coordination of federal, state, and institutional financial aid sources; ➤ Records and reporting; and ➤ Customer service. • Reviewed a sample of student files for accuracy and compliance with federal financial aid requirements.
Recommendations	The peer review resulted in 44 recommendations in the areas of Consumer Information, Customer Service, Federal Programs Administration, Fiscal Management, Institutional Responsibilities, Return of Title IV Funds, and Technology.
Conclusion	The SOE team found no systemic issues in their review of the operations and the cited compliance issues and recommendations for improvement should not take much time to address. The FAO enjoys much administrative and inter-departmental support, which will help with the improvements. In particular, the FAO needs to focus efforts on developing policies and procedures as the foundation for aid administration. Additionally, the financial aid operations would benefit from cross-training of staff for greater awareness of all facets of the interactions of specific processes and also for business continuity. More globally, the Institution should work towards greater compliance with student consumer information. While VSCC has a great foundation, the SOE team identifies opportunities to improve compliance with the requirements.

**Volunteer State Community College
National Junior College Athletics Association
Men's Basketball Eligibility Review
November 14, 2022
Executive Summary**

Introduction	The National Junior College Athletics Association (NJCAA) conducted an eligibility audit for the Men's Basketball Program.
Scope	According to the NJCAA's audit process, 20% of the student-athletes were randomly reviewed. If the records for the 20% are cleared, the audit is cleared.
Conclusion	The men's basketball eligibility audit was completed. All documentation for the student-athletes was complete and correct. Therefore, based on the 20% reviewed this eligibility audit has been cleared.
Findings/ Recommendations	No findings or recommendations were noted.

Tennessee College of Applied Technology - Murfreesboro
Tennessee Student Assistance Corporation
Financial Aid Program Review – Page 1 of 4
November 2, 2022
Executive Summary

<p>Introduction</p>	<p>The Tennessee Student Assistance Corporation (TSAC) performed a program review of TCAT Murfreesboro’s financial aid programs for the 2021-2022 academic year. The review was conducted September 19, 2022 through September 23, 2022. A TSAC Compliance Officer reviewed a random sample of student records of the institution’s State financial aid recipients.</p>
<p>Warnings, Regulations, Required Actions, and Responses</p>	<p>1. Scanning Procedure Concerns</p> <p>a. Warning:</p> <p>Two students were paid state funds and had a FAFSA “C-cleared” tracking requirement of “Incarcerated” but did not have documentation scanned showing the incarceration was in fact cleared by the institution. It is important to maintain documentation for cleared FAFSA C-Codes to ensure eligibility for state financial aid programs. One of the students was also missing documentation included in the verification process.</p> <p>b. Regulation:</p> <p>T.C.A. § 49-4-904 Student Eligibility (6) Tenn. Comp. R. & Reg 1640-01-19-.04 General Eligibility (1)(j)</p> <p>c. Required Action:</p> <p>The institution located the missing documentation and scanned it to the student’s accounts before conclusion of the onsite audit. It is understood that only one institutional staff member manages financial aid and does not have personnel needed to assist during busy seasons. The Senior Compliance Officer suggested methods such as using a shared drive to upload documentation to a folder to be scanned to student accounts when time allows, or to promote assistance from other staff in the scanning process. Going forward TCAT – Murfreesboro should create and implement a successful scanning process.</p> <p>d. Management’s Response:</p> <p>TCAT Murfreesboro is in the process of creating a shared spreadsheet document in TEAMS so that associates from Student Services can assist in reviewing and uploading verification documents to Banner.</p>

Tennessee College of Applied Technology - Murfreesboro
Tennessee Student Assistance Corporation
Financial Aid Program Review – Page 2 of 4
October 5, 2022
Executive Summary

<p>Cont. Warnings, Regulations, Required Actions, and Responses</p>	<p>2. Tennessee Promise Certification</p> <p>a. Warning:</p> <p>Three Tennessee Promise recipients were incorrectly certified when a student was paid funds or certified as “tuition paid by gift aid” in FAST for the Spring term of one aid year (Summer Crossover for TCAT) and then the next aid year the same student was certified as “tuition paid by gift aid” in the Fast Summer term (Summer Crossover for TCAT). This causes FAST to count the student as using two eligible trimesters of Tennessee Promise for one TCAT trimester, which will affect future eligibility since students are limited to five semesters / eight trimesters of lifetime eligibility. However, these students were not certified by the institution, but by TBR Student Services.</p> <p>b. Regulation:</p> <p>21/22 TCAT Handbook pg. 40, TN Promise- Certification Process TN Promise Policy & Procedure Manual pg. 13, C- When Certifying TN Promise #8, D: Tuition & Fees Covered by Gift Aid</p> <p>c. Required Action:</p> <p>TCAT – Murfreesboro certified students correctly. However, the institution must work with TBR to ensure all students are updated correctly from the 2021-2022 as well as the 2022-2023 aid year to ensure their students are not impacted negatively going forward.</p> <p>d. Management’s Response:</p> <p>Using the FAST Information Reports for 21/22 and 22/23, a review was completed for all students with a 21/22 Spring certification and a 22/23 Summer certification and updates to the 22/23 Summer certifications have been completed for 20 students. TBR Shared Services is reviewing the current Banner scripts for certification of TNPR and adjusting so students enrolled in the TCAT Summer term, will not be certified as Tuition and Fees Covered by Gift Aid in both Spring of prior aid year and summer of current aid year.</p> <p>The list of 20 students that were corrected will be uploaded to TSAC via their secure cloud.</p>
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Tennessee College of Applied Technology - Murfreesboro
Tennessee Student Assistance Corporation
Financial Aid Program Review – Page 3 of 4
October 5, 2022
Executive Summary

<p>Cont. Warnings, Regulations, Required Actions, and Responses</p>	<p>3. Failure to follow TBR Residency Policy</p> <p>a. Warning:</p> <p>The institution failed to follow Tennessee Board of Regents (TBR) Residency policy to determine Tennessee residency for students awarded state financial aid. Rather than verifying residency, the institution relies on the data listed on a student’s FAFSA and in FAST which is self-reported.</p> <p>b. Regulation:</p> <p>T.C.A. § 49-8-104 Rules and regulations for defining residency Rule 1640-01-011640-01-01-.02 Student Eligibility-Award Use</p> <p>c. Required Action:</p> <p>The institution must implement the TBR Residency Policy for students awarded state financial aid. An updated copy of the Institution’s policies and procedures must be provided to TSAC.</p> <p>d. Management’s Response:</p> <p>TCAT Murfreesboro is in the process of working with the TBR System Office to develop policies and procedures to comply with this requirement.</p> <p>4. Dual Enrollment Incorrect Payment Amounts</p> <p>a. Warning:</p> <p>Three Dual Enrollment Grant (DEG) recipients received incorrect amounts for the Fall 2021 and Spring 2022 terms. Because these students all received GAP funding, there was no negative impact to the student. However, this did cause unnecessary use of institutional funding.</p> <p>b. Regulation:</p> <p>T.C.A. § 49-4-930 Dual enrollment grant for high school students Tenn. Comp. R. & Reg, 1640-01-19-.02 Scholarship Award Amounts and Classifications</p> <p>c. Required Action:</p> <p>The institution corrected all payment amounts during the onsite audit and submitted retroactive repayment requests for each student with correct payment amounts. The institution must ensure that going forward all DEG students are paid correctly according to state policy.</p>
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Tennessee College of Applied Technology - Murfreesboro
Tennessee Student Assistance Corporation
Financial Aid Program Review – Page 4 of 4
October 5, 2022
Executive Summary

Cont. Warnings, Regulations, Required Actions, and Responses	<p>d. Management's Response:</p> <p>The elimination of the various dual enrollment award amounts effective Fall 2022 should eliminate errors in DEG awarding. TBR Shared Services has adjusted the DEG awarding rules to calculate DEG award amount to be equal to the Dual Enrollment Maintenance fee plus the 5% Dual Enrollment Access Fee that students are charged based upon their registered hours for the term.</p>
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**Tennessee Board of Regents
Audit Committee
March 7, 2023**

***Review of Comptroller's Office Audit Reports
Financial and Compliance Audits—Findings Reported***

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 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 2018 Revision of Government Auditing Standards, issued by the Comptroller General of the United States, Government Accountability Office.

Institution	For the Year Ended	Auditor's Opinion on Financial Statements	Report on Internal Control	Report on Compliance	Findings
Northeast State Community College	June 30, 2021 and June 30, 2020	Unmodified Opinion	One finding identified as a significant deficiency	No instances of noncompliance required to be reported	1

Finding 1 – Northeast State Community College did not provide adequate internal controls in two specific areas

Northeast State Community College did not design and monitor effective internal controls in two specific areas. We found internal control deficiencies in these areas related to the university's systems because management did not implement controls that were sufficient. Ineffective implementation of internal controls increases the risk of fraud, error, and data loss. 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 remedied by the prompt development and consistent implementation of internal controls. Management should implement effective controls to ensure compliance with applicable requirements; assign staff to be responsible for ongoing monitoring of the risks and mitigating controls; and take action if deficiencies occur.

Management's Comment – We concur. Management has either already or will implement appropriate improvements to effectively mitigate the risk.

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, 2021 and June 30, 2020	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 two audits, the college did not perform adequate collection procedures for accounts receivable

For the third consecutive year, Roane State Community College (RSCC) management did not perform timely collection procedures for accounts receivable. As accounts receivable cannot be written off until the college has exhausted all collection efforts, accounts receivable reported in the notes to the financial statements may not accurately reflect the amount that the college expects to collect.

We noted in the prior two audits that RSCC did not have written institutional policies 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. Management responded to the prior audit finding by stating they established institution-specific policies with the approval of Policy BA-08-01, "Collection of Accounts Receivable," effective April 22, 2019. Although management developed a policy, we are reporting these deficiencies for the third consecutive audit because staff did not always follow the new policy.

Recommendation – Management should ensure that staff perform collection efforts timely in accordance with policy. Management should provide oversight and review of the collection process to ensure that staff complete each step properly.

Management's Comment – We concur. After being informed of the deficiency during the prior audit, Roane State Community College established Policy BA-08-01, "Collection of Accounts Receivable", effective April 22, 2019. In addition to the policy and staff changes, the Business Office made significant improvements to the collection process. However, due to the timeliness of the previous collection attempts, several of these old accounts were still part of the accounts receivable balance as of June 30, 2020.

New leadership is providing guidance and established checks and balances to ensure that collections are being handled according to Policy BA-08-01. The college is continuing to resolve past issues; however, continued staff changes have been an issue since the previous audit. The Director of Accounting will closely oversee the collection process. The Vice President of Business and Finance will review samples quarterly to verify the college stays in compliance.

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
September 7, 2022**

Federal Audit Reports

Chattanooga State Community College
U.S. Department of Agriculture – Review of TN752-A16 Grant
November 22, 2022
Executive Summary

Introduction	On November 22, 2022, the U.S. Department of Agriculture completed a <i>Distance Learning and Telemedicine Grant Accounting Review (DLTR)</i> of the TN 752 Chattanooga State Community College A16 Grant.
Scope	<p>The scope of the review covered:</p> <ol style="list-style-type: none"> 1. The determination that matching and other supplemental funds needed to ensure completion of the project were obtained as required. 2. The determination that grant funds were advanced and disbursed for the approved purposes established in the Scope of Work Plan and for approved grant purposes as provided for in 7 CFR Part 1734. 3. The determination that the grant was materially in compliance with all other requirements of Part 1734, and provisions of the Award Letter, Grant Agreement, and Scope of Work Plan. 4. The determination that the grant was materially in compliance with the requirements of 2 CFR § 200.319 Competition and § 200.320 Methods of procurement to be followed.
Conclusion	<p>The review of the project transactions indicated that all grant, matching, and other funds received were properly supported and that disbursements were for approved purposes.</p> <p>The review of the Chattanooga State Community College grant fund transactions indicated that all grant fund receipts were properly accounted for and that all disbursements were for proper grant purposes.</p>

Jackson State Community College
U.S. Department of Veterans Affairs- Compliance Survey
December 21, 2022
Executive Summary

Introduction	A routine compliance survey was conducted on site at Jackson State Community College (JSCC) on December 15, 2022, as required by Title 38, USCS Section 3693. The Entrance Briefing and Exit Briefing were also conducted on this day.
Scope	<p>The sample size consisted of 15 VA beneficiaries and two randomly selected non-VA beneficiary records. This is in accordance with the compliance survey requirements specified in Approval, Compliance, and Liaison (AC&L) FY21 Compliance Survey Guidance. The “Active Student Count” reflected 197 VA beneficiaries.</p> <p>Two non-VA student files were reviewed to verify that the cost of tuition and fees for VA beneficiaries was not greater than the cost for similarly circumstanced students. The results were consistent with the VA beneficiary records. No issues were identified.</p>
Discrepancies and Recommendations	<p>Facts: The certification was reported late for one student. Recommendation: Be mindful of the certification timeline in the SCO manual.</p> <p>Fact: The failing grades for one student were not reported timely. Recommendation. Be mindful of the reporting timeline in the SCO manual.</p>

**Tennessee Board of Regents
Audit Committee
March 7, 2023**

***Internal Audit Reports
Financial Management***

Chattanooga State Community College
NACHA Security Audit
November 2022
December 15, 2022
Executive Summary

Key Staff Personnel	Bursar and Executive Director of Information Management	Internal Auditor	Kimberly Clingan, Director Internal Audit
Introduction	<p>NACHA (National Automated Clearing House Association) is a not-for-profit association that oversees the Automated Clearing House (ACH) Network, an electronic payment network. NACHA provides the legal foundation for the ACH Network through the development and enforcement of the <i>NACHA Operating Rules & Guidelines</i> which establish a set of requirements in order to provide a minimum amount of protection for WEB entries. WEB entries are internet-initiated entries that NACHA defines as “a debit entry to a Consumer Account initiated by an Originator pursuant to an authorization that is obtained from the Receiver via the Internet.”</p> <p><i>NACHA Operating Rules & Guidelines</i> obligate Originators to:</p> <ul style="list-style-type: none"> • Obtain the consumer’s written authorization prior to initiating a debit entry • Mitigate risks associated with Internet-based payments by: <ul style="list-style-type: none"> ○ Authenticating the identity of the Receiver ○ Employing a fraudulent transaction detection system ○ Establishing secure Internet sessions ○ Verifying the Receiving Depository Financial Institution’s routing number ○ Reviewing security control procedures 		
Objectives	<p>The objectives of the audit were to determine the college’s compliance with <i>NACHA Operating Rules & Guidelines</i> for WEB entries related to:</p> <ul style="list-style-type: none"> • Authorization requirements • Formatting requirements • Risk management requirements to adequately protect consumer financial information 		
Conclusion	<p>ChSCC complies with the authorization, formatting, and risk management requirements of the <i>NACHA Operating Rules & Guidelines</i>. However, Internal Audit did note an opportunity for improvement and suggests one recommendation to enhance compliance with the due diligence guidance and to improve management’s documentation of third-party vendor risks.</p>		
Recommendation	<p>Based on the performed audit procedures, Internal Audit recommends a review of the TouchNet SOC II report be performed annually to ensure third party vendor risks are identified in a timely manner.</p>		
Management Response	<p>Management concurs. We will review the TouchNet SOC II report by August 31 of each year to identify third-party vendor risks.</p>		

Northeast State Community College
HEERF I Student Distributions
December 22, 2022
Executive Summary

Key Staff Personnel	Bursar; VP of Finance and IT	Internal Auditor	Christopher Hyder, Director NeSCC Internal Audit
Introduction	<p>The Coronavirus Aid, Relief and Economic Security (CARES) Act signed into law in March of 2020, provided the Department of Education (DOE) funds to award to institutions of higher education to provide fast and direct economic aid students to alleviate the negative impacts of the COVID-19 pandemic. The funding was provided to colleges and universities by the Higher Education Emergency Relief Fund, or HEERF.</p> <p>Northeast State Community College (NeSCC) received \$2,244,158 to distribute to the student population. Beginning in May 2020 these funds were distributed to 3,944 students by NeSCC as refund checks or direct deposits.</p> <p>Note, two additional rounds of HEERF funding to aid students were provided by the DOE, therefore this original round of funding is now referred to as HEERF I, followed by HEERF II, and HEERF III. A review of each round of HEERF student payments will be reported separately by this office.</p>		
Objectives	The objectives of the audit were to verify that student payments complied with the criteria and guidelines set by the Department of Education at the time of payment distributions.		
Scope	This audit reviewed payments made to students by Northeast State Community College under the HEERF portion of the CARES Act of 2020, known as HEERF I.		
Conclusion	The review of the college’s processing of HEERF I student relief payments as refunds indicated that the college has responsibly managed the distribution of the funds entrusted by the DOE. All students in the tested sample appeared to meet the eligibility criteria per DOE guidance at the time their HEERF I relief payments were processed.		
Recommendations	None		

Tennessee College of Applied Technology-Oneida
Audit of President’s Expenses – Page 1 of 2
For the Period July 1, 2020 – June 30, 2021
December 1, 2022
Executive Summary

President	Mr. Dwight Murphy	Internal Auditor	Helen Vose, TCAT Internal Auditor																																										
Objectives	To comply with Tennessee Code Annotated, Title 49, Chapter 7, by performing an internal financial audit of the Office of the President for the fiscal year ended June 30, 2021; to determine compliance with institutional and Tennessee Board of Regents policies regarding expenses; to identify and report all expenses incurred by, at the direction of, or for the benefit of the President regardless of the funding source; and to search for and report any expenses not disclosed on expense schedules prepared by the institution.																																												
Scope	The audit scope included all accounts under the direct budgetary control of the President and expenses funded by institutional funds, foundations, or vendors and any expenses made by, at the direction of, or for the benefit of the President during the fiscal year. The audit was conducted in accordance with the <i>International Standards for the Professional Practice of Internal Auditing</i> , issued by the Institute of Internal Auditors and accordingly included tests of the accounting records and such other auditing procedures considered necessary.																																												
Analysis	<p>The following is a summary of (1) certain expenses made by, at the direction of, or for the benefit of the President, and (2) salaries, benefits, and other operating expenses for the President’s office during the fiscal year ended June 30, 2021:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>President</th> <th>TCAT Oneida</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Salary & Benefits</td> <td style="text-align: right;">\$159,168</td> <td style="text-align: right;">\$159,168</td> </tr> <tr> <td>Administrative Allowance</td> <td style="text-align: right;">\$2,000</td> <td style="text-align: right;">\$2,000</td> </tr> <tr> <td>Housing Allowance</td> <td style="text-align: right;">\$6,000</td> <td style="text-align: right;">\$6,000</td> </tr> <tr> <td>Vehicle Allowance</td> <td style="text-align: right;">\$8,400</td> <td style="text-align: right;">\$8,400</td> </tr> <tr> <td>Cell Phone Allowance</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Business Meals & Hospitality</td> <td style="text-align: right;">\$2,502</td> <td style="text-align: right;">\$2,502</td> </tr> <tr> <td>Travel</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Other</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td>President’s Office</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Salary & Benefits</td> <td style="text-align: right;">\$250,403</td> <td style="text-align: right;">\$250,403</td> </tr> <tr> <td>Travel</td> <td style="text-align: right;">\$143</td> <td style="text-align: right;">\$143</td> </tr> <tr> <td>Other</td> <td style="text-align: right;">\$60,885</td> <td style="text-align: right;">\$60,885</td> </tr> <tr> <td>Total Expenses</td> <td style="text-align: right;">\$490,031</td> <td style="text-align: right;">\$490,031</td> </tr> </tbody> </table> <p>The allowances were provided to the President during the year. Use of expense allowances was not included in tests performed during the audit because the president elected for the allowance to be paid as taxable income.</p>			President	TCAT Oneida	Total	Salary & Benefits	\$159,168	\$159,168	Administrative Allowance	\$2,000	\$2,000	Housing Allowance	\$6,000	\$6,000	Vehicle Allowance	\$8,400	\$8,400	Cell Phone Allowance	-	-	Business Meals & Hospitality	\$2,502	\$2,502	Travel	-	-	Other	-	-	President’s Office	-	-	Salary & Benefits	\$250,403	\$250,403	Travel	\$143	\$143	Other	\$60,885	\$60,885	Total Expenses	\$490,031	\$490,031
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Tennessee College of Applied Technology-Oneida
Audit of President's Expenses – Page 2 of 2
For the Period July 1, 2020 – June 30, 2021
December 1, 2022
Executive Summary

Conclusion	The audit of the President's Expenses for the Tennessee College of Applied Technology-Oneida for the period July 1, 2020, through June 30, 2021, revealed no significant deficiencies in internal controls, no large or unusual expenditures, and the expenditures were in compliance with TBR purchasing policies and regulations.
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**Tennessee Board of Regents
Audit Committee
March 7, 2023**

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

Columbia State Community College
Follow-up on THEC Veterans Affairs Review Outcomes
Executive Summary
October 31, 2022

Key Staff Personnel	School Certifying Official; Director, Financial Aid	Internal Auditor	Erica Smith, CPA, CIA
Introduction	<p>The Colmery Act requires colleges to certify all of their campus locations individually and report students’ courses by campus location, attend annual training, and to report enrollment ratios of supported and non-supported students (85/15 ratio reporting). The Colmery Act also established an Annual Reporting Fee (ARF) paid to schools to reimburse a portion cost associated with the SCO certification process.</p> <p>The Tennessee Higher Education Commission conducted a compliance review and issued a letter dated December 9, 2021. The letter identified two discrepancies found during the review of ten veteran files: 1) incorrect reporting of veteran enrollment and 2) inconsistent application of college grade policy as it relates to incomplete “I” grades.</p>		
Objectives	<p>The internal audit engagement included fieldwork verifying effectiveness of controls that mitigate risks of unsupported or inaccurate certification, untimely or inaccurate 85/15 ratio reporting, untimely NOI payments, improper or untimely application of college grade policy, and improper ARF accounting. These risks were identified as the highest priority due to the impact they have on the timeliness of payments to the veteran and the college, accuracy of payments and notice of indebtedness, ability for veterans to participate in college majors, the proper use of ARF, and to verify actions taken to address the discrepancies identified in the THEC review letter dated December 9, 2021.</p>		
Conclusion	<p>The engagement identified and communicated minor improvements that could strengthen the internal control environment supporting veteran certification efforts, annual reporting, and ARF accounting.</p> <p>Management adjusted controls during the engagement to address the areas identified.</p>		

Columbia State Community College
Follow-up on Workforce and Continuing Education Outcomes
December 20, 2022
Executive Summary

Key Staff Personnel	Melody Murphy, Director, Workforce & Continuing Education	Internal Auditor	Erica Smith, CPA, CIA
Introduction	Columbia State Internal Audit’s engagement: <i>Economic and Workforce Development Controls Review</i> , released November 28, 2018, contained two observations focused on strengthening the Workforce and Continuing Education (formerly Economic and Workforce Development) department’s control environment and control activities. The fall 2020 follow-up review did not result in closure of the 2018 outcomes.		
Objectives	The objectives of the internal audit engagement focused on ascertaining the internal controls implemented by management to address the engagement outcomes.		
Conclusion	The engagement outcomes reflect management has taken actions to improve the internal control structure.		

**Jackson State Community College
Payroll Processes Second Follow-up
Calendar years 2021 through 2022
November 30, 2022
Executive Summary**

Key Staff Personnel	Human Resources Coordinator/Financial Analyst	Internal Auditor	Chrystal Pittman
Introduction	<p>An audit of payroll processes was issued on November 15, 2016 for the calendar year 2015. The audit included a review of the payroll processes to ensure that adequate controls were in place to comply with federal and state requirements along with institutional and Tennessee Board of Regents (TBR) policies and procedures. The audit included one recommendation for improvement.</p> <p>A follow-up report was issued on August 27, 2020 for calendar years 2017 through 2019 to determine whether controls were in place to address the recommendation. The recommendation was partially cleared.</p>		
Objectives	To determine whether controls are in place to ensure that salary increases include appropriate approval, including documentation.		
Scope	The second follow-up includes a review of salary increases for the calendar years 2021 through 2022.		
Conclusion	<p>Based on tests performed for the period under review, management has implemented adequate internal controls to ensure that institutional approval of the compensation plan (equity) and Cost of Living Adjustment (COLA) increases are obtained prior to submission to TBR.</p> <p>A formal process for approval of the compensation plan (equity) and COLA increases has been developed and documented that includes the addition of TBR Shared Services processing.</p>		

Southwest Tennessee Community College
Follow Up to Ghost Employee Audit – Page 1 of 3
October 25, 2022
Executive Summary

Key Staff Person: Director of Application Services	Auditor: Charlotte Johnson, Internal Auditor
Introduction	<p>Internal Audit for Southwest Tennessee Community College (STCC) issued a <i>Ghost Employee Audit</i> for the period December 1, 2020 through January 31, 2021 on June 29, 2021. The purpose of the Ghost Employee audit was to evaluate the effectiveness of internal controls over data processing and maintenance of employee information in the Human Resources and Payroll systems, specifically as it relates to preventing the creation of ghost employees. The report included three recommendations.</p>
Objective	<p>The objective of the review was to determine whether adequate corrective actions have been taken to address the audit recommendations.</p>
Scope	<p>The audit included a review of the current status of actions taken by STCC management to correct deficiencies reported by Internal Audit.</p>
Results of Prior and Current Audits	<p>For the findings reported by Internal Audit on the Ghost Employee Audit dated June 29, 2021, this section includes the published recommendations and responses from management. This information is followed by the auditor’s comments on the current status of the recommendations based on management’s corrective actions.</p> <p><u>Original Recommendation 1</u></p> <p><i>Increase Internal Control over Data Entry</i></p> <p>Current internal controls in place over data entry and authorization of changes being made to personnel data are ineffective. Segregation of duties should be put in place so no one person has authority over data entry or data change. A monthly report should be created summarizing changes made to personnel records. A person with no authority to change personnel records should review the original source documents and compare them to the monthly report.</p> <p>TBR has software to produce this report from the college’s Banner database and the Director of IT is ready to work with HR to create the monthly change log.</p> <p>Original Management Response</p> <p>We concur. Human Resources is working with Information Technology to produce a monthly report summarizing changes made to personnel records. The report will be reviewed by an appropriate HR employee and changes will be validated to supporting documentation.</p>

Southwest Tennessee Community College
Follow Up to Ghost Employee Audit – Page 2 of 3
October 25, 2022
Executive Summary

Cont. Results of Prior and Current Audits	<p>Results of the Current Review</p> <p>The changes have been put in place. Human Resources has worked with IT to create a report to identify actions taken on each respective HR file. Human Resources has created an Excel spreadsheet where the Information Systems Coordinator reviews the report monthly and confirms the changes that have been submitted to payroll are correct. This Coordinator does not have access to make changes to employees' records. The new process started July 1, 2022.</p> <p><u>Original Recommendation 2</u></p> <p><i>Increase Internal Control over the Employment of Adjunct Faculty</i></p> <p>Human Resources is the only department authorized to enter Adjunct employees into the Banner System and to make personnel data changes to their records. The on-boarding procedures for Adjunct Faculty need updating for a final review to ensure that all classes assigned to Adjunct Faculty meet the required enrollment for the class to be offered in the semester.</p> <p>Original Management Response</p> <p>We concur. Beginning in Fall 2021, the Division of Academic Affairs will run reports in the Banner Faculty Load and Compensation (FLAC) program to ensure all Adjunct Faculty are teaching their respective classes. They will coordinate with Payroll and/or Human Resources if there are changes after the initial contract. Human Resources will update the forms used to process actions and train staff on the entry of the forms. We will consider adding additional controls, including: 1) Locking the Banner Scheduling System to departments on the first day of class, requiring changes to be made by Academic Affairs. This will trigger another review of faculty assigned to the class to prevent overpayment. 2) Academic Affairs will receive daily reports of class cancellations beginning with the first day of class for validation that appropriate adjunct contracts have been cancelled.</p> <p>Results of the Current Review</p> <p>The changes have been put in place. The Department of Academic Affairs added additional controls. The Director of Academic Administrative Services and the Executive Administrative Assistant will monitor the new internal controls to ensure they are being followed.</p>
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Southwest Tennessee Community College
Follow Up to Ghost Employee Audit – Page 3 of 3
October 25, 2022
Executive Summary

<p>Cont. Results of Prior and Current Audits</p>	<p><u>Original Recommendation 3</u></p> <p><i>Increase Internal Control over Timekeeping</i></p> <p>Recommendations from prior audits pertaining to approval of employee timecards have not been implemented. A new deadline should be set for implementation.</p> <p>Original Management Response</p> <p>We concur that the report initially discussed was not created and implemented. Information Technology, HR, and Finance will work together to implement additional controls determined to be warranted. These controls will be implemented no later than December 2021.</p> <p>Results of the Current Review</p> <p>The new process has been put in place:</p> <ul style="list-style-type: none"> • Before the payroll is run, a report is processed that provides a list of all timecards not approved by a supervisor. • The list is sent to the Chief Financial Officer by the Director of Payroll. The Chief Financial Officer contacts the supervisor requesting they approve all outstanding timecards.
<p>Conclusion</p>	<p>Adequate corrective actions have been put in place to address the three audit recommendations. The Finance Department, Human Resources Department, and the Division of Academic Affairs have placed effective internal controls over data processing and maintenance of employee information to help prevent the creation of ghost employees.</p>

Southwest Tennessee Community College
Follow Up to the Veterans Affairs Benefit Certification – Page 1 of 3
November 21, 2022
Executive Summary

Key Staff Person: Veterans Affairs Coordinator	Auditor: Charlotte Johnson, Internal Auditor
Introduction	<p>Southwest Tennessee Community College (STCC) Internal Audit issued a <i>Veterans Affairs Benefit Certification</i> audit report for the period July 1, 2021 through December 31, 2021 on March 25, 2022. The purpose of the <i>Veterans Affairs Benefit Certification</i> audit was to determine:</p> <ul style="list-style-type: none"> • whether internal controls provided reasonable assurance that veterans and/or dependents were appropriately certified, including enrollment amendments, • the accuracy of data entered for students with veteran’s benefits, • proper tracking of Notice of Indebtedness (NOI) letters to ensure the college has remitted payment to the U.S. Department of Veterans Affairs, and • receipt and proper accounting of the Annual Reporting Fee (ARF). <p>The report included three recommendations.</p>
Objective	<p>The objective of this review was to determine whether adequate corrective actions have been taken to address the three audit recommendations.</p>
Scope	<p>This audit included a review of the current status of actions taken by STCC management to correct deficiencies reported by Internal Audit. The audit was conducted in accordance with the <i>International Standards for the Professional Practice of Internal Auditing</i> issued by The Institute of Internal Auditors. The review included tests of the records and other procedures considered necessary to achieve the audit objectives.</p>
Prior Review	<p>For the findings reported by Internal Audit in the <i>Veterans Affairs Benefit Certification</i> audit dated March 25, 2022, this section includes the published recommendations and responses from management. This information is followed by the auditor’s comments on the current status of the recommendations based on management’s corrective actions.</p>
Current Review	<p>Recommendation 1 Seven student files did not contain a Certificate of Eligibility. Management should review files and include evidence of reviews by a supervisor or other employee independent of the School Certifying Official (SCO) to ensure all required documentation is contained in a student file.</p>

Southwest Tennessee Community College
Follow Up to the Veterans Affairs Benefit Certification – Page 2 of 3
November 21, 2022
Executive Summary

Cont. Current Review	<p>Prior Management’s Response</p> <p>We concur with this recommendation. The Assistant Vice President and Director to which the SCO reports will develop a file review process that will include development of a file checklist indicating the required content of each file, the organization of the file, and the documentation of the completed file review. In addition, they will work with the SCO to understand the timeline for file updates to establish a complimentary timeline for regular file reviews. This will be completed by April 29, 2022.</p> <p>Results of the Current Review</p> <p>Management has developed a VA File Checklist which is included in each veteran’s file. It contains a check box for verification of all required documents. Upon completion of the review, the checklist is signed and dated.</p> <p>Internal Audit was provided a listing of 93 veteran students for the Fall 2022 semester. Twelve students were Chapter 31 students who are not required to submit a Certificate of Eligibility. The follow-up audit created a sample of 33 students and tested the files for appropriate Certificates of Eligibility. All 33 files contained a Certificate of Eligibility.</p> <p>Recommendation 2</p> <p>During the pandemic, mail for the department was not retrieved on a timely basis, which resulted in Notice of Indebtedness Letters (NOI) not being forwarded to the Finance Department for payment. The department should establish a system for retrieving mail when employees are not working on campus.</p> <p>Prior Management’s Response</p> <p>We concur with this recommendation. As the shift from on-ground to remote operations was both unexpected and quickly implemented, we acknowledge that some core responsibilities and duties were overlooked. This included regular checking and processing of mail sent to the department. As the college has recently implemented a number of polices related to alternative work schedules and processes related to working remotely, the department will develop and incorporate department-level policies and procedures that address how staff will ensure that routine processes, such as mail collection and processing, continue to be completed in instances when employees are not working on campus. This policy and procedure will be developed and adopted by April 29, 2022.</p>
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Southwest Tennessee Community College
Follow Up to the Veterans Affairs Benefit Certification – Page 3 of 3
November 21, 2022
Executive Summary

<p>Cont. Current Review</p>	<p>Results of the Current Review</p> <p>Southwest Veterans Affairs is located within the Advising Department. During normal and hybrid office operations, the Advising Administrative Assistant picks up department mail twice a week on the Macon Cove campus, where all office mail is directed. If the Administrative Assistant is not available to pick up the mail, a designated advisor will serve as back up.</p> <p>In the event college operations are 100% remote, the Veterans Affairs Coordinator will work directly with the institution’s Mailroom Supervisor to coordinate a day and time to pick up mail on a weekly basis or as campus access allows.</p> <p>Recommendation 3</p> <p>Annual Reporting Fees paid to the college should be segregated from the general fund and used only in support of programs for veterans.</p> <p>Prior Management’s Response</p> <p>We concur with the recommendation. The College has established a Restricted fund titled Veterans Affairs Annual Reporting Fee. The FY21 fee received (\$3,408) will be transferred to the new fund, and subsequent fees received will be deposited into the fund.</p> <p>The fund is accessible to the Veterans Affairs SCO for eligible uses, such as attendance at the SCO conference, equipment for the Veterans Center, or part of the SCO’s salary. Although the funds were not accounted for separately in prior fiscal years, the ARF funds partially covered the salary expense of the SCO. The SCO was granted access and approval authority for the new restricted fund in Banner.</p> <p>Results of the Current Review</p> <p>The FY21 fees received (\$3,408) were transferred to a restricted fund, Organization Code 56510, VA Annual Reporting Fee (ARF). The School Certifying Official (SCO) and the SCO’s supervisor review this account and ensure that funds are used only in support of the Veterans Affairs program.</p>
<p>Conclusion</p>	<p>Adequate corrective actions have been put in place to address the three audit recommendations.</p>

BOARD TRANSMITTAL

MEETING: Committee on Audit

SUBJECT: System-wide Internal Audit Updates

DATE: March 7, 2023

PRESENTER: Mike Batson

ACTION REQUIRED: Informational Report

STAFF'S
RECOMMENDATION: Accept Report

Mike Batson will give brief updates for the following items:

- Motlow State Community College- Internal Auditor
- External Quality Assurance Review Update
- TCAT Veteran's Affairs Audits

BOARD TRANSMITTAL

MEETING: Committee on Audit

SUBJECT: University Updates

DATE: March 7, 2023

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, 2021

**Tennessee Board of Regents
Audit Committee
March 7, 2023**

***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, 2021	Unmodified Opinion	Two findings were identified as materials weaknesses and one finding was identified as a significant deficiency	No instances of noncompliance required to be reported	3

Finding 1 – Management has not ensured processes were in place to record significant financial transactions, and as noted in the prior four audits, management has continued to disregard basic financial controls by not sufficiently performing bank reconciliations

University management did not correct control deficiencies related to the university's and the foundation's financial operations by ensuring adequate processes were in place to record significant transactions, and as noted in the prior four audits, Business Office personnel did not prepare and review bank reconciliations completely or timely.

Recommendation - As the steward of the university's assets, including both its physical assets and reputation, university management must address identified deficiencies and correct ongoing issues, as accurately recording transactions is essential to good financial management. Properly preparing and reviewing bank reconciliations in a timely manner is a basic control that management must no longer ignore.

The Vice President of Business and Finance and the Controller must ensure staff identify unreconciled bank reconciliation items to determine if cash has been misappropriated or errors exist with bank transactions. Each month, Business Office personnel and foundation personnel should prepare and review 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 the university's Business Office personnel and foundation personnel to perform reconciliations within 30 days. Once those policies are modified, management must ensure staff follow them consistently and are properly trained to complete the reconciliations. Management must ensure transactions are recorded in the general ledger, recorded in the correct accounts, and recorded to the proper entity. Each month, management must investigate and correct the unresolved differences between cash per the bank and cash per the accounting records. Management must make the proper adjustments to the accounting records to reflect inaccurate and unrecorded transactions noted in this and prior audits.

Management's Comment – We partially concur. We are refining the policy to complete reconciliations no later than 30 days after the end of the month. Finance personnel prepare and review separate bank reconciliations for each month. Management has investigated the unresolved differences between cash per bank and cash per the accounting records and has made the necessary adjustments to the accounting records.

Processes have been put into place to review cash transactions daily and ensure that the appropriate entries are made timely.

Additional staff has been hired to ensure that bank reconciliations are performed timely. In addition, new staff members have been trained in how to properly and timely perform bank reconciliations.

Finding 2 – As noted in the prior six audits, management allowed a breakdown of controls that resulted in errors in the financial statements

Management has continued to allow a breakdown of controls related to financial reporting and has not corrected control deficiencies noted in the prior six audits. Tennessee State University's procedures for preparing and reviewing its financial statements and the accompanying notes to the financial statements remained inadequate 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, made organizational structure changes, retained a CPA firm to assist with financial statements, and added more training for staff. Because TSU added new staff and provided additional training during or after the fiscal year, not enough time has elapsed to see the full effect of these changes, and additional changes may be needed to address the errors noted in the current-year audit.

Recommendation - As stewards of TSU's assets, TSU management must address identified deficiencies and correct pervasive issues. 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 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 must include reconciliation processes, both between book and bank and between general and subsidiary ledgers. These procedures should also address the preparation of the financial statements and the notes, as well as the subsequent review process. Management should perform adequate reviews of 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 partially concur. The university has addressed accounting staff shortages and continues building, training, and retaining a qualified finance team. Maintaining such a team will ensure that the specific errors documented in the audit finding do not recur.

Management agrees with the assertion that not enough time has elapsed to see the full effect of these changes for the fiscal year 2021 audited financial report.

Although the continued delay in finalizing the audit of the prior year's financial statements has increased the difficulty of preparing the subsequent year's financial statements, management has worked with State Audit staff to formulate a plan that should facilitate the completion of the annual audit so that it is completed before the preparation of the subsequent year's financial report. This plan could not be implemented before the fiscal year 2021 audit and preparing the fiscal year 2022 financial statements. The plan was implemented before the fiscal year 2022 audit and preparing the fiscal year 2023 financial statements.

Management is committed to retaining qualified finance staff to be trained and acquire the necessary experience to prepare the financial statements and the accompanying notes to the financial statements. In addition, having experienced personnel familiar with TSU will help reduce or eliminate errors in the financial statements. Management is also committed to having adequate, qualified staff that will review

the financial statements and notes before completion to ensure the accuracy, proper classification, and disclosure of information presented in the financial statements and accompanying notes.

Finding 3 – As noted in the prior four 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 still did not consistently perform timely collection procedures and collection agency assignments in adherence with policy. 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. In addition, we noted that the Bursar’s Office did not have a sufficient tracking system for collection letters to ensure they were sent out timely and that the office did not always keep copies of collection letters on file.

In their response to the prior-year finding, management stated they had updated their procedures for the “Collection of Accounts Receivable” policy, effective December 1, 2020, and formed a new Executive Leadership Team of the Division of Business and Finance to work with Bursar’s Office staff to ensure that collection efforts are timely and to develop an efficient tracking system that documents when collection letters are mailed. In addition, a dedicated position was created as of August 2021 to focus primarily on collection of accounts receivable. This position was intended to ensure that staff perform collection efforts timely and that the tracking system documents when collection letters are mailed. This position was also intended to meet with the Business and Finance executive staff monthly to ensure progress is made; however, this position has not yet been filled. In the years since we initially reported this finding, management has taken appropriate actions to revise the “Collection of Accounts Receivable” policy; however, management’s efforts to ensure accounts receivable collection is performed timely have failed.

At June 30, 2021, the university had 6,140 separate accounts receivable of \$100 or more that were outstanding for more than 90 days, totaling \$30,892,312. From that group, we selected the largest receivable, representing \$8.9 million, and 29 random accounts, representing \$178,483, subject to collection procedures. While we did not note any problems with the largest receivable account, we noted errors with all of the random student accounts (100%) tested. TSU management could either not provide evidence of collection efforts at all, or, for those items for which TSU could provide evidence, the collection attempts and collection agency assignments were not timely based on the university’s procedures during the period under audit. For receivables with collection efforts due prior to the audit period, we only tested to see if collection efforts were performed during the audit period. For example, if the account should have been sent to collections prior to the audit period, we tested to determine the account was sent to collections during the audit period.

We noted the following errors in the random items.

- For three accounts tested, TSU staff should have sent three collection notices; however, we were unable to find evidence these letters were sent.
- TSU staff did not submit nine accounts to the first and/or second collection agencies timely.
 - One account should have been placed with both collection agencies prior to the audit period.
 - One account should have been placed with the first collection agency in fiscal year 2020 and the second collection agency in fiscal year 2021.
 - Four accounts were previously submitted to the first collection agency; however, they should have also been placed with the second collection agency prior to the audit period.
 - Three accounts should have been placed with both collection agencies during the audit period.
- For 14 accounts tested, TSU did not properly write off the receivable after the second collection agency determined the account to be uncollectible.
- For three accounts tested, the student provided documentation that the account was incorrect; however, TSU staff did not update the accounts.

Recommendation - Management should ensure that staff perform collection efforts timely in accordance with policy and that the tracking system documents when staff send 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 by the Commissioner of Finance and Administration and the Comptroller of the Treasury, 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 partially concur. The university has addressed our staffing needs and hired qualified and competent staff that allows Bursar Offices to perform adequate collection procedures for accounts receivable.

The university hired additional resources, ensuring that the staffing challenges were satisfied. The Associate Vice President for Financial Services is working with the Bursar's Office to hire, train, and retain staff to ensure compliance with policy and perform adequate procedures for collecting accounts receivable.

In addition to adequate staffing, management will utilize software to help ensure that collection efforts are timely and to implement an efficient tracking system that maintains documentation of when account statements or collection letters are mailed.

Management will enforce the policy that students should not be able to register for the following semester if they have a receivable due.

BOARD TRANSMITTAL

MEETING: Committee on Audit

SUBJECT: Review of Revisions to Fiscal Year 2023 Audit Plans

DATE: March 7, 2023

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 2022 to December 2022 is attached, followed by the revised plan for each of the audit offices.

**Tennessee Board of Regents
Summary of Revisions
Fiscal Year 2023 Audit Plans**

Overview of Significant Revisions: Below are revisions to the audit plans created in July 2022, reflecting changes which occurred from July 1, 2022, to December 31, 2022. 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, 2022
ChSCC	Added INV-2023-01, INV-2023-02, INV-2023-03, INV-2023-04, TCAT Athens Veterans Benefit Certification, and Basketball Tournament Event Process. Removed Sensitive Equipment Student Loaner Processes.
CISCC	Added QAR Self-Assessment.
JSCC	Added TCAT Jackson/Whiteville Veterans Affairs Audit. Removed CCTA Element Audit, CCTA Element Audit- Completion Follow-up.
MSCC	Added Other Internal Audit Follow-up, Student Activity Fees Audit, External Affairs Consulting Engagement, Cash Handling Audit, and Veterans Affairs Follow-up. Removed Clearing House Audit.
NaSCC	Removed State Audit Follow-up.
RSCC	Added Release Time/Workload Audit Follow-up, Adjuncts Having More than One Position at RSCC, and TCAT Harriman Veterans Affairs Benefit Certification. Removed Equipment Inventory & Tagging.
VSCC	Removed CCTA Funding Formula.
TBR-INV	Added INV 23-01, INV-23-02 and INV 23-03, INV 23-04, INV 23-05, and INV-DSCC-23-01. Removed Presidents Expense Audit-VSCC.

Chattanooga State Community College
Internal Audit Plan
Fiscal Year Ending June 30, 2023
Revised January 2023

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-22	100.0	100.0	0.0	0%		60.0	40.0		In Progress
FM	F	State Audit Assist/Follow-up	5.0	Jul-22	20.0	20.0	0.0	0%		2.0	18.0		In Progress
IS	F	Follow up Reviews	5.0	Jul-22	70.0	70.0	0.0	0%		30.0	40.0		In Progress
IS	I	Unscheduled Investigations	5.0	Jul-22	80.0	0.0	-80.0	-100%	1	0.0	0.0		Scheduled
IS	I	Developing Investigations-Assist TBR	5.0	Jul-22	15.0	15.0	0.0	0%		5.0	10.0		In Progress
IS	I	INV-2022-02	5.0	May-22	20.0	10.0	-10.0	-50%	1	7.0	3.0	October-22	Completed
IS	I	INV-2023-01	5.0	Sep-22	0.0	30.0	30.0	100%	1	24.0	6.0		In Progress
IS	I	INV-2023-02	5.0	Sep-22	0.0	10.0	10.0	100%	2	5.0	5.0		In Progress
IS	I	INV-2023-03	5.0	Aug-22	0.0	20.0	20.0	100%	1	20.0	0.0	Dec-22	Completed
IS	I	INV-2023-04	5.0	Dec-22	0.0	30.0	30.0	100%	3	22.0	8.0		In Progress
IS	M	Enterprise Risk Assessment	5.0	Dec-22	35.0	35.0	0.0	0%		2.0	33.0		In Progress
FM	S	YE Procedures FYE 2022	5.0	Jun-22	10.0	10.0	0.0	0%		10.0	0.0	August-22	Completed
FM	S	YE Procedures FYE 2023	5.0	Jun-23	15.0	15.0	0.0	0%		0.0	15.0		Scheduled
SS	R	CCTA Element Audit	5.0	Apr-23	100.0	100.0	0.0	0%		0.0	100.0		Scheduled
FM	R	HEERF	5.0	Apr-23	100.0	100.0	0.0	0%		0.0	100.0		Scheduled
IS	R	QAR - Self Assessment and External	5.0	Nov-22	75.0	75.0	0.0	0%		10.0	65.0		In Progress
IA	S	Faculty Credentials	5.0	Mar-23	50.0	50.0	0.0	0%		0.0	50.0		Scheduled
IT	S	IAR-NACHA-2022	5.0	Nov-22	70.0	70.0	0.0	0%		72.0	-2.0	Dec-22	Completed
FM	R	President's Expense Audit - Motlow	5.0	Aug-22	80.0	80.0	0.0	0%		84.5	-4.5	Oct-22	Completed
IS	F	Safety Security Upgrade Follow-up	5.0	May-22	10.0	10.0	0.0	0%		12.5	-2.5	Jul-22	Completed
IS	S	Segregation of Duties Review - Payroll/ HR	5.0	Apr-23	40.0	0.0	-40.0	-100%	3	0.0	0.0		Removed
IT	A	Technology Access Fee (TAF Fund)	3.3	May-22	75.0	75.0	0.0	0%		24.0	51.0		In Progress
PP	A	Campus Safety Equipment Inventory	3.1	Jan-22	25.0	25.0	0.0	0%		26.0	-1.0	Oct-22	Completed
IT	A	Sensitive Equipment Student Loaner Processes	3.0	Jan-23	60.0	0.0	-60.0	-100%	3	0.0	0.0		Removed
S	R	TCAT-Athens Veteran's Benefit Certification	5.0	Feb-23	0.0	50.0	50.0	100%	3	0.0	50.0		Scheduled
S	AT	Basketball Tournament Event Processes	5.0	Jan-23	0.0	50.0	50.0	100%	3	0.0	50.0		Scheduled

Total Planned Audit Hours: 1050.0 1050.0 0.0 416.0 634.0
 Estimated Available Audit Hours = 1,050.0

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 - Reduced Investigation placeholder and added new investigative projects.
 FN2 - Item in development for audit project most likely to occur in FY 2024.
 FN3 - Added special requests and removed audits to accommodate.

Cleveland State Community College
Internal Audit Plan
Fiscal Year Ending June 30, 2023
Revised January 2023

						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
IS	C	Management Advisory Services	5.0	Jul-22	100.0	100.0	0.0	0%		65.0	35.0		In Progress
IS	F	State Audit-Assist Follow-up	5.0	Jul-22	100.0	100.0	0.0	0%		1.0	99.0		In Progress
IS	I	Unscheduled Investigations	5.0	Jul-22	80.0	80.0	0.0	0%		5.0	75.0		In Progress
IS	F	Campus Safety and Physical Security	5.0	Jul-22	20.0	20.0	0.0	0%		26.0	-6.0	Sep-22	Completed
FM	S	YE Procedures FYE 2022	5.0	Jul-22	10.0	10.0	0.0	0%		10.0	0.0	Jul-22	Completed
FM	R	President's Audit-Roane State	5.0	Aug-22	180.0	180.0	0.0	0%		185.0	-5.0	Oct-22	Completed
FM	R	CARES Act/HEERF (Higher Ed Emergency Relief Fund)	5.0	Feb-23	200.0	200.0	0.0	0%			200.0		Scheduled
FM	S	Stipend calculation/awarding procedures	5.0	Feb-23	115.0	115.0	0.0	0%			115.0		Scheduled
AD	S	P-Card Usage Policies in Foundation	5.0	Apr-23	80.0	80.0	0.0	0%			80.0		Scheduled
FM	R	NACHA 2023 Audit	5.0	Dec-22	90.0	90.0	0.0	0%		52.0	38.0		In Progress
SS	S	VA Audit 2023	5.0	May-23	75.0	75.0	0.0	0%			75.0		Scheduled
IS	R	QAR Self-Review	5.0	Dec-22	0.0	70.0	70.0	100%		15.0	55.0		In Progress
Total Planned Audit Hours:					1050.0	1120.0	70.0			359.0	761.0		
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

Columbia State Community College
Internal Audit Plan
Fiscal Year Ending June 30, 2023
Revised January 2023

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	State Audit Year End Work	5.0	May-23	22.5	22.5	0.0	0%		1.4	21.2		
FM	R	HEERF Reporting	5.0	Apr-23	150.0	75.0	-75.0	-50%	1	52.9	22.2		In Progress
FM	R	Complete College Tennessee Act - Element	5.0	Oct-22	150.0	149.5	-0.5	0%		0.0	149.5		
IT	F	GLBA Outcome Follow-up	5.0	Oct-22	37.5	37.5	0.0	0%		10.0	27.5		In Progress
IA	F	WF/CE IA Engagement Follow-up	5.0	Sep-22	37.5	8.5	-29.0	-77%		8.1	0.4		In Progress
SS	F	Financial Aid IA Engagement FU	5.0	Aug-22	22.5	20.5	-2.0	-9%		3.5	17.0		In Progress
SS	F	Veterans Affairs FU	5.0	PY	10.0	42.0	32.0	320%	2	42.0	0.1		Complete
SS	F	Financial Aid Peer Review FU	5.0	Feb-23	150.0	75.0	-75.0	-50%			75.0		
FM	M	Review Management's Risk Assessment	5.0	Nov-22	22.5	22.5	0.0	0%			22.5		
IS	O	5 Year Quality Assurance Review	5.0	Oct-22	75.0	75.0	0.0	0%		12.8	62.3		Complete
MC	C	Privacy Policy & Language Compliance Check	4.0	PY	37.5	37.5	0.0	0%		8.8	28.7		Scheduled
SS	C	Business Process Review: Records	4.0	PY	50.0	50.0	0.0	0%		7.4	42.6		In Progress
SS	C	PPA Compliance Check	3.6	PY	22.5	22.5	0.0	0%		1.3	21.3		Scheduled
IS	C	Records Retention	3.3	Aug-22	22.5	15.0	-7.5	-33%			15.0		
IS	F	Engagement Follow-up/Monitoring		Aug-22	15.0	15.0	0.0	0%		2.7	12.3		
IS	P	IA Data Analytics	1.2	Sep-22	75.0	75.0	0.0	0%			75.0		
IS	C	Informal Consulting		Aug-22	150.0	300.0	150.0	100%	3	177.6	122.5		In Progress
SS	C	DoD Compliance Review	5.0	PY	0.0	7.0	7.0	100%	2	7.2	-0.2		Complete
Total Planned Audit Hours:					1050.0	1050.0	0.0			335.4	714.7		

Functional Areas:

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

Audit Types:

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

Status:

Scheduled
In Progress
Completed
Removed

1 Name Change from Cares Review to HERF Reporting
2 Project delays
3 Value added partnerships

Dyersburg State Community College
Internal Audit Plan
Fiscal Year Ending June 30, 2023
Revised January 2023

Area	Type	Audit	Risk Factor	Estimated Audit Start Date	Original Hours Planned	Revised to Original			FN	Planned to Actual		Completion Date	Current Status
						Revised Plan	Change in Hours	Change in Percentage		Actual Hours	Variance		
SS	R	CCTA Funding Formula		Jan-22	90.0	90.0	0.0	0%		90.0		Scheduled	
FM	R	Year End Bank Confirmations		Jun-22	30.0	30.0	0.0	0%		4.0	26.0	Scheduled	
IS	P	PII Review		Jul-22	75.0	75.0	0.0	0%		34.0	41.0	In Progress	
IS	C	General Consultation		Jul-22	75.0	65.0	-10.0	-13%		22.0	43.0	In Progress	
IS	A	Human Resources		Jul-22	40.0	60.0	20.0	50%		37.0	23.0	In Progress	
PP	A	Building Security and Key Control		May-23	80.0	80.0	0.0	0%			80.0	Scheduled	
IS	M	Risk Assessment		Oct-22	70.0	70.0	0.0	0%		7.0	63.0	In Progress	
AT	A	Athletic Camps, Clinics, Fundraising and Scholarships		Nov-22	40.0	40.0	0.0	0%			40.0	Scheduled	
IS	P	QAR External Review		Aug-22	120.0	120.0	0.0	0%		115.0	5.0	In Progress	
IS	F	Follow-up Audits		Jul-22	75.0	75.0	0.0	0%		42.0	33.0	In Progress	
FM	A	Records Mgmt and Retention		Sep-22	40.0	40.0	0.0	0%			40.0	Scheduled	
IS	I	Unscheduled Investigations		Jul-22	75.0	75.0	0.0	0%		282.0	-207.0	In Progress	
FM	R	HEERF Funding/Cares Act		Nov-22	130.0	130.0	0.0	0%		27.0	103.0	In Progress	
FM	A	Payroll and Payroll Deductions		Mar-22	110.0	100.0	-10.0	-9%			100.0	Scheduled	
Total:					1050.0	1050.0	0.0			570.0	480.0		

Estimated Available Audit Hours = 1047.5

Functional Areas:

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

Audit Types:

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

Status:

Scheduled
 In Progress
 Completed
 Removed

**Jackson State Community College
Internal Audit Plan
Fiscal Year Ending June 30, 2023
Revised January 2023**

							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
IA	R	CCTA Element Audit- Completion		In Progress	60.0	15.0	-45.0	-75%	2		15.0		Scheduled
IS	R	CARES Act		March 2023	125.0	125.0	0.0	0%			125.0		Scheduled
IS	R	CCTA Element Audit		January 2023	125.0	0.0	-125.0	-100%	1		0.0		Scheduled
IS	R	Quality Assurance Review (QAR)		September 2022	75.0	75.0	0.0	0%		32.5	42.5		In Progress
IS	R	TCAT Veteran's Affairs Audit - Jackson/Whiteville		January 2023	0.0	100.0	100.0	0%	3		100.0		Scheduled
IS	S	President's Expense - DSCC		August 2022	125.0	275.0	150.0	120%	1	241.0	34.0	10/25/2022	Completed
FM	F	Payroll Follow up		In Progress	50.0	75.0	25.0	50%	1	60.0	15.0		In Progress
SS	F	Inv 18-03 Follow up		In Progress	50.0	25.0	-25.0	-50%			25.0	6/30/2022	Completed
AT	F	Inv 19-01 Follow up		In Progress	75.0	50.0	-25.0	-33%	3	1.0	49.0		In Progress
AD	F	Foundation Follow up		November 2022	75.0	50.0	-25.0	-33%		39.0	11.0	8/8/2022	Completed
IA	F	CCTA Element Audit -Completion Follow up		March 2023	50.0	0.0	-50.0	-100%	3		0.0		Scheduled
IS	F	Veterans Affairs Follow up		February 2023	50.0	50.0	0.0	0%		1.0	49.0		In Progress
IS	M	Risk Assessment		November 2022	50.0	50.0	0.0	0%			50.0		Scheduled
FM	R	Year-end Procedures		June 2023	40.0	40.0	0.0	0%			40.0		Scheduled
IS	C	General Consultation		As needed	50.0	95.0	45.0	90%	2	74.0	21.0		In Progress
IS	I	Unscheduled Investigations and Special Requests		As needed	50.0	25.0	-25.0	-50%	3		25.0		Scheduled
Total Planned Audit Hours:					1050.0	1050.0	0.0			448.5	601.5		

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

FN1: Available hours reduced from CCTA Element Audit (-125) to support hours needed for the President's Expense audit (+100) & the Payroll Follow up (+25)

FN2: Available hours reduced from CCTA Element Audit -Completion (-45) to support hours needed for the General Consultation (+45)

FN3: Available hours reduced from Unscheduled Investigations and Special Requests (-25), CCTA Element Audit -Completion follow up (-50) and Inv 19-01 follow up (-25) to support hours needed for the TCAT VA Audit (Jackson/Whiteville) (+100)

**Motlow State Community College
Internal Audit Plan
Fiscal Year Ending June 30, 2023
Revised February 2023**

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		Aug-22	125.0	10.0	-115.0	-92%	2	10.5	-0.5		Removed
AT	A	Athletics/Cash Handling Audit	4.9	Jan-23	60.0	70.0	10.0	17%	3	2.3	67.7		In Progress
FM	R	CARES Funding		Apr-23	125.0	100.0	-25.0	-20%			100.0		Scheduled
IS	R	CCTA Completion		Jul-22	40.0	40.0	0.0	0%		5.0	35.0		In Progress
IS	R	CCTA Element Audit		Mar-23	75.0	0.0	-75.0	-100%	4		0.0		Removed
IS	R	Veterans Affairs Audit		Jul-22	0.0	13.0	13.0	100%		13.0	0.0	Jul-22	Completed
IA	M	Risk Assessment		Mar-23	30.0	30.0	0.0	0%			30.0		Scheduled
IA	F	Follow Up Workforce Development #2		Jul-22	40.0	70.0	30.0	75%		49.6	20.4		In Progress
AT	F	Follow Up INV 1604		Apr-23	50.0	40.0	-10.0	-20%			40.0		Scheduled
SS	F	Follow Up INV 1801		Apr-23	40.0	40.0	0.0	0%			40.0		Scheduled
AT	F	Follow Up INV 1802		Jul-22	35.0	35.0	0.0	0%		5.5	29.5		In Progress
FM	F	Follow Up Access and Diversity #3		Jul-22	40.0	35.0	-5.0	-13%		34.8	0.2	Aug-22	Completed
FM	C	General Consultation		Jul-22	50.0	70.0	20.0	40%		64.8	5.2		In Progress
FM	R	State Audit Assistance - Yr End		Jul-22	20.0	20.0	0.0	0%			20.0		In Progress
IS	I	Unscheduled Investigations		Jul-22	50.0	50.0	0.0	0%		42.6	7.4		In Progress
FM	R	Other Internal Audit Follow Up		Jul-22	0.0	50.0	50.0	100%		43.9	6.1		In Progress
IS	R	Quality Assurance Review		Jul-22	75.0	50.0	-25.0	-33%		19.3	30.7		In Progress
FM	F	Follow Up Access and Diversity #4		Nov-22	40.0	40.0	0.0	0%		9.0	31.0		In Progress
IS	A	Human Resources (Outprocessing/Access)	4.8	Nov-22	50.0	57.0	7.0	14%		8.3	48.7		In Progress
FM	A	Clearing House Audit	4.8	Sep-22	75.0	0.0	-75.0	-100%	1	5.0	-5.0		Removed
SS	A	Student Activity Fees Audit	5.0	Sep-22	0.0	125.0	125.0	100%	2	84.7	40.3		In Progress
MC	S	External Affairs Consulting Engagement		Oct-22	0.0	45.0	45.0	100%	1	37.4	7.6		In Progress
FM	A	Cash Handling Audit	4.7	Dec-22	0.0	0.0	0.0	100%	3		0.0		Removed
IS	R	Veterans Affairs Follow Up		Oct-22	0.0	30.0	30.0	100%	1	11.5	18.5		In Progress

Total Planned Audit Hours: 1020.0 1020.0 0.0 447.2 572.8

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

The Internal Auditor submitted a resignation 2/8/23 with a last day of 3/8/23. Revised Audit Plan and notes provide an update as to current engagements.

- FN 1 Engagements and budgeted time were revised due to increased effort required to conduct follow up reviews and new engagements from assessed risks and management requests.
- FN 2 Additional time added for the Student Activity Fees Audit from the Procurement Card/Continuous Monitoring project.
- FN 3 Cash Handling Audit time was combined with the Athletics Audit as this is an identified risk for this area.
- FN 4 CCTA Element Audit is no longer a required audit from TBR SWIA this fiscal year. It has been removed from the plan.

Nashville State Community College
Internal Audit Plan
Fiscal Year Ending June 30, 2023
Revised January 2023

								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	
IA	R	CCTA Element	3.4	TBD	150.0	150.0	0.0	0%		0.0	150.0		Scheduled	
FM	R	CARES Act	3.7	Mar-23	150.0	150.0	0.0	0%		0.0	150.0		Scheduled	
IS	R	QAR Self-Assessment	3.4	Oct-22	150.0	150.0	0.0	0%		150.0	0.0	Jan-23	Completed	
IS	C	Internal Control Awareness	3.0	Aug-22	150.0	150.0	0.0	0%		70.0	80.0		In Progress	
FM	F	State Audit Follow Up	3.3	Sep-22	50.0	0.0	-50.0	-100%	1	0.0	0.0		Removed	
IS	C	Consulting Activities	3.0	As Needed	150.0	150.0	0.0	0%		50.0	100.0		In Progress	
IS	F	Physical Security / Campus Safety Follow Up	4.4	Feb-23	150.0	150.0	0.0	0%		0.0	150.0		Scheduled	
FM	A	Travel	3.5	Jan-23	100.0	100.0	0.0	0%		12.0	88.0		In Progress	
Total Planned Audit Hours:					1050.0	1000.0	-50.0			282.0	718.0			

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

FNI Removed due to no state audit findings.

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, 2023
Revised January 2023

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	HEERF	5.0	Aug-22	100.0	100.0	0.0	0%		36.0	64.0		In Progress
FM	R	Walters State President Expense Audit	5.0	Aug-22	100.0	100.0	0.0	0%		104.0	-4.0	Oct-22	Completed
IS	P	QAR Self-Assessment	5.0	Aug-22	100.0	100.0	0.0	0%		78.5	21.5		In Progress
FM	R	State Audit Follow-Up Audits	5.0	Oct-22	100.0	100.0	0.0	0%			100.0		Scheduled
SS	R	Complete College Tennessee Act Element	5.0	Jan-23	100.0	100.0	0.0	0%			100.0		Scheduled
FM	S	HEERF I Student Distributions Audit	5.0	Jul-22	20.0	20.0	0.0	0%		21.5	-1.5	Dec-22	Completed
FM	S	HEERF II Student Distributions Audit	5.0	Jul-22	40.0	40.0	0.0	0%	1	30.0	10.0		In Progress
FM	S	HEERF III Student Distributions Audit	5.0	Jul-22	40.0	40.0	0.0	0%	1	24.5	15.5		In Progress
IS	S	Attendance Reporting	5.0	Jul-22	75.0	75.0	0.0	0%		26.5	48.5		In Progress
IS	I	Developing Investigations-Assist TBR	5.0	Jul-22	30.0	30.0	0.0	0%			30.0		Scheduled
IS	I	Unscheduled Investigations	5.0	Jul-22	30.0	30.0	0.0	0%			30.0		Scheduled
FM	R	State Audit Assistance - Year End	5.0	May-23	30.0	30.0	0.0	0%			30.0		Scheduled
IS	S	Special Requests and Projects	5.0	Jul-22	100.0	100.0	0.0	0%		81.0	19.0		In Progress
IS	F	Other Audit Follow-Up	5.0	Jul-22	50.0	50.0	0.0	0%		21.0	29.0		In Progress
IS	M	Risk Assessment	5.0	Oct-22	35.0	35.0	0.0	0%			35.0		Scheduled
IS	C	Management Advisory Services	5.0	Jul-22	100.0	100.0	0.0	0%		77.5	22.5		In Progress

Total Planned Audit Hours: **1050.0** **1050.0** **0.0** **500.5** **549.5**

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

1. Title updated to reflect scope

**Pellissippi State Community College
Internal Audit Plan
Fiscal Year Ending June 30, 2023
Revised February 2023**

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-23	150.0	150.0	0.0	0%		0.0	150.0		Scheduled
FM	R	Year End Inventory & Cash Counts	5.0	Jul-22	30.0	30.0	0.0	0%		2.0	28.0		In Progress
IS	R	Funding Formula	5.0	Mar-23	112.5	112.5	0.0	0%		0.0	112.5		Scheduled
IS	R	Quality Assurance Self Assessment	5.0	Oct-22	112.5	112.5	0.0	0%		79.5	33.0		In Progress
FM	F	Audit Follow-Ups	5.0	Jul-22	30.0	30.0	0.0	0%		19.0	11.0		In Progress
IS	M	Risk Assessment	5.0	Nov-22	22.5	22.5	0.0	0%		0.0	22.5		Scheduled
IA	S	Faculty Credentials	5.0	Oct-22	150.0	150.0	0.0	0%		40.5	109.5		In Progress
IA	S	Review of Compliance Assist	5.0	Apr-23	52.5	52.5	0.0	0%		0.0	52.5		Scheduled
AD	C	Advancement Management Advisory Services, Consultation, etc.	5.0	Jul-22	22.5	22.5	0.0	0%		17.5	5.0		In Progress
FM	C	Finance Management Advisory Services, Consultation, etc.	5.0	Jul-22	22.5	22.5	0.0	0%		13.0	9.5		In Progress
IS	C	Institutional Support Management Advisory Services, Consultation, etc.	5.0	Jul-22	75.0	75.0	0.0	0%		13.0	62.0		In Progress
IS	I	Unscheduled Investigations and Special Requests	5.0	Jul-22	37.5	37.5	0.0	0%		0.0	37.5		Scheduled
IT	C	IT Audit Management Advisory Service - Phishing Campaign & Building Security Review	5.0	Jul-22	150.0	150.0	0.0	0%		15.0	135.0		In Progress
IT	C	IT Audit Management Advisory Service - General Security Review	5.0	Jul-22	150.0	150.0	0.0	0%		91.5	58.5		In Progress
IT	C	IT Audit Management Advisory Service - PCI & ACH Review	5.0	Jul-22	150.0	150.0	0.0	0%		99.5	50.5		In Progress
IT	A	Vulnerability Assessment - College Website Server	4.05	Jul-22	150.0	172.5	22.5	15%		165.0	7.5	Sep-22	Completed

Total Planned Audit Hours: 1417.5 1440.0 22.5 555.5 884.5

Estimated Available Audit Hours = 1365.0

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

**Roane State Community College
Internal Audit Plan
Fiscal Year Ending June 30, 2023
Revised January 2023**

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-23	65.0	65.0	0.0	0%			65.0		Scheduled
FM	R	Year End Cash Counts	5.0	May-23	35.0	35.0	0.0	0%			35.0		Scheduled
IS	M	Enterprise Risk Assessment	5.0	Aug-22	75.0	75.0	0.0	0%		28.5	46.5		In Progress
FM	A	Grants	3.6	Aug-22	75.0	75.0	0.0	0%		22.0	53.0		In Progress
FM	R	CARES Act (HERRF)	5.0	Jan-22	75.0	75.0	0.0	0%			75.0		Scheduled
IS	A	Sick Leave Bank	3.5	Jul-22	50.0	50.0	0.0	0%		29.5	20.5		In Progress
FM	F	State Audit Follow-up	5.0	Jul-22	75.0	70.0	-5.0	-7%		20.0	50.0		In Progress
FM	F	IAR Audit Follow-up	5.0	Jul-22	75.0	25.0	-50.0	-67%	1	4.5	20.5		In Progress
FM	I	Unscheduled Investigations	5.0	Jul-22	90.0	40.0	-50.0	-56%	4	25.0	15.0		In Progress
IS	C	Management Advisory Services	5.0	Jul-22	142.5	142.5	0.0	0%		75.3	67.3		In Progress
AX	S	Foundation - Restricted Funds	4.7	Jul-22	60.0	60.0	0.0	0%		34.3	25.7		In Progress
IA	S	Nursing Program Review	4.9	Jul-22	55.0	55.0	0.0	0%		41.0	14.0		In Progress
PP	A	Police/Safety Equipment Inventory	3.1	Jul-22	22.5	22.5	0.0	0%		2.5	20.0		In Progress
FM	A	Equipment Inventory & Tagging	3.7	Jan-23	45.0	0.0	-45.0	-100%	3		0.0		Removed
IS	R	Campus Safety & Security	5.0	Jul-22	10.0	10.0	0.0	0%		2.0	8.0		In Progress
AD	R	CCTA - Graduation	5.0	Jul-22	25.0	25.0	0.0	0%		15.8	9.3		In Progress
IS	R	QAR - Self Assessment and External	5.0	Jul-22	75.0	65.0	-10.0	-13%		32.0	33.0		In Progress
IA	R	Release Time/Workload IAR Follow-up	5.0	Jul-22	0.0	50.0	50.0	100%	2	35.0	15.0		In Progress
FM	S	Adjuncts Having More than 1 Position at RSCC	5.0	Nov-22	0.0	50.0	50.0	100%	5	32.5	17.5		In Progress
SS	R	VA - TCAT Harriman	5.0	Feb-23	0.0	60.0	60.0	100%			60.0		Scheduled

Total Planned Audit Hours: 1050.0 1050.0 0.0 399.8 650.2

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

- 1- Reduced IAR Follow-up due to adding significant IAR Follow-up audit
- 2- Follow-up IAR for Release Time/Worload added
- 3- Removed Equipment Inventory & Tagging- two audits added
- 4- Decreased Unscheduled Audits and added two additional audits
- 5- Audit added due to concerns about adjuncts having more than one position & their pay
- 6- Audit assigned during FY23

Southwest Tennessee Community College
Internal Audit Plan
Fiscal Year Ending June 30, 2023
Revised January 2023

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	S	Out of State Tuition		Aug-22	97.5	97.5	0.0	0%		97.5		Scheduled	
FM	S	Review of Driver License		Jul-22	25.0	25.0	0.0	0%		25.0		Scheduled	
IA	P	Review of Medical Programs with Special Admission Process		Mar-23	97.5	137.5	40.0	41%		123.5	14.0	Sep-22	Completed
FM	R	CARES		Feb-23	97.5	97.5	0.0	0%		2.0	95.5		In Progress
FM	A	Capitalized Equipment		Apr-23	97.0	67.0	(30.0)	-31%		16.0	51.0		In Progress
FM	P	QAR		Jun-22	55.0	55.0	0.0	0%		4.0	51.0		In Progress
FM	A	Cash Count		May-23	30.0	30.0	0.0	0%		13.0	17.0		In Progress
AT	A	Athletic General Compliance		Jan-23	52.0	52.0	0.0	0%			52.0		Scheduled
FM	E	Inv 20-3 Investigation Clubs		Nov-22	25.0	72.0	47.0	188%		84.0	(12.0)		In Progress
IS	A	Risk Management		Dec-22	50.0	50.0	0.0	0%		3.0	47.0		In Progress
IS	F	FU-Campus Safety		Sep-22	47.0	47.0	0.0	0%			47.0		Scheduled
IT	F	FU-State Audit		Oct-22	30.0	30.0	0.0	0%		2.0	28.0		In Progress
FM	S	FU-Review Ghost Employee		Nov-22	50.0	75.0	25.0	50%		67.0	8.0	Oct-22	Completed
SS	R	FU Veteran's Affairs Benefit		Jul-22	25.0	55.0	30.0	120%		53.5	1.5	Nov-22	Completed
FM	P	ACM-Audit Software		Jul-22	75.0	75.0	0.0	0%		73.0	2.0		In Progress
SS	C	IAR-General Consultant		Jul-22	97.0	75.0	(22.0)	-23%		60.5	14.5		In Progress
FM	I	Unscheduled Investigation		Jul-22	97.0	7.0	(90.0)	-93%			7.0		Scheduled
Total Planned Audit Hours:					1047.5	1047.5	0.0			501.5	546.0		

Estimated Available Audit Hours = 1047.5

Functional Areas:

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

Audit Types:

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

Status:

Scheduled
 In Progress
 Completed
 Removed

Volunteer State Community College
Internal Audit Plan
Fiscal Year Ending June 30, 2023
Revised January 2023

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 Funding Formula	8.3	Apr-23	175.0	0.0	-175.0	-100%	(1)	0.0	0.0		Removed
FM	R	President's Expense Reporting	6.0	Aug-22	175.0	175.0	0.0	0%		190.5	-15.5	Oct-22	Completed
FM	R	State Audit Year-End Work	5.0	May-23	40.0	40.0	0.0	0%		13.0	27.0		Scheduled
IS	F	Follow-Up Activities	5.0	Jul-22	50.0	50.0	0.0	0%		7.5	42.5		In Progress
IS	C	General Consultation	5.0	Jul-22	100.0	125.0	25.0	25%		67.5	57.5		In Progress
IS	P	IIA QAIP Self Assessment	5.0	Jul-22	100.0	175.0	75.0	75%	(2)	67.0	108.0		In Progress
IS	M	Management Risk Assessment	5.0	Oct-22	125.0	125.0	0.0	0%		0.0	125.0		Scheduled
IS	I	Unscheduled Investigations	5.0	Jul-22	40.0	40.0	0.0	0%		3.0	37.0		In Progress
IS	R	CARES Act	5.0	Feb-23	175.0	175.0	0.0	0%		0.0	175.0		Scheduled
Total Planned Audit Hours:					980.0	905.0	-75.0			348.5	556.5		

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

Footnote (1): Audit rescheduled for FY 2024 by SWIA.

Footnote (2): Increase time budget to prepare supporting documentation for external review.

Walters State Community College
Internal Audit Plan
Fiscal Year Ending June 30, 2023
Revised January 2023

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-22	50.0	50.0	0.0	0%		43.0	7.0		In Progress
FM	F	State Audit Assist/Follow-up	5.0	Sep-22	12.0	12.0	0.0	0%		4.0	8.0	Jul-22	Completed
IS	R	IAR-CARES Act HEERF 2023	5.0	Mar-23	40.0	40.0	0.0	0%			40.0		Scheduled
FM	R	WSSC Risk Assessment T/B/A	5.0	May-23	37.5	37.5	0.0	0%			37.5		Scheduled
FM	R	WSSC Enterprise-wide Risk Assessment	5.0	May-23	7.5	7.5	0.0	0%			7.5		Scheduled
IS	M	WSSC IET and Fin Aid Risk Assessments	5.0	Dec-22	37.5	37.5	0.0	0%		29.5	8.0	Aug-22	Completed
SS	R	IAR-CCTA-T/B/D	5.0	Mar-23	105.0	105.0	0.0	0%			105.0		Scheduled
FM	S	YE Procedures FYE 2022	5.0	Jul-22	22.5	22.5	0.0	0%		11.0	11.5	Jul-22	Completed
FM	S	YE Procedures FYE 2023	5.0	Jun-23	22.5	22.5	0.0	0%			22.5		Scheduled
IT	S	IAR-NACHA-2022	5.0	Oct-22	75.5	75.5	0.0	0%		60.0	15.5		In Progress
IS	S	Unscheduled Investigations	5.0	Jul-22	105.0	105.0	0.0	0%		22.5	82.5		In Progress
IS	R	QAR Self-Assessment	5.0	Sep-22	75.0	75.0	0.0	0%		50.5	24.5		In Progress
FM	C	Business Continuity Planning	5.0	Jul-22	225.0	225.0	0.0	0%		96.5	128.5		In Progress
IT	M	IT Governance	5.0	Jul-22	75.0	75.0	0.0	0%			75.0		Scheduled
FM	M	Accounts Receivable	5.0	Jul-22	65.0	65.0	0.0	0%			65.0		Scheduled
IA	C	Faculty Workload Reports	5.0	Jul-22	75.0	75.0	0.0	0%		75.0	0.0		In Progress
SS	F	Veterans Affairs Benefits	5.0	Sep-22	20.0	20.0	0.0	0%		15.0	5.0		In Progress
Total Planned Audit Hours:					1050.0	1050.0	0.0			407.0	643.0		

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

Tennessee Board of Regents - System Office
Internal Audit Plan
Fiscal Year Ending June 30, 2023
Revised January 2023

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	VA Audit-TCAT-TCAT McKenzie		Oct-22	75.0	75.0	0.0	0%			75.0		Scheduled	
SS	R	VA Audit-TCAT-TCAT TBD		Nov-22	75.0	75.0	0.0	0%			75.0		Scheduled	
FM	R	State Audit Follow Up FY 2020 and 2021		Oct-22	45.0	15.0	-30.0	-67%	FN1		15.0		Scheduled	
FM	S	Cash Disbursements		Nov-22	150.0	150.0	0.0	0%			150.0		Scheduled	
IS	R	Internal Quality Assurance Review		Jan-23	30.0	30.0	0.0	0%			30.0		Scheduled	
IS	C	TBR Website Content review		Feb-23	225.0	150.0	-75.0	-33%	FN2	30.0	120.0		In Progress	
FM	S	Tn eCampus		Mar-23	150.0	150.0	0.0	0%			150.0		Scheduled	
FM	R	Audit of President's Expenses-VSCC		Aug-22	75.0	112.5	37.5	50%			105.0	7.5	Oct-22	Completed
IS	C	General Consultation		Jul-22	200.0	275.0	75.0	38%			120.0	155.0		In Progress
Total Planned Audit Hours:					1025.0	1032.5	7.5				255.0	777.5		
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-Adjusted hours due to no findings for TBR System office

FN2-Adjusted hours for website content review. Also changed type to Consulting.

**TBR- Investigations
Internal Audit Plan
Fiscal Year Ending June 30, 2023
Revised January 2023**

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-22	125.0	35.0	-90.0	-72%		19.5	15.5		In Progress
IS	P	Investigation Management		Jul-22	200.0	200.0	0.0	0%		101.0	99.0		In Progress
FM	I	Unscheduled Investigations		Jul-22	400.0	0.0	-400.0	-100%	1	0.0	0.0		
PP	I	INV TBR 21-05		Feb-21	40.0	40.0	0.0	0%		11.5	28.5		In Progress
FM	I	INV TBR 22-03		Sep-21	75.0	75.0	0.0	0%		10.0	65.0		In Progress
IA	I	INV TBR 23-01		Jul-22	22.5	19.0	-3.5	-16%		19.0	0.0	Jul-22	Completed
IA	I	INV TBR 23-02		Aug-22	0.0	210.0	210.0	100%	1	201.0	9.0		In Progress
IA	I	INV TBR 23-03		Sep-22	0.0	150.0	150.0	100%	1	22.5	127.5		In Progress
AT	I	INV TBR 23-04		Dec-22	0.0	75.0	75.0	100%	1	12.0	63.0		In Progress
AT	I	INV TBR 23-05		Dec-22	0.0	38.0	38.0	100%	1	38.0	0.0	Jan-23	Completed
AT	I	INV DSCC 23-01		Oct-22	0.0	133.0	133.0	100%	1	133.0	0.0	Jan-23	Completed
IS	S	Application Data Review		Jul-21	75.0	75.0	0.0	0%		0.0	75.0		
FM	R	Presidents Expense Audit - VSCC		Sep-22	112.5	0.0	-112.5	-100%	2	0.0	0.0		Removed
Total Planned Audit Hours:					1050.0	1050.0	0.0			567.5	482.5		

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

- 1- Added investigations and reduced hours for unscheduled investigations.
 2- Required audit assigned by SWIA.

**TBR - Information Systems
Internal Audit Plan
Fiscal Year Ending June 30, 2023
Revised January 2023**

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		
IT	R	CISCC Information Systems	5.0	Dec-22	150.0	150.0	0.0	0%		59.5	90.5		In Progress
IT	R	CoSCC Information Systems	5.0	Jul-22	150.0	150.0	0.0	0%		252.5	-102.5	Dec-22	Completed
IT	R	JSCC Information Systems	5.0	Mar-23	150.0	150.0	0.0	0%			150.0		Scheduled
IT	R	PSCC Information Systems	5.0	Oct-22	150.0	150.0	0.0	0%		222.5	-72.5	Oct-22	Completed
IT	R	STCC Information Systems	5.0	Apr-23	150.0	150.0	0.0	0%			150.0		Scheduled
IT	R	TCAT Information Systems	5.0	May-23	350.0	150.0	-200.0	-57%			150.0		Scheduled
IT	R	TBR System Office	5.0	Jun-23	150.0	150.0	0.0	0%			150.0		Scheduled
Total Planned Audit Hours:					1250.0	1050.0	-200.0			534.5	515.5		

Estimated Available Audit Hours = 1250.0

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, 2023
Revised January 2023**

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 23 Risk Assessment	NA	Oct-21	200.0	200.0	0.0	0%		15.0	185.0		In Progress
FM	C	FY 23 TCAT Consultation	NA	Jul-21	250.0	250.0	0.0	0%		116.0	134.0		In Progress
FM	C	FY 23 TCAT Year End Procedures	NA	Jun-22	50.0	50.0	0.0	0%		23.5	26.5		In Progress
FM	C	FY 23 Audit Program	NA	Jul-21	75.0	75.0	0.0	0%		56.5	18.5		In Progress
FM	A	FY 23 TCAT Memphis Controls Review	5.0	Sep-21	75.0	75.0	0.0	0%		10.0	65.0		In Progress
FM	A	FY 23 TCAT McMinnville Controls Review	5.0	Jul-21	37.5	37.5	0.0	0%		10.0	27.5		In Progress
FM	R	FY 23 Oneida VA Audit	4.7	Jul-21	75.0	75.0	0.0	0%		7.5	67.5		In Progress
FM	R	FY 23 Jacksboro VA Audit	4.7	Aug-21	75.0	75.0	0.0	0%		7.5	67.5		In Progress
FM	R	FY 21 TCAT Nashville President's Expense	4.6	Jan-21	75.0	75.0	0.0	0%		75.0	0.0	22-Sep	Completed
FM	A	FY 21 TCAT Oneida President's Expense	2.6	Jan-21	37.5	37.5	0.0	0%		37.5	0.0	22-Dec	Completed
FM	R	FY 21 TCAT Jackson/Whiteville President's Expense	3.7	Oct-21	75.0	75.0	0.0	0%		77.5	-2.5		In Progress
FM	R	FY 21 TCAT Ripley President's Expense	2.7	Oct-21	37.5	37.5	0.0	0%		37.5	0.0	Jul-22	Completed
FM	R	FY 22 TCAT Chattanooga President's Expense	1.3	Feb-21	75.0	75.0	0.0	0%		0.0	75.0		
FM	R	FY 21 Cosmetology Controls Review	1.3	Jul-21	75.0	75.0	0.0	0%		50.0	25.0		In Progress
Total Planned Audit Hours:					1212.5	1212.5	0.0			523.5	689.0		

Estimated Available Audit Hours = 1,212.5

Functional Areas:

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

Audit Types:

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

Status:

Scheduled
 In Progress
 Completed
 Removed

BOARD TRANSMITTAL

MEETING: Committee on Audit

SUBJECT: Review of Internal Audit Charters

DATE: March 7, 2023

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 charter has been revised due to a change in Campus President and is recommended for the committee's approval.

Northeast State Community College

Internal Audit Charter

Introduction

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

Purpose

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

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

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

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

Audit Standards

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

Authority and Scope

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

Organizational Status/Reporting Structure

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

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

Independence and Objectivity

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

Responsibility and Role

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

- Comply with auditing standards established by the Institute of Internal Auditors to ensure the effectiveness and quality of the internal audit effort.
- Develop and implement audit plans and programs after consultation with the President that respond to both risk and cost effectiveness criteria.
- Review the reliability and integrity of information, and the information technology processes that produce that information.
- Verify compliance with applicable policies, guidelines, laws, and regulations.
- Suggest policies and procedures or improvements to existing policies and procedures where appropriate.
- Provide audit reports that identify internal control issues and make cost-effective recommendations to strengthen control.
- Facilitate the resolution of audit issues with administrators who have the most direct involvement and accountability.
- Review institutional operations (financial and other) on an advisory basis to inform and assist management in the successful execution of their duties.
- Assist with audits or perform certain agreed upon procedures for external parties. External parties include but are not limited to audit offices of federal and state governments and related agencies.
- Review management's risk assessment process and advise management on the reasonableness and propriety of the assessment.

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

Quality Assurance and Improvement

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

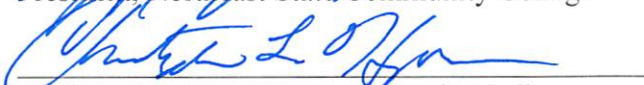
Periodic Review of Internal Audit Charter

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



 President, Northeast State Community College

11-3-2022
 Date



 Auditor, Northeast State Community College

11/3/2022
 Date

BOARD TRANSMITTAL

MEETING: Committee on Audit

SUBJECT: Review of Internal Quality Assurance Self-Assessment

DATE: March 7, 2023

PRESENTER: Mike Batson

ACTION REQUIRED: Informational Report

STAFF'S
RECOMMENDATION: Accept Report

BACKGROUND INFORMATION:

The Committee will review the results of the recent internal quality assurance reviews (QAR) performed as a self-assessment by each of the internal audit offices in the system. The self-assessments were performed as part of the system-wide audit function's quality assurance and improvement program (QAIP). Independent, external assessments are required every five years; the Tennessee Board of Regents system's last external assessment was completed in December 2018; the next external assessment planned for July 2023. A summary of the key results from the internal assessments is included, followed by the report from each office.

Quality Assurance and Improvement Program (QAIP)

A Quality Assurance and Improvement Program (QAIP) is designed to enable an evaluation of the internal audit activity's conformance with the Institute of Internal Auditors (IIA) *International Standards of the Professional Practice of Internal Auditing* (the *Standards*), the IIA *Definition of Internal Auditing* and the IIA *Code of Ethics* (mandatory guidance). The objectives of a QAIP are to evaluate the internal audit function for:

- Conformance with the IIA *Standards, Definition of Internal Auditing* and *Code of Ethics*;
- Adequacy of the audit charter, goals, objectives, policies, and procedures;
- Contribution to the organization's governance, risk management, and control processes; and
- Effectiveness of continuous improvement activities and adoption of best practices.

Internal Assessments

Internal quality assurance reviews or self-assessments are performed periodically by internal audit staff and may include:

- Ongoing monitoring of the internal audit activity's day to day activities, such as engagement supervision and review of working papers and reports;
- Quality or compliance checklists;
- Performance evaluations and client surveys; and
- Periodic internal self-assessment of conformance with the IIA *Standards, Definition of Internal Auditing* and *Code of Ethics*.

External Assessments

External quality assurance reviews are performed by a qualified, independent reviewer or team and must include either:

- An external review of the audit function to determine conformance with the IIA *Standards, Definition of Internal Auditing* and *Code of Ethics*, or
- An external validation of a self-assessment, which would include sufficient reviews by the external reviewer to validate the self-assessment or propose an alternative report.

Tennessee Board of Regents
System-wide Internal Audit
Summary of Internal Quality Assurance Reviews
2023

The internal audit offices within the Tennessee Board of Regents system conducted an Internal Quality Assurance Review (QAR), a self-assessment, of the internal audit activity in 2023. As part of System-wide Internal Audit's Quality Assurance and Improvement Program, the principal objective of the self-assessments was to determine the internal audit activity's overall conformance with The Institute of Internal Auditors' (The IIA) *International Standards for the Professional Practice of Internal Auditing (Standards)*, the *Definition of Internal Auditing* and the *Code of Ethics*.

The overall opinion is that the Tennessee Board of Regents internal audit activity Generally Conforms to The IIA's *Standards, Definition of Internal Auditing, and Code of Ethics*. The internal audit activity is well-structured and progressive, and audit management is endeavoring to provide useful audit tools and implement appropriate practices. The report for each institution is included following this summary report.

Observations

The concept of general conformance to the IIA *Standards* recognizes that there may still be room for improvement. Auditors strive for continuous improvement and Quality Assurance Reviews provide a natural process for identifying these opportunities. This summary contains a number of observations that should not be taken collectively to undermine the overall conclusion. Among the opportunities noted in these reports, the following stand out as the most significant in relation to the IIA *Standards* or have the highest potential to improve the program.

Standard 1200 – Proficiency and Due Professional Care

Increase access to and experience with technology-based audit tools to enhance the value and efficiency of the internal audit function. Data analysis can be used to test a wider range of a given population and can be more effective than the limited sample size testing normally used in audit engagements. It is recommended that the internal audit consider the use of technology-based audit and other data analysis techniques in conducting risk analysis, planning, and execution of all engagements.

Standard 2000 – Managing the Internal Audit Activity

Improve the risk assessment process supporting the annual audit plan.

Standard 2060 – Reporting to Senior Management and the Board

Compliance with this standard could be enhanced by the Director of Internal Audit presenting periodically at monthly staff updates and by requesting to present at least annually to the President's Cabinet to provide updates on audit issues and to address any questions or concerns.

Standard 2100 – Nature of Work

The Office of Internal Audit can help improve the College's governance processes by proactively raising awareness of internal controls and risk management throughout the College.

Standard 2110 – Governance

Obtain a better understanding of the institution's technology governance, and the institution's ethics objectives, programs, and activities.

Standard 2210 – Engagement Objectives

Internal audit should perform a preliminary assessment of risks and develop objectives for every engagement, ensuring the preliminary risk assessment results are reflected in the objectives and are documented in the working papers. This documented assessment should include an evaluation of the adequacy of management's criteria for determining if objectives and goals are being accomplished.

Standard 2420 – Quality of Communications

Internal audit should strive to perform and complete audit engagements and to communicate those results timelier to allow management to take the necessary corrective actions. Timely communications are opportune and expedient, depending on the significance of the issue, allowing management to take appropriate corrective action in a timely manner. The internal audit activity should continue to seek process adjustments that lead to increased timeliness of audit feedback and reports.

Chattanooga State

Office of Internal Audit

Report on Quality Assurance Self-Assessment

January 2023



Internal Audit Department

4501 Amnicola Highway • Chattanooga, TN 37406

423.697.4400 • www.chattanoogastate.edu

January 30, 2023

Dear Dr. Ashford:

In accordance with the *International Standards for the Professional Practice of Internal Auditing (Standards)*, issued by the Institute of Internal Auditors (IIA), as well as the IIA *Definition of Internal Auditing* and *Code of Ethics*, we implemented a Quality Assurance and Improvement Program for the Office of Internal Audit. As required by the *Standards*, this program must include periodic external reviews and internal self-assessments, as well as ongoing internal monitoring covering all aspects of the internal audit activity.

Periodic self-assessments are designed to assess the audit activity's conformance with the *Standards*, *Definition of Internal Auditing*, and *Code of Ethics* and to assess the efficiency and effectiveness of internal audit in meeting the needs of its various stakeholders. Ongoing monitoring of internal audit activities are performed as part of the policies and practices of our office. Our Quality Assurance and Improvement Program requires an internal review be performed between external reviews.

This report is to inform you of the results of a recent internal review, a periodic self-assessment was performed as part of the quality assurance program. The review was performed in January 2023 to determine if the internal audit activity is in conformance with the IIA requirements. The results of our assessment indicate we overall generally conform to the *Standards*, *Definition of Internal Auditing*, and *Code of Ethics*; however, one opportunity for improvement is discussed in the report.

The *Standards* require an external quality assurance review performed every five years, the Tennessee Board of Regents Office of System-wide Internal Audit will coordinate the next external quality assurance review for the system during the summer or fall of 2023.

Please contact me should you have any questions regarding this review.

Sincerely,



Kimberly Clingan
Director, Internal Audit

**Chattanooga State Community College
Report on Quality Assurance Self-Assessment
January 2023**

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EVALUATION OF CONFORMITY BY STANDARD.....	APPENDIX A

Restrictions on Report Use: *This report is intended solely for the internal use of Chattanooga State Community College and the Tennessee Board of Regents. It is not intended to be and should not be used for any other purpose. The distribution of the report to external parties must be approved by the Office of Internal Audit and handled in accordance with institutional policies.*

Chattanooga State Community College
Report on Quality Assurance Self-Assessment
January 2023

EXECUTIVE SUMMARY

Key Staff Personnel	Chattanooga State Community College Internal Audit	Internal Auditor	Kimberly Clingan Director, Internal Audit
Overall Assessment	<p>The Chattanooga State Community College Office of Internal Audit completed a quality self-assessment of the internal audit activity in January 2023. The principal objective of the quality self-assessment was to determine the internal audit activity’s conformity to The Institute of Internal Auditors’ (IIA) <i>International Standards for the Professional Practice of Internal Auditing (Standards)</i>, <i>Definition of Internal Auditing</i>, and <i>Code of Ethics</i>.</p> <p>The overall opinion is that the Chattanooga State Community College’s internal audit activity generally conforms to The IIA’s <i>Standards</i>, <i>Definition of Internal Auditing</i>, and <i>Code of Ethics</i>. The internal audit activity is well structured, progressive, and audit management continues to improve practices and implement efficiencies. <u><i>Appendix A – Evaluation of Conformity</i></u> details conformity by individual standard.</p> <p>The Tennessee Board of Regents (TBR) System-wide Internal Audit has coordinated an external validation of the self-assessment scheduled for summer or fall 2023.</p>		
Observations	<p>The concept of general conformance to the <i>IIA Standards</i> recognizes that there may still be room for improvement. Auditors strive for continuous improvement and Quality Assurance Reviews provide a natural process for identifying these opportunities. This report contains one opportunity for continuous improvement that should not be taken collectively to undermine the overall conclusion.</p> <p><i>Standard 1220.A2 – Proficiency and Due Professional Care</i>: Increase access to and experience with technology based audit tools to enhance the value and efficiency of the internal audit function. A project with Institutional Effectiveness, Research, and Planning has been initiated to identify and leverage data reports being produced or data being collected by other areas of the college. Greater access to these items will increase the auditor’s ability to apply data analysis techniques and evaluate risk.</p>		

Chattanooga State Community College
Report on Quality Assurance Self-Assessment
January 2023

REQUIREMENT FOR QUALITY ASSESSMENTS

The IIA *Standards* require an audit activity to have a quality assurance and improvement program, which includes periodic internal and external quality assessments, and ongoing internal monitoring for conformance with the *Standards*. The Tennessee Board of Regents System-Wide Internal Audit *Internal Audit Manual* directs the college internal audit activity to conduct a self-assessment at least twice every five-years, and undergo an external peer review every fifth year.

Adherence to the *Standards* is essential for the professional practice of internal auditing. The IIA states, “Standards are the criteria by which the operations of an internal audit department are evaluated and measured. They are intended to represent the practice of internal auditing as it should be.”

SELF-ASSESSMENT PERFORMED

Chattanooga State Community College’s Office of Internal Audit completed a quality assurance self-assessment of the internal audit activity in January 2023. The principal objective of the self-assessment was to determine the internal audit activity’s conformity to The Institute of Internal Auditors’ (The IIA) *International Standards for the Professional Practice of Internal Auditing* (Standards), the *Definition of Internal Auditing* and the *Code of Ethics*.

OPINION AS TO CONFORMITY TO THE STANDARDS

The overall opinion is that Chattanooga State Community College’s internal audit activity generally conforms to The IIA’s *Standards*, *Definition of Internal Auditing*, and *Code of Ethics*. The internal audit activity is well-structured, progressive, and audit management is endeavoring to provide useful audit tools and implement appropriate practices. Efforts to conform to the spirit and intent of the IIA Standards are evident.

OBSERVATIONS

The concept of general conformance to the IIA *Standards* recognizes that there may still be room for improvement. Auditors strive for continuous improvement and Quality Assurance Reviews provide a natural process for identifying these opportunities. This report contains one recommendation for continuous improvement that should not be taken collectively to undermine the overall conclusion.

Enhancement Opportunities

Standard 1220.A2 – Proficiency and Due Professional Care – Generally Conforms

This standard requires the auditor to consider the use of technology based audits and other data analysis in exercising due professional care. The internal auditor considers the use of technology based audit techniques when planning an engagement. However, the availability and proficiency of such techniques have been limited.

Chattanooga State Community College
Report on Quality Assurance Self-Assessment
January 2023

Increased access to and experience with technology based audit tools would enhance the value and efficiency of the internal audit function. A project with Institutional Effectiveness, Research, and Planning has been initiated to identify and leverage data reports being produced or data being collected by other areas of the college. Greater access to these items will increase the auditor's ability to apply data analysis techniques and evaluate risk.

Enhancements Implemented

Standard 2060 – Reporting to the Board and Senior Management – Generally Conforms

This standard requires the campus/system-wide Chief Audit Executive to report periodically to senior management on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan, including significant risk exposure and control issues, including fraud risks, governance issues and other matters needed or requested by senior management.

Compliance with this standard has been enhanced over the last eighteen months by the Director of Internal Audit presenting to the President's Cabinet twice each year. The presentations provide updates on audit issues, discuss increased risks to the college, and respond to Management's questions or concerns. Requests for Internal Audit's assistance generally have increased after these interactions.

Appendix A summarizes the internal audit activity's self-assessment of conformance by *Standard*. The following definitions are important when reviewing Appendix A.

Generally Conforms – a judgment that the internal audit activity meets the spirit and intent of the IIA *Standards* with some potential opportunities for improvement.

Partially Conforms – a judgment that the internal audit activity has deficiencies in practice that deviate from the spirit and intent of the IIA *Standards*, but these deficiencies did not preclude the internal audit activity from performing its responsibilities.

Does Not Conform – a judgment that the internal audit activity has deficiencies in practice that are significant enough to preclude the internal audit activity from adequately performing in all or in significant areas of its responsibilities.

Not applicable - the *Standard* does not apply.

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<u>1000 – Purpose, Authority and Responsibility</u>	Generally Conforms
<u>1100 – Independence and Objectivity</u>	Generally Conforms
1110 Organizational Independence	Generally Conforms
1111 Direct Interaction with the Board	Generally Conforms
1112 Chief Audit Executive Roles Beyond Internal Audit	Generally Conforms
1120 Individual Objectivity	Generally Conforms
<u>1130 – Impairments to Independence or Objectivity</u>	Generally Conforms
<u>1200 – Proficiency and Due Professional Care</u>	Generally Conforms
1210 Proficiency	Generally Conforms
1220 Due Professional Care	Generally Conforms
1230 Continuing Professional Development	Generally Conforms
<u>1300 – Quality Assurance Improvement Program</u>	Generally Conforms
1310 Quality Program Assessments	Generally Conforms
1311 Internal Assessments	Generally Conforms
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1320 Reporting on the Quality Program	Generally Conforms
1321 Use of “Conforms with the” <i>Standards</i>	Generally Conforms
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<u>2000 – Managing the Internal Audit Activity</u>	Generally Conforms
2010 Planning	Generally Conforms
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2030 Resource Management	Generally Conforms
2040 Policies and Procedures	Generally Conforms
2050 Coordination	Generally Conforms
2060 Reporting to the Board and Senior Management	Generally Conforms
2070 External Service Provider / Organizational Responsibility	Not Applicable
<u>2100 – Nature of Work</u>	Generally Conforms
2110 Governance	Generally Conforms
2120 Risk Management	Generally Conforms
2130 Control	Generally Conforms
<u>2200 – Engagement Planning</u>	Generally Conforms
2201 Planning Considerations	Generally Conforms
2210 Engagement Objectives	Generally Conforms
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2240 Engagement Work Program	Generally Conforms
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<u>2400 – Communicating Results</u>	Generally Conforms
2410 Criteria for Communication	Generally Conforms
2420 Quality of Communications	Generally Conforms
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2431 Engagement Disclosure of Noncompliance	Generally Conforms
2440 Disseminating Results	Generally Conforms
2450 Overall Opinions	Generally Conforms
<u>2500 – Monitoring Progress</u>	Generally Conforms
<u>2600 – Management’s Acceptance of Risks</u>	Generally Conforms
<u>Code of Ethics</u>	Generally Conforms

Office of Internal Audit
Report on Quality Assurance Self-Assessment
January 2023



Cleveland State

COMMUNITY COLLEGE

January 31, 2023

Dr. Stone:

In accordance with the *International Standards for the Professional Practice of Internal Auditing (Standards)*, issued by the Institute of Internal Auditors (IIA), as well as the IIA *Definition of Internal Auditing* and *Code of Ethics*, we implemented a Quality Assurance and Improvement Program for the Office of Internal Audit. As required by the *Standards*, this program must include periodic external reviews and internal self-assessments, as well as ongoing internal monitoring covering all aspects of the internal audit activity.

This report is to inform you of the results of a recent internal review. A periodic self-assessment was performed as part of the quality assurance program. The review was performed in January 2023 to determine if the internal audit activity is in conformance with the IIA requirements. The results of the assessment indicate we overall generally conform to the *Standards*, *Definition of Internal Auditing*, and *Code of Ethics*. The report contains three opportunities for continuous improvement that should not be taken to undermine the overall acceptable conclusion.

Along the same lines as the SACSCOC 10-year review, the *Standards* require an external quality assurance review be performed every five years. Our Quality Assurance and Improvement Program requires an internal review be performed midway between external reviews. This is the end of that five-year cycle and the Tennessee Board of Regents' Office of System-wide Internal Audit will coordinate the external quality assurance review for the system during the summer or fall of 2023.

Please contact me should you have any questions regarding this review.

Respectfully submitted,



E. Denise R. Callais, CPA
Director of Internal Audit

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Restrictions on Report Use: *This report is intended solely for the internal use of Cleveland State Community College and the Tennessee Board of Regents. It is not intended to be and should not be used for any other purpose. The distribution of the report to external parties must be approved by the Office of Internal Audit and handled in accordance with institutional policies.*

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EXECUTIVE SUMMARY

Key Staff Personnel	Cleveland State Community College Internal Audit	Internal Auditor	Denise Callais Director of Internal Audit
Overall Assessment	<p>The Cleveland State Community College (CLSCC) Office of Internal Audit completed a quality self-assessment of the internal audit activity in January 2023. The principal objective of the quality self-assessment was to determine the internal audit activity’s conformity to The Institute of Internal Auditors’ (IIA) <i>International Standards for the Professional Practice of Internal Auditing (Standards), Definition of Internal Auditing, and Code of Ethics</i>.</p> <p>The overall opinion is that the CLSCC’s internal audit activity generally conforms to the requirements. <i>Appendix A – Evaluation of Conformity</i> details conformity by individual standard.</p> <p>The Tennessee Board of Regents (TBR) System-wide Internal Audit has coordinated an external validation of the self-assessment scheduled for summer or fall 2023.</p>		
Observations	<p>The concept of general conformance to the <i>IIA Standards</i> recognizes that there may still be room for improvement. Auditors strive for continuous improvement and Quality Assurance Reviews provide a natural process for identifying these opportunities. This report contains three opportunities for continuous improvement that should not be taken to undermine the overall conclusion.</p> <p><i>Standard 1220.A2 – Due Professional Care:</i> This standard requires the auditor to consider the use of technology-based audit and other data analysis techniques. There is opportunity to enhance compliance by collaborating with other Statewide Internal Auditors for technology-based audit tools that have been successful for them and weigh the cost-benefit of implementation at CLSCC.</p> <p><i>Standard 1230 – Continuing Professional Development:</i> CLSCC’s Director of Internal Audit is a CPA and complies with the mandatory 40 hours per year of continuing education, but is new to auditing. CLSCC should seek out training opportunities specific to new internal auditors.</p> <p><i>Standard 2060 – Reporting to Senior Management and the Board:</i> Compliance with this standard can be enhanced once CLSCC’s new President, Vice Presidents, and Director of Internal Audit settle into a meeting and reporting routine. One option would be to have the Director of Internal Audit present information periodically to the President’s Cabinet. The presentations could provide updates on audit issues, discuss increased risks to the college, and respond to Management’s questions or concerns. Some campuses include their internal auditor as a member of the President’s Cabinet or at a minimum, include them as a member of the Administrative Council or President’s Extended Leadership Team.</p>		

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REQUIREMENT FOR QUALITY ASSESSMENTS

The IIA *Standards* require an audit activity to have a quality assurance and improvement program, which includes periodic internal and external quality assessments, and ongoing internal monitoring for conformance with the *Standards*. The Tennessee Board of Regents System-Wide Internal Audit *Internal Audit Manual* directs the college internal audit activity to conduct a self-assessment at least twice every five-years, and undergo an external peer review every fifth year.

Adherence to the *Standards* is essential for the professional practice of internal auditing. The IIA states, “Standards are the criteria by which the operations of an internal audit department are evaluated and measured. They are intended to represent the practice of internal auditing as it should be.”

SELF-ASSESSMENT PERFORMED

Cleveland State Community College’s Office of Internal Audit completed a quality assurance self-assessment of the internal audit activity in January 2023. The principal objective of the self-assessment was to determine the internal audit activity’s conformity to The Institute of Internal Auditors’ (The IIA) *International Standards for the Professional Practice of Internal Auditing* (Standards), the *Definition of Internal Auditing* and the *Code of Ethics*.

OPINION AS TO CONFORMITY TO THE STANDARDS

The overall opinion is that Cleveland State Community College’s internal audit activity generally conforms to The IIA’s *Standards*, *Definition of Internal Auditing*, and *Code of Ethics*. The internal audit activity is well-structured, progressive, and audit management is endeavoring to provide useful audit tools and implement appropriate practices. Efforts to conform to the spirit and intent of the IIA Standards are evident.

OBSERVATIONS

The concept of general conformance to the IIA *Standards* recognizes that there may still be room for improvement. Auditors strive for continuous improvement and Quality Assurance Reviews provide a natural process for identifying these opportunities. This report contains one recommendation for continuous improvement that should not be taken to undermine the overall conclusion.

Enhancement Opportunities

Standard 1220.A2 – Due Professional Care – (Generally Conforms)

This standard requires the auditor to consider the use of technology-based audit and other data analysis techniques. There is opportunity to enhance compliance by collaborating with other Statewide Internal Auditors for

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technology-based audit tools that have been successful for them and weigh the cost-benefit of implementation at CLSCC.

Standard 1230 – Continuing Professional Development – (Generally Conforms)

This standard requires internal auditors to enhance their knowledge, skills, and other competencies through continuing professional development. CLSCC's Director of Internal Audit is a CPA and complies with the mandatory 40 hours per year of continuing education, but is new to auditing. CLSCC should seek out training opportunities specific to new internal auditors.

Standard 2060 – Reporting to Senior Management and the Board – (Partially Conforms)

This standard requires the internal auditor to report periodically to senior management on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan, including significant risk exposure and control issues, including fraud risks, governance issues and other matters that require the attention of senior management and/or the board.

Compliance with this standard can be enhanced once CLSCC's new President, Vice Presidents, and Director of Internal Audit settle into a meeting and reporting routine. One option would be to have the Director of Internal Audit present information periodically to the President's Cabinet. The presentations could provide updates on audit issues, discuss increased risks to the college, and respond to Management's questions or concerns. Some campuses include their internal auditor as a member of the President's Cabinet or at a minimum, include them as a member of the Administrative Council or President's Extended Leadership Team.

Appendix A summarizes the internal audit activity's self-assessment of conformance by *Standard*. The following definitions are important when reviewing [Appendix A](#).

Generally Conforms – a judgment that the internal audit activity meets the spirit and intent of the IIA *Standards* with some potential opportunities for improvement.

Partially Conforms – a judgment that the internal audit activity has deficiencies in practice that deviate from the spirit and intent of the IIA *Standards*, but these deficiencies did not preclude the internal audit activity from performing its responsibilities.

Does Not Conform – a judgment that the internal audit activity has deficiencies in practice that are significant enough to preclude the internal audit activity from adequately performing in all or in significant areas of its responsibilities.

Not applicable - the *Standard* does not apply.

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January 2023

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<u>Code of Ethics</u>	Generally Conforms

COLUMBIA STATE COMMUNITY COLLEGE

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November 2022*



COLUMBIA
STATE COMMUNITY
COLLEGE

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Restrictions on Report Use: *The sole intent of this report is the internal use of the Tennessee Board of Regents and Columbia State Community College. The report has no other authorized purpose. Although the report is a matter of public record, Columbia State Community College, Office of Internal Audit must approve distribution of the report to external parties. The external party is required to handle the report in accordance with institutional policies.*

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EXECUTIVE SUMMARY

Columbia State’s Office of Internal Audit completed a quality assurance self-assessment of the internal audit activity in November 2022. The principal objective of the quality self-assessment was to determine the internal audit activity’s conformity to The Institute of Internal Auditors’ (The IIA) *International Standards for the Professional Practice of Internal Auditing (Standards)*, the *Definition of Internal Auditing* and the *Code of Ethics*.

The overall opinion is that Columbia State’s internal audit activity generally conforms to The IIA’s *Standards, Definition of Internal Auditing, and Code of Ethics*. The internal audit activity is well structured and progressive, and audit management continues to improve practices and implement efficiencies. [Appendix A – Evaluation of Conformity](#) details conformity by individual standard.

OBSERVATIONS

The concept of general conformance to the IIA *Standards* recognizes that there may still be room for improvement. Auditors strive for continuous improvement, and quality assurance reviews provide a natural process for identifying these opportunities. This report contains a number of recommendations that collectively do not undermine the overall conclusion. Among the opportunities noted in this report, the following stand out as most significant in relation to the IIA *Standards* and/or have the highest potential to improve the program.

1. Improve the risk assessment process supporting the annual audit plan. [Standard 2000 – Managing the Internal Audit Activity – Generally Conforms](#)
2. Obtain a better understanding of the institution’s ethics objectives, programs, and activities. [Standard 2110 – Governance – Partially Conforms](#)
3. Improve the timeliness of engagement communication. [Standard 2400 – Communicating Results – Generally Conforms](#)

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REQUIREMENT FOR QUALITY ASSESSMENTS

The IIA *Standards* require an audit activity to have a quality assurance and improvement program, which includes periodic internal and external quality assessments, and ongoing internal monitoring for conformance with the *Standards*. The Tennessee Board of Regents System-Wide Internal Audit *Internal Audit Manual* directs the college internal audit activity to conduct a self-assessment at least twice every five-years, and undergo an external peer review every fifth year.

Adherence to the *Standards* is essential for the professional practice of internal auditing. The IIA states, “Standards are the criteria by which the operations of an internal audit department are evaluated and measured. They are intended to represent the practice of internal auditing as it should be.”

SELF-ASSESSMENT PERFORMED

Columbia State’s Office of Internal Audit completed a quality assurance self-assessment of the internal audit activity November 2022. The principal objective of the self-assessment was to determine the internal audit activity’s conformity with The Institute of Internal Auditors’ (The IIA) *International Standards for the Professional Practice of Internal Auditing* (Standards), the *Definition of Internal Auditing* and the *Code of Ethics*.

OPINION AS TO CONFORMITY TO THE STANDARDS

The overall opinion is that Columbia State’s internal audit activity generally conforms to The IIA’s *Standards, Definition of Internal Auditing, and Code of Ethics*. The internal audit activity is well structured and progressive, and audit management continues to improve practices and implement efficiencies.

OBSERVATIONS

Conformance Gaps

Standard 2100 – Nature of Work – Generally Conforms

Standard 2110, *Governance* requires the internal audit activity to “evaluate the design, implementation, and effectiveness of the organization’s ethics-related objectives, programs, and activities” (Standard 2110.A1), and to “assess whether the information technology governance of the organization supports the organization’s strategies and objectives” (Standard 2110.A2).

The internal audit activity has historically relied upon the Tennessee Board of Regents (TBR) System-wide Internal Audit (SWIA) information systems auditor to evaluate technology governance. The internal audit activity considers information technology risks and incorporates appropriate fieldwork when conducting reviews of non-information technology areas. In 2022, the internal auditor completed a Cybersecurity and Information Assurance degree in order to enhance the effectiveness of computer technology focused audit work.

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The auditor has not evaluated the design, implementation, or effectiveness of ethics-related objectives, programs, or activities. The audit activity considers these types of engagements as the risk environment indicates and audit resources allow.

Standard 2300 – Performing the Engagement – Generally Conforms

Standard 2340, *Engagement Supervision* requires engagements be “properly supervised to ensure objectives are achieved, quality is assured, and staff is developed.”

Full conformance with the standard is difficult due to management of the internal audit activity by a single individual. The internal audit activity incorporates engagement templates and wrap-up checklists, frequent communication with the President, management’s direct involvement in report development, and College Cabinet review of reports as compensating controls to support the assessment of general conformance. Additionally, the internal audit activity functionally reports to the Tennessee Board of Regents (TBR) Audit Committee through the Tennessee Board or Regents System-Wide Internal Audit (SWIA). The TBR SWIA Chief Audit Executive directs system-level audit engagements, reviews the campus internal audit activity’s official reports prior to submission to the Audit Committee, and serves the internal audit activity as the centralized line of communication with the Audit Committee.

Enhancement Opportunities

Standard 1200 – Proficiency and Due Professional Care – Generally Conforms

Standard 1210.A1 requires internal auditors “have sufficient knowledge to evaluate the risk of fraud and the manner in which it is managed by the organization...”

The auditor does not have proficiency in all areas of the College’s operations, or the College’s fraud awareness programs or methods for managing fraud. The audit activity has not fully implemented data analysis and computer-aided audit techniques. The internal audit activity can improve effectiveness and efficiency through continued implementation and improvement of data analysis and computer-aided audit techniques, and by gaining a better understanding of the College’s fraud awareness and management programs.

Standard 2000 – Managing the Internal Audit Activity – Generally Conforms

Standard 2010, *Planning* requires the internal auditor plan of engagements be “based on a documented risk assessment, undertaken at least annually”, and consider “input of senior management and the board.”

The internal audit activity seeks input from College Cabinet (College Board) and directly involves the President in the audit planning process. The input is informal and often provides an incomplete perspective of the College’s risk profile. A formalized and documented risk profile would enhance the audit planning process and may add value to the College enterprise-risk assessment process.

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Standard 2400 – Communicating Results – Generally Conforms

Standard 2420, *Quality of Communications* requires audit communication to “be accurate, objective, clear, concise, constructive, complete, and timely.”

The internal audit activity continues to seek process and communication adjustments that lead to increased timeliness of audit feedback and reports.

Enhancements Implemented

Standard 1200 – Proficiency and Due Professional Care – Generally Conforms

Standard 1210, *Proficiency* requires internal auditors have “sufficient knowledge of key information technology (IT) risks and controls and available technology-based audit techniques to perform their assigned work.”

The internal auditor completed a Cybersecurity and Information Assurance degree in November 2022. The knowledge gained enhances the ability to identify key information technology risks and controls.

Standard 1230, *Continuing Professional Development* requires auditors to “enhance their knowledge, skills, and other competencies through continuing professional development.”

The College supports continuing professional education by establishing minimum professional development expectations and providing both budget and learning resources to employees. The culture of continual learning supported the auditor’s achievement of Certified Internal Auditor in 2021 and cybersecurity degree attainment in 2022.

Standard 2000 – Managing the Internal Audit Activity – Generally Conforms

Standard 2010, *Planning* guides the internal audit activity to consider accepting proposed consulting engagements based on the engagement’s potential to improve management of risks, add value, and improve the organization’s operations.

During the COVID-19 pandemic, the internal audit activity adjusted the audit plan tempo in support of management’s transition to the new operating environment, and offered management opportunities to engage the internal audit activity through consulting engagements. Consulting engagements undertaken in 2020-2021 covered areas such as research, instruction, and customer service.

Standard 2020, *Communication and Approval* requires the internal audit activity to communicate “activity’s plans and resource requirements, including significant interim changes, to senior management and the board for review and approval”, and “communicate the impact of resource limitations.”

The internal audit activity regularly communicates the audit plan and associated resources to College Cabinet and the Tennessee Board of Regents (Board). The internal audit activity discusses resource limitations with the President during audit plan development. Quarterly communications to the Board

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include significant interim changes to the plan. The President receives monthly updates and College Cabinet receives a biannual update on the plan's status. Additional communication improvements include a communication matrix, annual audit awareness survey, and centralized communication with College Cabinet.

Standard 2040, *Policies and Procedures* requires the internal audit activity “establish policies and procedures to guide the internal audit activity.”

Although the internal audit activity follows the policies and procedures established by Tennessee Board of Regent's System-Wide Internal Audit, the internal audit activity developed a *Columbia State Internal Audit Manual* that outlines campus specific policies and procedures such as communicating results, professional development, records retention, and conducting and documenting audit engagements. The manual also supports campus succession and staff training.

Upon TBR SWIA's termination of the electronic audit software application in 2020, the internal audit activity identified and implemented free resources for electronic audit engagement documentation. The internal audit activity has streamlined communication with management, College Cabinet and external assessors, and has reduced document duplication through centralized electronic communication methods.

Standard 2050, *Coordination and Reliance* establishes a responsibility for the internal audit activity to “share information, coordinate activities, and consider relying upon the work of other internal and external assurance and consulting service providers to ensure proper coverage and minimize duplication of efforts.”

The internal audit activity continues to improve conformance by communicating with campus constituents and external engagement providers. Awareness efforts have resulted in increased engagement with external evaluators and increased report sharing by campus constituents.

Standard 2400 – Communicating Results – Generally Conforms

Standard 2420, *Quality of Communications* requires internal audit activity communications be “accurate, objective, clear, concise, constructive, complete, and timely.”

The internal audit activity has increased report clarity and readability by converting report language from passive to active tense, and ensuring official reports and web communications meet accessibility guidelines.

Standard 2500 – Monitoring Progress – Generally Conforms

Standard 2500.A1 requires the internal audit activity “establish and maintain a system to monitor the disposition of results communicated to management”.

The internal audit activity historically monitored management progress through quarterly progress updates from management and biannual status updates to College Cabinet. The internal audit activity began to

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notice a decline in management progress on action plans. Through discussion with the President, the internal audit activity established a formal follow-up engagement timeline and increased the number of progress updates to College Cabinet.

Appendix A summarizes the internal audit activity's self-assessment of conformance by *Standard*. The following definitions are important when reviewing [Appendix A](#).

Generally Conforms – a judgment that the internal audit activity meets the spirit and intent of the IIA *Standards* with some potential opportunities for improvement.

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Does Not Conform – a judgment that the internal audit activity has deficiencies in practice that are significant enough to preclude the internal audit activity from adequately performing in all or in significant areas of its responsibilities.

Not applicable - the *Standard* does not apply.

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2430 Use of “Conforms with the” <i>Standards</i>	Generally Conforms
2431 Engagement Disclosure of Noncompliance	Generally Conforms
2440 Disseminating Results	Generally Conforms
2450 Overall Opinions	Generally Conforms
<u>2500 – Monitoring Progress</u>	Generally Conforms
<u>2600 – Management’s Acceptance of Risks</u>	Generally Conforms
<u>Code of Ethics</u>	Generally Conforms

DYERSBURG STATE COMMUNITY COLLEGE

*Office of Internal Audit
Report on Quality Self-Assessment Review
January 31, 2023*



January 31, 2023

Dr. Scott Cook, President
Dyersburg State Community College
1510 Lake Road
Dyersburg, TN 38024

Dr. Cook,

In accordance with the *International Standards for the Professional Practice of Internal Auditing (Standards)*, issued by the Institute of Internal Auditors (IIA), as well as the *IIA Definition of Internal Auditing and Code of Ethics*, we implemented a Quality Assurance and Improvement Program for the Office of Internal Audit. As required by the *Standards*, this program must include periodic external reviews and internal self-assessments, as well as ongoing internal monitoring covering all aspects of the internal audit activity.

The *Standards* require an external quality assurance review performed every five years. Our previous external review occurred in the summer of 2018 and the next will be performed in fiscal year 2023. Our Quality Assurance and Improvement Program requires an internal review be performed between external reviews. Ongoing monitoring procedures of internal audit activities are performed as part of the policies and practices of our office.

Periodic self-assessments are designed to assess the audit activity's conformance with the internal audit charter, the IIAs *Definition of Internal Auditing, Standards* and the *Code of Ethics* and to assess the efficiency and effectiveness of internal audit in meeting the needs of its various stakeholders.

This letter is to inform you the periodic internal self-assessment was performed in January 2023. The results of the assessment will indicate we overall generally conform to the internal audit charter, IIA's *Definition of Internal Auditing, Standards*, and *Code of Ethics* and if any opportunities for improvement were noted. A summary of the self-assessment checklist is attached.

Please contact me at extension 3237 if you have any questions or comments regarding this audit.

Sincerely,

Sandra Pruet, CPA, CIA
Director of Internal Audit

cc: Mike Batson, System-wide Chief Audit Executive

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Restrictions on Report Use: *This report is intended solely for the internal use of the Tennessee Board of Regents and Dyersburg State Community College. It is not intended to be and should not be used for any other purpose. The distribution of the report to external parties must be approved by Dyersburg State Community College, Office of Internal Audit and handled in accordance with institutional policies; however, this report is a matter of public record.*

Dyersburg State Community College
Report on Quality Self-Assessment Review
January 31, 2023

EXECUTIVE SUMMARY

The Dyersburg State Community College, Office of Internal Audit, completed a quality assurance self-assessment of the internal audit activity in January 2023. The principal objective of the quality self-assessment was to determine the internal audit activity's conformity to The Institute of Internal Auditors' (IIA) *International Standards for the Professional Practice of Internal Auditing (Standards)*, the *Definition of Internal Auditing* and the *Code of Ethics*.

The overall opinion is that the Dyersburg State Community College's internal audit activity generally conforms to The IIA's *Standards, Definition of Internal Auditing* and *Code of Ethics*. The internal audit activity is well structured and progressive and audit management continues to improve practices and implement efficiencies. [Appendix A – Evaluation of Conformity](#) details conformity by individual standard.

REQUIREMENT FOR QUALITY ASSESSMENTS

The IIA *Standards* require an audit activity to have a quality assurance and improvement program, which includes periodic internal and external quality assessments, and ongoing internal monitoring for conformance with the *Standards*. The Tennessee Board of Regents System-Wide Internal Audit *Internal Audit Manual* directs the college internal audit activity to conduct a self-assessment at least twice every five-years, and undergo an external peer review every fifth year.

Adherence to the *Standards* is essential for the professional practice of internal auditing. The IIA states, "Standards are the criteria by which the operations of an internal audit department are evaluated and measured. They are intended to represent the practice of internal auditing as it should be."

SELF-ASSESSMENT PERFORMED

Dyersburg State Community College's Office of Internal Audit completed a quality self-assessment of the internal audit activity in January 2023. The principal objective of the self-assessment was to determine the internal audit activity's conformity to The Institute of Internal Auditors' (The IIA) *International Standards for the Professional Practice of Internal Auditing (Standards)*, the *Definition of Internal Auditing* and the *Code of Ethics*.

Dyersburg State Community College
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OPINION AS TO CONFORMITY TO THE STANDARDS

The overall opinion is that the Dyersburg State Community College's internal audit activity generally conforms to The IIA's *Standards, Definition of Internal Auditing and Code of Ethics*.

OBSERVATIONS

The concept of general conformance to the *IIA Standards* recognizes that there may still be room for improvement. Auditors strive for continuous improvement and quality assurance reviews provide a natural process for identifying these opportunities. This report contains two recommendations for continuous improvement that should not be taken collectively to undermine the overall conclusion that the DSCC Internal Audit Office generally conforms to the *IIA Standards*. Among the opportunities noted in this report, the following stand out as most significant in relation to the *IIA Standards* and have the highest potential to improve the program.

- 1. Standard 1220.A2 – Due Professional Care - In exercising due professional care, internal auditors must consider the use of technology-based audit and other data analysis techniques.**

Continuous Improvement: Internal auditors should continue to strive to make use of any available computer aided audit tools to provide for a more effective basis for audit conclusions. Data analysis can be used to test a wider range of a given population and can be more effective than the limited sample size testing normally used in audit engagements. The DSCC Internal Audit Office does use some technology-based software to assist in the selection of samples, but does not regularly use data analytic tools. Increased training and use of these tools are advised.

Dyersburg State Community College
Report on Quality Self-Assessment Review
January 31, 2023

2. **IIA Standard 2210 – Engagement Objectives – Objectives must be established for each engagement.**

Internal auditors must conduct a preliminary assessment of the risks relevant to the activity under review. Engagement objectives must reflect the results of this assessment.

Continuous Improvement: Internal audit should perform a preliminary assessment of risks and develop objectives for every engagement, ensuring the preliminary risk assessment results are reflected in the objectives and are documented in the working papers. This documented assessment should include an evaluation of the adequacy of management’s criteria for determining if objectives and goals are being accomplished.

Appendix A summarizes the internal audit activity’s self-assessment of conformance by *Standard*. The following definitions are important when reviewing [Appendix A](#).

Dyersburg State Community College
Report on Quality Self-Assessment Review
January 31, 2023

ATTACHMENT A - CONFORMITY WITH THE STANDARDS

GC = **Generally Conforms** and means that IA has a charter, policies and procedures that are judged to meet the spirit and intent of the IIA Standards with some potential opportunities for improvement.

PC = **Partially Conforms** and means there are deficiencies in practice that are judged to deviate from the spirit and intent of the IIA Standards, but these deficiencies did not preclude IA from performing its responsibilities

DNC = **Does Not Conform** and means deficiencies in practice are judged to be so significant as to seriously impair or preclude IA from performing adequately in all or in significant areas of its responsibilities.

NA = **Not applicable** Standard does not apply.

Attribute Standards

1000 - Purpose, Authority and Responsibility

GC	PC	DNC	NA
X			

1100 - Independence and Objectivity

- 1110 Organizational Independence
- 1111 Direct Interaction with the Board
- 1112 Safeguards for Roles Outside Audit
- 1120 Individual Objectivity

X			
X			
X			
X			
X			

1130 - Impairments to Independence or Objectivity

X			
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1200 - Proficiency and Due Professional Care

- 1210 Proficiency
- 1220 Due Professional Care
- 1230 Continuing Professional Development

X			
X			
X			

1300 - Quality Assurance Improvement Program

- 1310 Quality Program Assessments
- 1311 Internal Assessments
- 1312 External Assessments
- 1320 Reporting on the Quality Program
- 1321 Use of "Conformity with the Standards"
- 1322 Disclosure of Noncompliance

X			
X			
X			
X			
X			
			X

Performance Standards

2000 - Managing the Internal Audit Activity

- 2010 Planning
- 2020 Communication and Approval
- 2030 Resource Management
- 2040 Policies and Procedures
- 2050 Coordination
- 2060 Reporting to the Board and Senior Management
- 2070 External Service Provider & Organizational Responsibility

X			
X			
X			
X			
X			
X			
			X

2100 - Nature of Work

- 2110 Governance
- 2120 Risk Management
- 2130 Control

X			
X			
X			

2200 - Engagement Planning

- 2201 Planning Considerations
- 2210 Engagement Objectives
- 2220 Engagement Scope
- 2230 Engagement Resource Allocation
- 2240 Engagement Work Program

X			
X			
X			
X			
X			

2300 - Performing the Engagement

- 2310 Identifying Information
- 2320 Analysis and Evaluation
- 2330 Documenting Information
- 2340 Engagement Supervision

X			
X			
X			
			X

2400 - Communicating Results

- 2410 Criteria for Communication
- 2420 Quality of Communications
- 2421 Errors and Omissions
- 2430 Use of "Conformity with the Standards"
- 2431 Engagement Disclosure of Noncompliance
- 2440 Disseminating Results
- 2450 Overall Opinions

X			
X			
X			
X			
X			
X			
X			

2500 - Monitoring Progress

X			
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2600 - Management's Acceptance of Risks

X			
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JACKSON STATE COMMUNITY COLLEGE

Report on Quality Assurance Self-Assessment January 2023



Office of Internal Audit
2046 North Parkway Jackson, TN 38301
www.jsc.edu



2046 North Parkway | Jackson, TN 38301

January 6, 2023

Dr. George Pimentel, President
Jackson State Community College
2046 North Parkway
Jackson, TN 38301

and

Mr. Mike Batson, System-wide Internal Audit Chief Executive
Tennessee Board of Regents
1 Bridgestone Park
Nashville, Tennessee 37214

Dear President Pimentel and Mr. Batson:

In accordance with the *International Standards for the Professional Practice of Internal Auditing (Standards)*, issued by the Institute of Internal Auditors (IIA), as well as the IIA *Definition of Internal Auditing* and *Code of Ethics*, we initiated a Quality Assurance and Improvement Program for the Office of Internal Audit. As required by the *Standards*, this program must include periodic internal and external reviews and ongoing internal monitoring covering all aspects of the internal audit activity.

This report is to inform you of the results of a recent internal review, a self-assessment of our internal audit activities performed as part of the quality assurance program. The review was performed during December 2022 to determine if the internal audit activity is in conformance with the IIA requirements. The results of our review indicate we are generally in conformance with the *Standards*, *Definition of Internal Auditing* and *Code of Ethics*; however, opportunities for improvement were noted and these are discussed in the report.

Ongoing monitoring procedures of internal audit activities are performed as part of the policies and practices of our office. Because the *Standards* require an external quality assurance review every five years, the Tennessee Board of Regents, Office of System-wide Internal Audit, will coordinate the next external quality assurance review in 2023.

Please contact me at (731) 424-3520, ext. 52611, should you have any questions regarding this review.

Sincerely,

Chrystal Pittman
Director of Internal Audit

**Jackson State Community College
Report on Quality Assurance Self-Assessment
January 2023**

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Standard 2200 & 2210 – Engagement Planning & Engagement Objectives–Generally Conforms

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Restrictions on Report Use: *The sole intent of this report is the internal use of the Tennessee Board of Regents and Jackson State Community College. The report has no other authorized purpose. Although the report is a matter of public record, Jackson State Community College, Office of Internal Audit must approve distribution of the report to external parties. The external party is required to handle the report in accordance with institutional policies.*

Jackson State Community College
Report on Quality Assurance Self-Assessment
January 2023

EXECUTIVE SUMMARY

Key Staff Personnel	Office of Internal Audit	Internal Auditor	Chrystal Pittman
Introduction	<p>In accordance with the <i>International Standards for the Professional Practice of Internal Auditing (Standards)</i>, issued by the Institute of Internal Auditors (IIA), as well as the IIA <i>Definition of Internal Auditing</i> and <i>Code of Ethics</i>, JSCC Internal Audit initiated a Quality Assurance and Improvement Program for the Office of Internal Audit. As required by the <i>Standards</i>, this program includes periodic internal and external reviews and ongoing internal monitoring covering all aspects of the internal audit activity.</p> <p>As part of the quality assessment, the Office of Internal Audit prepared a self-study of conformance to the IIA requirements.</p>		
Objectives	<p>The principal objective of the quality self-assessment was to determine the internal audit activity's conformity to The Institute of Internal Auditors' (IIA) <i>International Standards for the Professional Practice of Internal Auditing (Standards)</i>, the <i>Definition of Internal Auditing</i> and the <i>Code of Ethics</i>.</p>		
Scope	<p>The review was conducted in accordance with <i>the International Standards for the Professional Practice of Internal Auditing</i>, issued by The Institute of Internal Auditors.</p>		
Conclusion	<p>The overall opinion is that Jackson State Community College's internal audit activity generally conforms to The IIA's <i>Standards</i>, <i>Definition of Internal Auditing</i>, and <i>Code of Ethics</i>. The internal audit activity is well structured and progressive, and audit management continues to improve practices and implement efficiencies. Appendix A – Evaluation of Conformity details conformity by individual standard.</p>		

Jackson State Community College
Report on Quality Self-Assessment Review
January 2023

REQUIREMENT FOR QUALITY ASSESSMENTS

The IIA *Standards* require an audit activity to have a quality assurance and improvement program, which includes periodic internal and external quality assessments, and ongoing internal monitoring for conformance with the *Standards*. The Tennessee Board of Regents System-Wide Internal Audit *Internal Audit Manual* directs the college internal audit activity to conduct a self-assessment at least twice every five-years, and undergo an external peer review every fifth year.

Adherence to the *Standards* is essential for the professional practice of internal auditing. The IIA states, "Standards are the criteria by which the operations of an internal audit department are evaluated and measured. They are intended to represent the practice of internal auditing as it should be."

SELF-ASSESSMENT PERFORMED

Jackson State Community College's Office of Internal Audit completed a quality assurance self-assessment of the internal audit activity January 2023. The principal objective of the self-assessment was to determine the internal audit activity's conformity to The Institute of Internal Auditors' (The IIA) *International Standards for the Professional Practice of Internal Auditing (Standards)*, the *Definition of Internal Auditing* and the *Code of Ethics*.

OPINION AS TO CONFORMITY TO THE STANDARDS

The overall opinion is that Jackson College's internal audit activity conforms to The IIA's *Standards*, *Definition of Internal Auditing*, and *Code of Ethics*.

OBSERVATIONS

The concept of general conformance to the IIA *Standards* recognizes that there may still be room for improvement. Auditors strive for continuous improvement, and quality assurance reviews provide a natural process for identifying these opportunities. This report contains a number of recommendations that collectively do not undermine the overall conclusion. Among the opportunities noted in this report, the following stand out as most significant in relation to the IIA *Standards* and/or have the highest potential to improve the program.

Jackson State Community College
Evaluation of Conformity by Standard
January 2023

Conformance Gaps

Standard 1210 – Proficiency – Generally Conforms

Section A2 of the standard addresses the internal auditor’s knowledge of key information technology risks and controls and available technology-based audit techniques to perform their assigned work.

A prior self-assessment included an observation that improvements could be made by expanding the auditor’s knowledge of information technology resources. Although an effort has been made to seek training in information technology resources, the auditor will continue to pursue training to enhance knowledge in information technology.

Standard 2200 – Engagement Planning – Generally Conforms

Standard 2210 – Engagement Objectives – Generally Conforms

Section A4 of the standards require auditors to document their preliminary assessment of the risks relevant to the activity to be reviewed, establish engagement objectives based on this assessment, establish a scope of work sufficient to meet the objectives, and develop and document work programs to achieve the engagement objectives.

Although improvements have been made, the audit function will seek to make further improvements in documentation for engagement planning. The addition of audit related software would be helpful in achieving this requirement.

Appendix A

Appendix A summarizes the internal audit activity’s self-assessment of conformance by *Standard*. Conformity definitions are included in [Appendix A](#).

Jackson State Community College

Evaluation of Conformity by Standard

January 2023

APPENDIX A - CONFORMITY WITH THE STANDARDS

GC = Generally Conforms and means that IA has a charter, policies and procedures that are judged to meet the spirit and intent of the IIA Standards with some potential opportunities for improvement.

PC = Partially Conforms and means there are deficiencies in practice that are judged to deviate from the spirit and intent of the IIA Standards, but these deficiencies did not preclude IA from performing its responsibilities

DNC = Does Not Conform and means deficiencies in practice are judged to be so significant as to seriously impair or preclude IA from performing adequately in all or in significant areas of its responsibilities.

NA = Not applicable Standard does not apply.

		GC	PC	DNC	NA
Attribute Standards					
1000	Purpose, Authority and Responsibility	X			
1100	Independence and Objectivity				
1110	Organizational Independence	X			
1111	Direct Interaction with the Board	X			
1120	Individual Objectivity	X			
1130	Impairments to Independence or Objectivity	X			
1200	Proficiency and Due Professional Care				
1210	Proficiency	X			
1220	Due Professional Care	X			
1230	Continuing Professional Development	X			
1300	Quality Assurance Improvement Program				
1310	Quality Program Assessments	X			
1311	Internal Assessments	X			
1312	External Assessments	X			
1320	Reporting on the Quality Program	X			
1321	Use of "Conformity with the Standards"	X			
1322	Disclosure of Noncompliance	X			
Performance Standards					
2000	Managing the Internal Audit Activity				
2010	Planning	X			
2020	Communication and Approval	X			
2030	Resource Management	X			
2040	Policies and Procedures	X			
2050	Coordination	X			
2060	Reporting to the Board and Senior Management	X			
2070	External Service Provider & Organizational Responsibility				x
2100	Nature of Work				
2110	Governance	X			
2120	Risk Management	X			
2130	Control	X			
2200	Engagement Planning				
2201	Planning Considerations	X			
2210	Engagement Objectives	X			
2220	Engagement Scope	X			
2230	Engagement Resource Allocation	X			
2240	Engagement Work Program	X			
2300	Performing the Engagement				
2310	Identifying Information	X			
2320	Analysis and Evaluation	X			
2330	Documenting Information	X			
2340	Engagement Supervision				X
2400	Communicating Results				
2410	Criteria for Communication	X			
2420	Quality of Communications	X			
2421	Errors and Omissions	X			
2440	Disseminating Results	X			
2430	Use of "Conformity with the Standards"	X			
2431	Engagement Disclosure of Noncompliance	X			
2450	Overall Opinions	X			
2500	Monitoring Progress	X			
2600	Management's Acceptance of Risks	X			

MOTLOW STATE COMMUNITY COLLEGE

*Office of Internal Audit
Report on Quality Assurance Self-Assessment
January 2023*



Office of Internal Audit

6015 Ledford Mill Road, Tullahoma, TN 37388

931.393.1754 <https://www.motlow.edu/>

Motlow State Community College
Report on Quality Assurance Self-Assessment
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Restrictions on Report Use: *The sole intent of this report is the internal use of the Tennessee Board of Regents and Motlow State Community College. The report has no other authorized purpose. Although the report is a matter of public record, Motlow State Community College, Office of Internal Audit must approve distribution of the report to external parties. The external party is required to handle the report in accordance with institutional policies.*

Motlow State Community College
Report on Quality Assurance Self-Assessment
January 2023

EXECUTIVE SUMMARY

Motlow State’s Office of Internal Audit completed a quality assurance self-assessment of the internal audit activity in January 2023. The principal objective of the quality self-assessment was to determine the internal audit activity’s conformity to The Institute of Internal Auditors’ (The IIA) *International Standards for the Professional Practice of Internal Auditing (Standards)*, the *Definition of Internal Auditing* and the *Code of Ethics*.

The overall opinion is that Motlow State’s internal audit activity generally conforms to The IIA’s *Standards, Definition of Internal Auditing, and Code of Ethics*. The internal audit activity is well structured and progressive, and audit management continues to improve practices and implement efficiencies. *Appendix A – Evaluation of Conformity* details conformity by individual standard.

OBSERVATIONS

The concept of general conformance to the IIA *Standards* recognizes that there may still be room for improvement. Auditors strive for continuous improvement, and quality assurance reviews provide a natural process for identifying these opportunities. This report contains a number of recommendations that collectively do not undermine the overall conclusion. Among the opportunities noted in this report, the following stand out as most significant in relation to the IIA *Standards* and/or have the highest potential to improve the program.

1. Develop a risk assurance map to identify significant risks that might affect objectives, operations, or resources. *Standard 1200 –Proficiency and Due Professional Care – Generally Conforms*
2. Conduct surveys after audit engagements *Standard 1300 – Quality Assurance and Improvement Program – Generally Conforms*
3. Evaluate the design, implementation, or effectiveness of ethics-related objectives, programs, or activities. *Standard 2100 –Nature of Work – Generally Conforms*
4. Improve the timeliness of engagement communication. *Standard 2400 – Communicating Results - Generally Conforms*

Motlow State Community College
Report on Quality Assurance Self-Assessment
January 2023

REQUIREMENT FOR QUALITY ASSESSMENTS

The IIA *Standards* require an audit activity to have a quality assurance and improvement program, which includes periodic internal and external quality assessments, and ongoing internal monitoring for conformance with the *Standards*. The Tennessee Board of Regents (TBR) System-Wide Internal Audit (SWIA) *Internal Audit Manual* directs the college internal audit activity to conduct a self-assessment at least twice every five-years, and undergo an external peer review every fifth year.

Adherence to the *Standards* is essential for the professional practice of internal auditing. The IIA states, “Standards are the criteria by which the operations of an internal audit department are evaluated and measured. They are intended to represent the practice of internal auditing as it should be.”

SELF-ASSESSMENT PERFORMED

Motlow State Community College’s Office of Internal Audit completed a quality assurance self-assessment of the internal audit activity January 2023. The principal objective of the self-assessment was to determine the internal audit activity’s conformity to The Institute of Internal Auditors’ (The IIA) *International Standards for the Professional Practice of Internal Auditing* (Standards), the *Definition of Internal Auditing* and the *Code of Ethics*.

OPINION AS TO CONFORMITY TO THE STANDARDS

The overall opinion is that Motlow State Community College’s internal audit activity generally conforms to The IIA’s *Standards*, *Definition of Internal Auditing*, and *Code of Ethics*. The internal audit activity is well structured and progressive, and audit management continues to improve practices and implement efficiencies.

OBSERVATIONS

Conformance Gaps

Standard 1200 –Proficiency and Due Professional Care – Generally Conforms

Standard 1220.A3, “Internal auditors must be alert to the significant risks that might affect objectives, operations, or resources.”

The internal auditor has begun a process for developing a risk assurance map to identify coverage through the Three Lines Model of confidence in effectiveness of governance, risk management, and control.

The internal audit activity conducts an annual risk analysis on the audit universe of the institution in determining the highest risk-based areas in developing the audit plan. The internal audit activity seeks input from the President’s Cabinet and the President in the audit planning process. Management also conducts a risk assessment annually based on guiding premises as directed by TBR. However, these activities often provide an incomplete perspective of the institution’s overall risk profile without ongoing

Motlow State Community College
Report on Quality Assurance Self-Assessment
January 2023

communication of information and reporting from institutional management regarding initiatives, risks assessments across all departments, and documented business continuity planning.

Standard 2100 – Nature of Work – Generally Conforms

Standard 2110.A1, “The internal audit activity must evaluate the design, implementation, and effectiveness of the organization’s ethics-related objectives, programs, and activities,” and Standard 2110.A2, “The internal audit activity assesses whether IT governance of the organization supports the organization’s strategies and objectives.”

The internal auditor has not evaluated the design, implementation, or effectiveness of ethics-related objectives, programs, or activities. The internal audit activity considers the control environment in assessing risk across the institution.

The internal audit activity relies on the TBR SWIA to evaluate technology governance.

Standard 2300 – Performing the Engagement – Generally Conforms

Standard 2340, “Engagements must be properly supervised to ensure objectives are achieved, quality is assured, and staff is developed.”

The internal audit activity at the institution is managed and performed by a single internal auditor. To enhance quality, consistency, and conformance, an operations manual was developed to guide conformance with the standards and incorporates review checklists. The internal audit activity functionally reports to the Tennessee Board of Regents (TBR) Audit Committee through the Tennessee Board of Regents System-wide Internal Audit (SWIA). The TBR SWIA Chief Audit Executive directs system-level audit engagements, reviews the institutional internal audit activity’s official reports prior to submission to the Audit Committee, and serves the internal audit activity as the centralized line of communication with the Audit Committee.

Enhancement Opportunities

Standard 1200 – Proficiency and Due Professional Care – Generally Conforms

Standard 1210.A3, “Internal auditors must have sufficient knowledge of key information technology risks and controls and available technology-based audit techniques to perform their assigned work.”

The internal audit activity has historically relied upon the TBR SWIA information systems auditor to evaluate technology governance, however, due to the potential significant impact of technology risks, the internal auditor could benefit from additional continuing professional development in areas of cybersecurity and information systems audit techniques to identify technology risks and to evaluate internal controls in place for sufficiency and effectiveness.

Motlow State Community College
Report on Quality Assurance Self-Assessment
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Standard 1300 – Quality Assurance and Improvement Program – Generally Conforms

Standard 1300, “The chief audit executive must develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity.”

The internal audit activity should conduct surveys to establish feedback from audit engagements to assess effectiveness and opportunities for improvement and to ensure the needs of the institution are being met through value added services.

Standard 2400 – Communicating Results – Generally Conforms

Standard 2420, “Communications must be accurate, objective, clear, concise, constructive, complete, and timely.”

The internal audit activity continues to seek process and communication adjustments that lead to increased timeliness of audit feedback and reports.

Enhancements Implemented

Standard 1200 – Proficiency and Due Professional Care – Generally Conforms

Standard 1210, “Internal auditors must possess the knowledge, skills, and other competencies needed to perform their individual responsibilities,” and Standard 1220.A2, “In exercising due professional care internal auditors must consider the use of technology-based audit and other data analysis techniques.”

The internal auditor continues to engage in continuing professional development opportunities and enhancement of skills and certifications. In 2021, the internal auditor obtained the Institute of Internal Auditors Certification in Risk Management Assurance (CRMA) designation and the Certified Internal Auditor (CIA) designation in 2022. In addition, in 2021, the internal auditor obtained a Graduate Certificate in Data Science and continues to build on knowledge and implementation of data analytics and data science in consideration of planning and performing engagements.

Standard 2000 – Managing the Internal Audit Activity – Generally Conforms

Standard 2040, “The chief audit executive must establish policies and procedures to guide the internal audit activity.”

In addition to the policies established by TBR and an Internal Audit Manual developed by TBR SWIA, the internal auditor developed a Motlow State Community College Internal Audit Operations Manual. The manual identifies practices from planning to conclusion of engagements for managing the internal audit activity and a library of forms that are utilized.

Appendix A summarizes the internal audit activity’s self-assessment of conformance by *Standard*. The following definitions are important when reviewing Appendix A.

Motlow State Community College
Report on Quality Assurance Self-Assessment
January 2023

Generally Conforms – a judgment that the internal audit activity meets the spirit and intent of the IIA *Standards* with some potential opportunities for improvement.

Partially Conforms – a judgment that the internal audit activity has deficiencies in practice that deviate from the spirit and intent of the IIA *Standards*, but these deficiencies did not preclude the internal audit activity from performing its responsibilities.

Does Not Conform – a judgment that the internal audit activity has deficiencies in practice that are significant enough to preclude the internal audit activity from adequately performing in all or in significant areas of its responsibilities.

Not applicable - the *Standard* does not apply.

Motlow State Community College
Evaluation of Conformity by Standard
March 2023

<u>1000 – Purpose, Authority and Responsibility</u>	Generally Conforms
<u>1100 – Independence and Objectivity</u>	Generally Conforms
1110 Organizational Independence	Generally Conforms
1111 Direct Interaction with the Board	Generally Conforms
1112 Chief Audit Executive Roles Beyond Internal Audit	Generally Conforms
1120 Individual Objectivity	Generally Conforms
<u>1130 – Impairments to Independence or Objectivity</u>	Generally Conforms
<u>1200 – Proficiency and Due Professional Care</u>	Generally Conforms
1210 Proficiency	Generally Conforms
1220 Due Professional Care	Generally Conforms
1230 Continuing Professional Development	Generally Conforms
<u>1300 – Quality Assurance Improvement Program</u>	Generally Conforms
1310 Quality Program Assessments	Generally Conforms
1311 Internal Assessments	Generally Conforms
1312 External Assessments	Generally Conforms
1320 Reporting on the Quality Program	Generally Conforms
1321 Use of “Conforms with the” <i>Standards</i>	Generally Conforms
1322 Disclosure of Noncompliance	Generally Conforms
<u>2000 – Managing the Internal Audit Activity</u>	Generally Conforms
2010 Planning	Generally Conforms
2020 Communication and Approval	Generally Conforms
2030 Resource Management	Generally Conforms
2040 Policies and Procedures	Generally Conforms
2050 Coordination	Generally Conforms
2060 Reporting to the Board and Senior Management	Generally Conforms
2070 External Service Provider / Organizational Responsibility	Not Applicable
<u>2100 – Nature of Work</u>	Generally Conforms
2110 Governance	Partially Conforms
2120 Risk Management	Generally Conforms
2130 Control	Generally Conforms
<u>2200 – Engagement Planning</u>	Generally Conforms
2201 Planning Considerations	Generally Conforms
2210 Engagement Objectives	Generally Conforms
2220 Engagement Scope	Generally Conforms
2230 Engagement Resource Allocation	Generally Conforms
2240 Engagement Work Program	Generally Conforms
<u>2300 – Performing the Engagement</u>	Generally Conforms
2310 Identifying Information	Generally Conforms
2320 Analysis and Evaluation	Generally Conforms
2330 Documenting Information	Generally Conforms
2340 Engagement Supervision	Partially Conforms
<u>2400 – Communicating Results</u>	Generally Conforms
2410 Criteria for Communication	Generally Conforms
2420 Quality of Communications	Generally Conforms
2421 Errors and Omissions	Generally Conforms
2430 Use of “Conforms with the” <i>Standards</i>	Generally Conforms
2431 Engagement Disclosure of Noncompliance	Generally Conforms
2440 Disseminating Results	Generally Conforms
2450 Overall Opinions	Generally Conforms
<u>2500 – Monitoring Progress</u>	Generally Conforms
<u>2600 – Management’s Acceptance of Risks</u>	Generally Conforms
<u>Code of Ethics</u>	Generally Conforms



*Office of Internal Audit
Report on Quality Assurance Self-Assessment
January 2023*

Nashville State Community College
Office of Internal Audit
120 White Bridge Road, Nashville, TN 37209
(615) 353-3231
<https://www.nsc.edu/legal/consumer-information/internal-audit>



January 31, 2023

Dr. Shanna L. Jackson, President
Nashville State Community College
120 White Bridge Road
Nashville, TN 37209

and

Mike Batson, CPA
System-Wide Chief Audit Executive
Tennessee Board of Regents
1 Bridgestone Park
Nashville, TN 37214

Dear Dr. Jackson and Mr. Batson,

The Nashville State Community College, Office of Internal Audit, conducted a quality self-assessment review of the internal audit activity for the period July 1, 2021, through January 31, 2023. The objective of the review was to determine the internal audit activity's conformity to The Institute of Internal Auditors' (IIA) *International Standards for the Professional Practice of Internal Auditing (Standards)*, the *Definition of Internal Auditing* and the *Code of Ethics*.

The overall opinion is that the College's internal audit activity generally conforms to The IIA's *Standards, Definition of Internal Auditing* and *Code of Ethics*. We have identified two areas where opportunities for improvement exist, and they are discussed further in the report.

Should you have any questions about this review, please feel free to let me know.

Sincerely,

Henry Ho, CPA, CGFM
Internal Auditor

**Nashville State Community College
Report on Quality Assurance Self-Assessment
January 2023**

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Restrictions on Report Use: *The sole intent of this report is the internal use of the Tennessee Board of Regents and Nashville State Community College. The report has no other authorized purpose. Although the report is a matter of public record, Nashville State Community College, Office of Internal Audit must approve distribution of the report to external parties. The external party is required to handle the report in accordance with institutional policies.*

Nashville State Community College
Report on Quality Assurance Self-Assessment
January 2023

EXECUTIVE SUMMARY

Nashville State Community College’s Office of Internal Audit completed a quality assurance self-assessment of the internal audit activity in January 2023. The principal objective of the quality self-assessment was to determine the internal audit activity’s conformity to The Institute of Internal Auditors’ (The IIA) *International Standards for the Professional Practice of Internal Auditing (Standards)*, the *Definition of Internal Auditing* and the *Code of Ethics*.

The overall opinion is that Nashville State Community College’s internal audit activity generally conforms to The IIA’s *Standards, Definition of Internal Auditing, and Code of Ethics*. The internal audit activity is well structured and progressive, and audit management continues to improve practices and implement efficiencies. [Appendix A – Evaluation of Conformity](#) details conformity by individual standard.

OBSERVATIONS

The concept of general conformance to the IIA *Standards* recognizes that there may still be room for improvement. Auditors strive for continuous improvement, and quality assurance reviews provide a natural process for identifying these opportunities. This report contains a number of recommendations that collectively do not undermine the overall conclusion. Among the opportunities noted in this report, the following stand out as most significant in relation to the IIA *Standards* and/or have the highest potential to improve the program.

1. The Office of Internal Audit can help improve the College’s governance processes by proactively raising awareness of internal controls and risk management throughout the College.
2. The Office of Internal Audit should utilize advanced data analytics tools to improve engagement quality and coverage.

Nashville State Community College
Report on Quality Assurance Self-Assessment
January 2023

REQUIREMENT FOR QUALITY ASSESSMENTS

The IIA *Standards* require an audit activity to have a quality assurance and improvement program, which includes periodic internal and external quality assessments, and ongoing internal monitoring for conformance with the *Standards*. The Tennessee Board of Regents System-Wide Internal Audit *Internal Audit Manual* directs the college internal audit activity to conduct a self-assessment at least twice every five-years, and undergo an external peer review every fifth year.

Adherence to the *Standards* is essential for the professional practice of internal auditing. The IIA states, “Standards are the criteria by which the operations of an internal audit department are evaluated and measured. They are intended to represent the practice of internal auditing as it should be.”

SELF-ASSESSMENT PERFORMED

Nashville State Community College’s Office of Internal Audit completed a quality assurance self-assessment of the internal audit activity in January 2023. The principal objective of the self-assessment was to determine the internal audit activity’s conformity to The Institute of Internal Auditors’ (The IIA) *International Standards for the Professional Practice of Internal Auditing* (Standards), the *Definition of Internal Auditing* and the *Code of Ethics*.

OPINION AS TO CONFORMITY TO THE STANDARDS

The overall opinion is that Nashville State Community College’s internal audit activity generally conforms to The IIA’s *Standards*, *Definition of Internal Auditing*, and *Code of Ethics*.

OBSERVATIONS

Enhancement Opportunities

Standard 2100 – Nature of Work – Generally Conforms

Standard 2100, *Nature of Work*, states, “The internal audit activity must evaluate and contribute to the improvement of the organization’s governance, risk management, and control processes using a systematic, disciplined, and risk-based approach.” The Office of Internal Audit can help improve the College’s governance processes by proactively raising awareness of internal controls and risk management throughout the College. The Office of Internal Audit has planned to submit newsletter articles and conduct training classes to increase internal controls awareness.

Standard 2320 – Analysis and Evaluation – Generally Conforms

Standard 2100, *Analysis and Evaluation*, states, “internal auditors must base conclusions and engagement results on appropriate analyses and evaluations.” The Office of Internal Audit should utilize advanced data analytics tools to improve engagement quality and coverage.

Nashville State Community College
Report on Quality Assurance Self-Assessment
January 2023

Enhancement Implemented

Standard 2500 – Monitoring Progress – Generally Conforms

Standard 2500, *Monitoring Progress*, states, “The chief audit executive must establish a system to monitor the disposition of results communicated to management.” TBR Office of System-Wide Internal Audit has increased the frequency of outstanding recommendations reporting from quarterly to monthly. The Internal Auditor is monitoring management corrective actions more effectively.

Nashville State Community College
Report on Quality Assurance Self-Assessment
January 2023

Appendix A summarizes the internal audit activity’s self-assessment of conformance by *Standard*. The following definitions are important when reviewing [Appendix A](#).

Generally Conforms – a judgment that the internal audit activity meets the spirit and intent of the IIA *Standards* with some potential opportunities for improvement.

Partially Conforms – a judgment that the internal audit activity has deficiencies in practice that deviate from the spirit and intent of the IIA *Standards*, but these deficiencies did not preclude the internal audit activity from performing its responsibilities.

Does Not Conform – a judgment that the internal audit activity has deficiencies in practice that are significant enough to preclude the internal audit activity from adequately performing in all or in significant areas of its responsibilities.

Not applicable - the *Standard* does not apply

APPENDIX A – EVALUATION OF CONFORMITY BY STANDARD

Attribute Standards		GC	PC	DNC	NA
1000	Purpose, Authority and Responsibility (Charter)	X			
1010	Recognizing Mandatory Guidance in the Internal Audit Charter	X			
1100	Independence and Objectivity	X			
1110	Organizational Independence	X			
1111	Direct Interaction with the Board	X			
1112	Chief Audit Executive Roles Beyond Internal Auditing	X			
1120	Individual Objectivity	X			
1130	Impairment to Independence or Objectivity	X			
1200	Proficiency and Due Professional Care	X			
1210	Proficiency	X			
1220	Due Professional Care	X			
1230	Continuing Professional Development	X			
1300	Quality Assurance Improvement Program	X			
1310	Requirements of the Quality Assurance and Improvement Program	X			
1311	Internal Assessments	X			
1312	External Assessments	X			
1320	Reporting on the Quality Assurance and Improvement Program	X			
1321	Use of "Conducted in Accordance with Standards"	X			
1322	Disclosure of Noncompliance	X			

Nashville State Community College
Report on Quality Assurance Self-Assessment
January 2023

Performance Standards		GC	PC	DNC	NA
2000	Managing the Internal Activity	X			
2010	Planning	X			
2020	Communication and Approval	X			
2030	Resource Management	X			
2040	Policies and Procedures	X			
2050	Coordination and Reliance	X			
2060	Reporting to Senior Management and the Board	X			
2070	External Service Provider and Organizational Responsibility for Internal Auditing				X
2100	Nature of Work	X			
2110	Governance	X			
2120	Risk Management	X			
2130	Control	X			
2200	Engagement Planning	X			
2201	Planning Considerations	X			
2210	Engagement Objectives	X			
2220	Engagement Scope	X			
2230	Engagement Resource Allocation	X			
2240	Engagement Work Program	X			
2300	Performing the Engagement	X			
2310	Identifying Information	X			
2320	Analysis and Evaluation	X			
2330	Documenting Information	X			
2340	Engagement Supervision	X			
2400	Communicating Results	X			
2410	Criteria for Communicating	X			
2420	Quality of Communications	X			
2421	Errors and Omissions	X			
2430	Use of Conducted in Conformance with the IPPF	X			
2431	Engagement Disclosure of Noncompliance	X			
2440	Disseminating Results	X			
2450	Overall Opinions	X			
2500	Monitoring Progress	X			
2600	Communicating the Acceptance of Risks	X			



NORTHEAST STATE

We're here to get you there

*Northeast State Community College
Office of Internal Audit
Report on Quality Assurance Self-Assessment
February 2023*

February 21, 2023

Dr. Jeff McCord, President
Northeast State Community College
2425 Highway 75, P.O. Box 246
Blountville, Tennessee 37617

Dear Dr. McCord:

In accordance with the *International Standards for the Professional Practice of Internal Auditing (Standards)*, issued by the Institute of Internal Auditors (IIA), as well as the IIA *Definition of Internal Auditing* and *Code of Ethics*, we implemented a Quality Assurance and Improvement Program for the Office of Internal Audit. As required by the *Standards*, this program must include periodic external reviews and internal self-assessments, as well as ongoing internal monitoring covering all aspects of the internal audit activity.

Periodic self-assessments are designed to assess the audit activity's conformance with the *Standards*, *Definition of Internal Auditing*, and *Code of Ethics* and to assess the efficiency and effectiveness of internal audit in meeting the needs of its various stakeholders. Ongoing monitoring of internal audit activities is performed as part of the policies and practices of our office. Our Quality Assurance and Improvement Program requires an internal review be performed between external reviews.

This report is to inform you of the results of a recent internal review, a periodic self-assessment was performed as part of the quality assurance program. The review was performed in February 2023 to determine if the internal audit activity is in conformance with the IIA requirements. The results of our assessment indicate we generally conform to the *Standards*, *Definition of Internal Auditing*, and *Code of Ethics*; however, two opportunities for enhancement are discussed in the report.

The *Standards* require an external quality assurance review performed every five years, the Tennessee Board of Regents Office of System-wide Internal Audit will coordinate the next external quality assurance review for the system during the summer or fall of 2023.

Please contact me should you have any questions regarding this review.

Sincerely,



Christopher L. Hyder, CIA
Director of Internal Audit
Northeast State Community College

**Northeast State Community College
Report on Quality Assurance Self-Assessment
February 2023**

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Restrictions on Report Use: *The sole intent of this report is the internal use of the Tennessee Board of Regents and Northeast State Community College. The report has no other authorized purpose. Although the report is a matter of public record, Northeast State Community College Office of Internal Audit must approve distribution of the report to external parties. The external party is required to handle the report in accordance with institutional policies.*

Northeast State Community College
Report on Quality Assurance Self-Assessment
February 2023
Executive Summary

Key Staff Personnel	Northeast State Community College Internal Audit	Internal Auditor	Christopher L. Hyder, Director of Internal Audit
Overall Assessment	<p>The Northeast State Community College Office of Internal Audit completed a quality assurance self-assessment of the internal audit activity February 2023. The principal objective of the quality self-assessment was to determine the internal audit activity’s conformity to The Institute of Internal Auditors’ (The IIA) <i>International Standards for the Professional Practice of Internal Auditing (Standards)</i>, the <i>Definition of Internal Auditing</i> and the <i>Code of Ethics</i>. The overall opinion is that Northeast State Community College’s internal audit activity Generally Conforms to The IIA’s <i>Standards, Definition of Internal Auditing, and Code of Ethics</i>. The internal audit activity is well structured and progressive, and audit management continues to improve practices and implement efficiencies. Appendix A – Evaluation of Conformity details conformity by individual standard.</p> <p>The Tennessee Board of Regents System-wide Internal Audit has coordinated an external validation of the self-assessment scheduled for summer or fall 2023.</p>		
Observations	<p>The concept of general conformance to the IIA <i>Standards</i> recognizes that there may still be room for improvement. Auditors strive for continuous improvement, and quality assurance reviews provide a natural process for identifying these opportunities. This report contains two recommendations for continuous improvement that collectively do not undermine the overall conclusion.</p> <p><i>Standard 1220.A2 – Proficiency and Due Professional Care:</i> Increase access to and experience with technology-based audit tools to enhance the value and efficiency of internal audit in the areas of risk evaluation and possible fraud detection. Internal audit should consult with Institutional Excellence and the Research, Analytics and Planning department to identify data reports or data collections for possible analysis using such audit tools. Access to these items will enhance the auditor’s ability to apply data analysis techniques and evaluate risk.</p> <p><i>Standard 2060 – Reporting to the Board and Senior Management:</i> The campus audit activity should request to present at a President’s Cabinet meeting at least annually to provide an update on audit issues and to address any questions and concerns the cabinet members may have. Due to senior management changes at the campus level, this enhancement opportunity is continued from the previous quality assurance self-assessment.</p>		

Northeast State Community College

Report on Quality Assurance Self-Assessment

February 2023

REQUIREMENT FOR QUALITY ASSESSMENTS

The IIA *Standards* require an audit activity to have a quality assurance and improvement program, which includes periodic internal and external quality assessments, and ongoing internal monitoring for conformance with the *Standards*. The Tennessee Board of Regents System-Wide Internal Audit *Internal Audit Manual* directs the college internal audit activity to conduct a self-assessment at least twice every five-years, and undergo an external peer review every fifth year.

Adherence to the *Standards* is essential for the professional practice of internal auditing. The IIA states, “Standards are the criteria by which the operations of an internal audit department are evaluated and measured. They are intended to represent the practice of internal auditing as it should be.”

SELF-ASSESSMENT PERFORMED

Northeast State Community College’s Office of Internal Audit completed a quality assurance self-assessment of the internal audit activity February 2023. The principal objective of the self-assessment was to determine the internal audit activity’s conformity to The Institute of Internal Auditors’ (The IIA) *International Standards for the Professional Practice of Internal Auditing* (Standards), the *Definition of Internal Auditing* and the *Code of Ethics*.

OPINION AS TO CONFORMITY TO THE STANDARDS

The overall opinion is that Northeast State Community College’s internal audit activity generally conforms to The IIA’s *Standards*, *Definition of Internal Auditing*, and *Code of Ethics*. The internal audit activity is well structured and progressive, and audit management continues to improve practices and implement efficiencies. Efforts to conform to the Institute of Internal Audit Standards by Northeast State Community College and the Tennessee Board of Regents System-wide internal audit departments are evident.

OBSERVATIONS

The concept of general conformance to the IIA *Standards* recognizes that there may still be room for improvement. Auditors strive for continuous improvement, and quality assurance reviews provide a natural process for identifying these opportunities. This report contains two recommendations for continuous improvement that collectively do not undermine the overall conclusion.

Enhancement Opportunities

Standard 1220.A2 – Proficiency and Due Professional Care – Generally Conforms

The standard charges the auditor to consider technology-based auditing techniques such as data analysis and other applications in exercising due professional care. While the auditor does consider the use of such tools when planning engagements, the availability and proficiency of such tools has remained limited due to resource constraints.

Increased access to and experience with technology-based audit tools would enhance the value and efficiency of internal audit in the areas of risk evaluation and possible fraud detection. Internal audit should consult with Institutional Excellence and the Research, Analytics and Planning department to identify data reports or data collections for possible analysis using such audit tools. Access to these items will enhance the auditor’s ability to apply data analysis techniques and evaluate risk.

Northeast State Community College
Report on Quality Assurance Self-Assessment
February 2023

Standard 2060 – Reporting to the Board and Senior Management – Generally Conforms

The standard requires the campus auditor and system-wide Chief Audit Executive to periodically report to senior management on the internal audit activity’s purpose, authority, responsibility, and performance relative to its plan, including significant risk exposure and control issues, including fraud risks, governance issues and other matters needed or requested by senior management.

While the audit activity generally complies with the standard, the campus audit activity should request to present at a President’s Cabinet meeting at least annually to provide an update on audit issues and to address any questions and concerns the cabinet members may have. Due to senior management changes at the campus level, this enhancement opportunity is continued from the previous quality assurance self-assessment.

Appendix A summarizes the internal audit activity’s self-assessment of conformance by Standard. The following definitions are important when reviewing Appendix A.

Generally Conforms – a judgment that the internal audit activity meets the spirit and intent of the IIA Standards with some potential opportunities for improvement.

Partially Conforms – a judgment that the internal audit activity has deficiencies in practice that deviate from the spirit and intent of the IIA Standards, but these deficiencies did not preclude the internal audit activity from performing its responsibilities.

Does Not Conform – a judgment that the internal audit activity has deficiencies in practice that are significant enough to preclude the internal audit activity from adequately performing in all or in significant areas of its responsibilities.

Not applicable - the Standard does not apply.

Northeast State Community College

Report on Quality Assurance Self-Assessment

February 2023

<u>1000 – Purpose, Authority and Responsibility</u>	Generally Conforms
<u>1100 – Independence and Objectivity</u>	Generally Conforms
1110 Organizational Independence	Generally Conforms
1111 Direct Interaction with the Board	Generally Conforms
1112 Chief Audit Executive Roles Beyond Internal Audit	Generally Conforms
1120 Individual Objectivity	Generally Conforms
<u>1130 – Impairments to Independence or Objectivity</u>	Generally Conforms
<u>1200 – Proficiency and Due Professional Care</u>	Generally Conforms
1210 Proficiency	Generally Conforms
1220 Due Professional Care	Generally Conforms
1230 Continuing Professional Development	Generally Conforms
<u>1300 – Quality Assurance Improvement Program</u>	Generally Conforms
1310 Quality Program Assessments	Generally Conforms
1311 Internal Assessments	Generally Conforms
1312 External Assessments	Generally Conforms
1320 Reporting on the Quality Program	Generally Conforms
1321 Use of “Conforms with the” <i>Standards</i>	Generally Conforms
1322 Disclosure of Noncompliance	Generally Conforms
<u>2000 – Managing the Internal Audit Activity</u>	Generally Conforms
2010 Planning	Generally Conforms
2020 Communication and Approval	Generally Conforms
2030 Resource Management	Generally Conforms
2040 Policies and Procedures	Generally Conforms
2050 Coordination	Generally Conforms
2060 Reporting to the Board and Senior Management	Generally Conforms
2070 External Service Provider / Organizational Responsibility	Not Applicable
<u>2100 – Nature of Work</u>	Generally Conforms
2110 Governance	Generally Conforms
2120 Risk Management	Generally Conforms
2130 Control	Generally Conforms
<u>2200 – Engagement Planning</u>	Generally Conforms
2201 Planning Considerations	Generally Conforms
2210 Engagement Objectives	Generally Conforms
2220 Engagement Scope	Generally Conforms
2230 Engagement Resource Allocation	Generally Conforms
2240 Engagement Work Program	Generally Conforms
<u>2300 – Performing the Engagement</u>	Generally Conforms
2310 Identifying Information	Generally Conforms
2320 Analysis and Evaluation	Generally Conforms
2330 Documenting Information	Generally Conforms
2340 Engagement Supervision	Generally Conforms
<u>2400 – Communicating Results</u>	Generally Conforms
2410 Criteria for Communication	Generally Conforms
2420 Quality of Communications	Generally Conforms
2421 Errors and Omissions	Generally Conforms
2430 Use of “Conforms with the” <i>Standards</i>	Generally Conforms
2431 Engagement Disclosure of Noncompliance	Generally Conforms
2440 Disseminating Results	Generally Conforms
2450 Overall Opinions	Generally Conforms
<u>2500 – Monitoring Progress</u>	Generally Conforms
<u>2600 – Management’s Acceptance of Risks</u>	Generally Conforms
<u>Code of Ethics</u>	Generally Conforms

PELLISSIPPI STATE COMMUNITY COLLEGE

Office of Internal Audit
Report on Quality Self-Assessment Review
October 2022 - December 2022

PELLISSIPPI STATE COMMUNITY COLLEGE

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Restrictions on Report Use: *This report is intended solely for the internal use of the Tennessee Board of Regents and Pellissippi State Community College. It is not intended to be and should not be used for any other purpose. The distribution of the report to external parties must be approved by Pellissippi State Community College, Office of Internal Audit and handled in accordance with institutional policies.*

Pellissippi State Community College
Report on Quality Self-Assessment Review
January 6, 2023

EXECUTIVE SUMMARY

The Pellissippi State-Office of Internal Audit conducted a quality self-assessment of the internal audit activity from October – December 2022. The principal objective of the quality self-assessment was to determine the internal audit activities conformity to The Institute of Internal Auditors’ (IIA) *International Standards for the Professional Practice of Internal Auditing (Standards)*, the *Definition of Internal Auditing*, and the *Code of Ethics*.

The overall opinion is that the Pellissippi State’s internal audit activity generally conforms to The IIA’s *Standards*, *Definition of Internal Auditing*, and *Code of Ethics*. The internal audit activity is well-structured and progressive and audit management is endeavoring to provide useful audit tools and implement appropriate practices.

As part of the quality assessment, the Office of Internal Audit prepared a self-study of conformance to the IIA requirements. The Office of Internal Audit also reviewed the risk analysis and audit planning processes, audit tools and methodologies, engagement and staff management processes, and a sample of working papers and reports.

OPPORTUNITY FOR CONTINUOUS IMPROVEMENT

The concept of general conformance to the *IIA Standards* recognizes that there may still be room for improvement. Auditors strive for continuous improvement, and Quality Assurance Reviews provide a natural process for identifying these opportunities. This report contains one opportunity and the recommendation should not be taken collectively to undermine the overall conclusion that the PSCC internal audit office generally conforms to the *Standards*. The opportunity with the highest potential to improve the internal audit program at Pellissippi State noted in this report relates to using of data analytics. The recommendation is that internal audit attends more training as it relates to the use of data analytics by internal audit departments.

Pellissippi State Community College
Report on Quality Self-Assessment Review
January 6, 2023

REQUIREMENT FOR QUALITY ASSESSMENTS

The Office of Internal Audit is required by The *IIA Standards* to have a quality assurance and improvement program, which includes periodic internal and external quality assessments and ongoing internal monitoring for conformance with the *Standards*. To better prepare for an external quality assessment, the internal audit activity should complete an internal self-assessment prior to undergoing an external quality assessment.

Adherence to the *Standards* is essential for the professional practice of internal auditing. Within The *IIA Standards* are Attribute and Performance Standards. The IIA states that “Standards are the criteria by which the operations of an internal audit department are evaluated and measured. They are intended to represent the practice of internal auditing as it should be.”

PROCEDURES PERFORMED

As part of the quality assessment, the Office of Internal Audit prepared a self-study of conformance to the IIA requirements. The Office of Internal Audit also reviewed the risk analysis and audit planning processes, audit tools and methodologies, engagement and staff management processes, and a sample of working papers and reports.

OPINION AS TO CONFORMITY TO THE STANDARDS

The overall opinion is that the Pellissippi State’s internal audit activity generally conforms to The IIA’s *Standards*, *Definition of Internal Auditing*, and *Code of Ethics*. Efforts to conform to the spirit and intent of the *IIA Standards* are evident.

Pellissippi State Community College
Report on Quality Self-Assessment Review
January 6, 2023

OPPORTUNITY FOR CONTINUOUS IMPROVEMENT

Conformance to Standards – Operating Improvements (PSCC internal auditing conforms to IIA Standards noted below; the items presented are a suggested enhancement to internal auditing operations.)

1. Due Professional Care

The Office of Internal Audit does exercise due professional care as required by the *Standards*. The office exercises due professional care by considering the following:

- Extent of work needed to achieve the engagement’s objectives.
- Relative complexity, materiality, or significance of matters to which assurance procedures are applied.
- Adequacy and effectiveness of governance, risk management, and control processes.
- Probability of significant errors, fraud, or noncompliance.
- Cost of assurance in relation to potential benefits.
- Significant risk that might affect objectives, operations, or resources.

However, the Office of Internal Audit has not demonstrated the use of data analysis techniques as it relates to the use of technology. The office does use some technology-based software to assist in the selection of samples but has not used data analytic tools. Standard 1220.A2 states: “In exercising due professional care internal auditors must consider the use of technology-based audit and other data analysis techniques.” Data analytic tools have not been used because the director has not had training in the use of various tools available for the office of internal audit.

Recommendation: To further the use of data analytics the Internal Audit Director should attend training related to data analytics used by the internal audit office.

Pellissippi State Community College
Evaluation of Conformity by Standard
January 6, 2023

<u>1000 – Purpose, Authority and Responsibility</u>	GENERALLY CONFORMS
<u>1100 – Independence and Objectivity</u>	GENERALLY CONFORMS
1110 Organizational Independence	GENERALLY CONFORMS
1111 Direct Interaction with the Board	GENERALLY CONFORMS
1112 Chief Audit Executive Roles Beyond Internal Audit	GENERALLY CONFORMS
1120 Individual Objectivity	GENERALLY CONFORMS
<u>1130 – Impairments to Independence or Objectivity</u>	GENERALLY CONFORMS
<u>1200 – Proficiency and Due Professional Care</u>	GENERALLY CONFORMS
1210 Proficiency	GENERALLY CONFORMS
1220 Due Professional Care	GENERALLY CONFORMS
1230 Continuing Professional Development	GENERALLY CONFORMS
<u>1300 – Quality Assurance Improvement Program</u>	GENERALLY CONFORMS
1310 Quality Program Assessments	GENERALLY CONFORMS
1311 Internal Assessments	GENERALLY CONFORMS
1312 External Assessments	GENERALLY CONFORMS
1320 Reporting on the Quality Program	GENERALLY CONFORMS
1321 Use of “Conforms with the” <i>Standards</i>	GENERALLY CONFORMS
1322 Disclosure of Noncompliance	GENERALLY CONFORMS
<u>2000 – Managing the Internal Audit Activity</u>	GENERALLY CONFORMS
2010 Planning	GENERALLY CONFORMS
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2030 Resource Management	GENERALLY CONFORMS
2040 Policies and Procedures	GENERALLY CONFORMS
2050 Coordination	GENERALLY CONFORMS
2060 Reporting to the Board and Senior Management	GENERALLY CONFORMS
2070 External Service Provider / Organizational Responsibility	GENERALLY CONFORMS
<u>2100 – Nature of Work</u>	GENERALLY CONFORMS
2110 Governance	GENERALLY CONFORMS
2120 Risk Management	GENERALLY CONFORMS
2130 Control	GENERALLY CONFORMS
<u>2200 – Engagement Planning</u>	GENERALLY CONFORMS
2201 Planning Considerations	GENERALLY CONFORMS
2210 Engagement Objectives	GENERALLY CONFORMS
2220 Engagement Scope	GENERALLY CONFORMS
2230 Engagement Resource Allocation	GENERALLY CONFORMS
2240 Engagement Work Program	GENERALLY CONFORMS
<u>2300 – Performing the Engagement</u>	GENERALLY CONFORMS
2310 Identifying Information	GENERALLY CONFORMS
2320 Analysis and Evaluation	GENERALLY CONFORMS
2330 Documenting Information	GENERALLY CONFORMS
2340 Engagement Supervision	GENERALLY CONFORMS
<u>2400 – Communicating Results</u>	GENERALLY CONFORMS
2410 Criteria for Communication	GENERALLY CONFORMS
2420 Quality of Communications	GENERALLY CONFORMS
2421 Errors and Omissions	GENERALLY CONFORMS
2430 Use of “Conforms with the” <i>Standards</i>	GENERALLY CONFORMS
2431 Engagement Disclosure of Noncompliance	GENERALLY CONFORMS
2440 Disseminating Results	GENERALLY CONFORMS
2450 Overall Opinions	GENERALLY CONFORMS
<u>2500 – Monitoring Progress</u>	GENERALLY CONFORMS
<u>2600 – Management’s Acceptance of Risks</u>	GENERALLY CONFORMS
<u>Code of Ethics</u>	GENERALLY CONFORMS



Roane State ***COMMUNITY COLLEGE***

Roane State Community College

**Quality Assurance Review
January 31, 2023**

Roane State Community College
Office of Internal Audit □ 276 Patton Lane □ Harriman, Tennessee 37748-5011



276 Patton Lane Harriman, TN 37748-5011
(865) 882-4529 Fax (865) 882-4601

www.roanestate.edu

Office of Internal Audit

January 31, 2023

Dear Dr. Whaley:

In accordance with the International Standards for the Professional Practice of Internal Auditing (Standards), issued by the Institute of Internal Auditors (IIA), as well as the IIA Definition of Internal Auditing and Code of Ethics, we implemented a Quality Assurance and Improvement Program for the Office of Internal Audit. As required by the Standards, this program must include periodic external reviews and internal self-assessments, as well as ongoing internal monitoring covering all aspects of the internal audit activity.

Periodic self-assessments are designed to assess the audit activity's conformance with the Standards, Definition of Internal Auditing, and Code of Ethics, and to assess the efficiency and effectiveness of internal audit in meeting the needs of its various stakeholders. Ongoing monitoring of internal audit activities are performed as part of the policies and practices of our office. Our Quality Assurance and Improvement Program requires an internal review be performed between external reviews.

This report is to inform you of the results of a recent internal review, a periodic self-assessment was performed as part of the quality assurance program. The review was performed in January 2023 to determine if the internal audit activity is in conformance with the IIA requirements. The results of our assessment indicate we overall generally conform to the Standards, Definition of Internal Auditing, and Code of Ethics; however, opportunities for improvement were noted. These opportunities are discussed in the report.

The Standards require an external quality assurance review be performed every five years. The Tennessee Board of Regents Office of System-wide Internal Audit will coordinate the next external quality assurance review for the system this year.

Please contact me should you have any questions regarding this review.

Sincerely,

Cynthia L. Cortesio, CIA
Director of Internal Audit

Cc: Mike Batson, Chief Audit Executive, Tennessee Board of Regents

**Roane State Community College
Report on Quality Assurance Self-Assessment
January 2023**

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Restrictions on Report Use: *This report is intended solely for the internal use of Roane State Community College and the Tennessee Board of Regents. It is not intended to be and should not be used for any other purpose. The distribution of the report to external parties must be approved by the Office of Internal Audit and handled in accordance with institutional policies.*

Roane State Community College
Report on Quality Assurance Self-Assessment
January 2023

EXECUTIVE SUMMARY

Key Staff Personnel	Roane State Community College Internal Audit	Internal Auditor	Cynthia Cortesio Director of Internal Audit
Overall Assessment	<p>The Roane State Community College Office of Internal Audit completed a quality self-assessment of the internal audit activity in January 2023. The principal objective of the quality self-assessment was to determine the internal audit activity’s conformity to The Institute of Internal Auditors’ (IIA) <i>International Standards for the Professional Practice of Internal Auditing (Standards), Definition of Internal Auditing, and Code of Ethics</i>.</p> <p>The overall opinion is that the Roane State Community College’s internal audit activity generally conforms to The IIA’s <i>Standards, Definition of Internal Auditing, and Code of Ethics</i>. The internal audit activity is well structured, progressive, and audit management continues to improve practices and implement efficiencies. Appendix A – Evaluation of Conformity details conformity by individual standard.</p> <p>The Tennessee Board of Regents (TBR) System-wide Internal Audit has coordinated an external validation of the self-assessment scheduled for summer or fall 2023.</p>		
Observations	<p>The concept of general conformance to the <i>IIA Standards</i> recognizes that there may still be room for improvement. Auditors strive for continuous improvement and Quality Assurance Reviews provide a natural process for identifying these opportunities. This report contains one opportunity for continuous improvement that should not be taken collectively to undermine the overall conclusion.</p> <p><i>Standard 2330 – Documenting Information:</i> Continue education to better discern depth of documents required to support audit conclusions. Enhance organization of electronic folders to organize audit workpapers.</p>		

Roane State Community College
Report on Quality Assurance Self-Assessment
January 2023

REQUIREMENT FOR QUALITY ASSESSMENTS

The IIA *Standards* require an audit activity to have a quality assurance and improvement program, which includes periodic internal and external quality assessments, and ongoing internal monitoring for conformance with the *Standards*. The Tennessee Board of Regents System-Wide Internal Audit *Internal Audit Manual* directs the college internal audit activity to conduct a self-assessment at least twice every five-years, and undergo an external peer review every fifth year.

Adherence to the *Standards* is essential for the professional practice of internal auditing. The IIA states, “Standards are the criteria by which the operations of an internal audit department are evaluated and measured. They are intended to represent the practice of internal auditing as it should be.”

SELF-ASSESSMENT PERFORMED

Roane State Community College’s Office of Internal Audit completed a quality assurance self-assessment of the internal audit activity in January 2023. The principal objective of the self-assessment was to determine the internal audit activity’s conformity to The Institute of Internal Auditors’ (The IIA) *International Standards for the Professional Practice of Internal Auditing* (Standards), the *Definition of Internal Auditing* and the *Code of Ethics*.

OPINION AS TO CONFORMITY TO THE STANDARDS

The overall opinion is that Roane State Community College’s internal audit activity generally conforms to The IIA’s *Standards*, *Definition of Internal Auditing*, and *Code of Ethics*. The internal audit activity is well-structured, progressive, and audit management is endeavoring to provide useful audit tools and implement appropriate practices. Efforts to conform to the spirit and intent of the IIA Standards are evident.

OBSERVATIONS

The concept of general conformance to the IIA *Standards* recognizes that there may still be room for improvement. Auditors strive for continuous improvement and Quality Assurance Reviews provide a natural process for identifying these opportunities. This report contains one recommendation for continuous improvement that should not be taken collectively to undermine the overall conclusion.

Enhancement Opportunities

Standard 2330 – Documenting Information – Generally Conforms

This standard requires the auditor to document sufficient, reliable, relevant, and useful information to support the engagement results and conclusions. The internal auditor recognizes the need for continuing education to discern the depth of supporting documents for audits. The internal auditor should also strive to enhance the organization of electronic folders to organize workpapers.

Roane State Community College
Report on Quality Assurance Self-Assessment
January 2023

Enhancements Implemented

Standard 2060 – Reporting to the Board and Senior Management – Generally Conforms

This standard requires the campus/system-wide Chief Audit Executive to report periodically to senior management on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan, including significant risk exposure and control issues, which include fraud risks, governance issues and other matters needed or requested by senior management.

Compliance with this standard has been enhanced by the Director of Internal Audit presenting to the President's Cabinet several times each year. The presentations provide updates on audit issues, discuss increased risks to the college, and respond to Management's questions or concerns. Senior management interaction with Internal Audit generally increases after these appearances and discussions. Additionally, Internal Audit meets with the President and the Vice President of Business and Finance (individually) on a monthly basis to get and give updates with relevance to Internal Audit.

Appendix A summarizes the internal audit activity's self-assessment of conformance by *Standard*. The following definitions are important when reviewing [Appendix A](#).

Generally Conforms – a judgment that the internal audit activity meets the spirit and intent of the IIA *Standards* with some potential opportunities for improvement.

Partially Conforms – a judgment that the internal audit activity has deficiencies in practice that deviate from the spirit and intent of the IIA *Standards*, but these deficiencies did not preclude the internal audit activity from performing its responsibilities.

Does Not Conform – a judgment that the internal audit activity has deficiencies in practice that are significant enough to preclude the internal audit activity from adequately performing in all or in significant areas of its responsibilities.

Not applicable - the *Standard* does not apply.

Roane State Community College
Evaluation of Conformity by Standard
January 2023

<u>1000 – Purpose, Authority and Responsibility</u>	Generally Conforms
<u>1100 – Independence and Objectivity</u>	Generally Conforms
1110 Organizational Independence	Generally Conforms
1111 Direct Interaction with the Board	Generally Conforms
1112 Chief Audit Executive Roles Beyond Internal Audit	Generally Conforms
1120 Individual Objectivity	Generally Conforms
<u>1130 – Impairments to Independence or Objectivity</u>	Generally Conforms
<u>1200 – Proficiency and Due Professional Care</u>	Generally Conforms
1210 Proficiency	Generally Conforms
1220 Due Professional Care	Generally Conforms
1230 Continuing Professional Development	Generally Conforms
<u>1300 – Quality Assurance Improvement Program</u>	Generally Conforms
1310 Quality Program Assessments	Generally Conforms
1311 Internal Assessments	Generally Conforms
1312 External Assessments	Generally Conforms
1320 Reporting on the Quality Program	Generally Conforms
1321 Use of “Conforms with the” <i>Standards</i>	Generally Conforms
1322 Disclosure of Noncompliance	Generally Conforms
<u>2000 – Managing the Internal Audit Activity</u>	Generally Conforms
2010 Planning	Generally Conforms
2020 Communication and Approval	Generally Conforms
2030 Resource Management	Generally Conforms
2040 Policies and Procedures	Generally Conforms
2050 Coordination	Generally Conforms
2060 Reporting to the Board and Senior Management	Generally Conforms
2070 External Service Provider / Organizational Responsibility	Not Applicable
<u>2100 – Nature of Work</u>	Generally Conforms
2110 Governance	Generally Conforms
2120 Risk Management	Generally Conforms
2130 Control	Generally Conforms
<u>2200 – Engagement Planning</u>	Generally Conforms
2201 Planning Considerations	Generally Conforms
2210 Engagement Objectives	Generally Conforms
2220 Engagement Scope	Generally Conforms
2230 Engagement Resource Allocation	Generally Conforms
2240 Engagement Work Program	Generally Conforms
<u>2300 – Performing the Engagement</u>	Generally Conforms
2310 Identifying Information	Generally Conforms
2320 Analysis and Evaluation	Generally Conforms
2330 Documenting Information	Generally Conforms
2340 Engagement Supervision	Generally Conforms
<u>2400 – Communicating Results</u>	Generally Conforms
2410 Criteria for Communication	Generally Conforms
2420 Quality of Communications	Generally Conforms
2421 Errors and Omissions	Generally Conforms
2430 Use of “Conforms with the” <i>Standards</i>	Generally Conforms
2431 Engagement Disclosure of Noncompliance	Generally Conforms
2440 Disseminating Results	Generally Conforms
2450 Overall Opinions	Generally Conforms
<u>2500 – Monitoring Progress</u>	Generally Conforms
<u>2600 – Management’s Acceptance of Risks</u>	Generally Conforms
<u>Code of Ethics</u>	Generally Conforms

Southwest Tennessee Community College

*Office of Internal Audit
Report on Quality Self-Assessment Review
February 20, 2023*

SOUTHWEST

TENNESSEE COMMUNITY COLLEGE

P.O. Box 780 • Memphis, TN 38101-0780 • (901) 333-5000 • www.southwest.tn.edu

February 20, 2023

Dr. Tracy D. Hall, President
Southwest Tennessee Community College
5983 Macon Cove
Memphis, TN 3814

Dear Dr. Hall:

In accordance with the *International Standards for the Professional Practice of Internal Auditing (Standards)*, issued by the Institute of Internal Auditors (IIA), as well as the IIA *Definition of Internal Auditing* and *Code of Ethics*, we implemented a Quality Assurance and Improvement Program for the Office of Internal Audit. As required by the *Standards*, this program must include periodic external reviews and internal self-assessments, as well as ongoing internal monitoring covering all aspects of the internal audit activity.

The *Standards* require an external quality assurance review performed every five years. Our previous external review occurred in the summer of 2018 and the next will be performed in July 2023. Our Quality Assurance and Improvement Program requires an internal review be performed between external reviews. Ongoing monitoring procedures of internal audit activities are performed as part of the policies and practices of our office.

Periodic self-assessments are designed to assess the audit activity's conformance with the internal audit charter, the IIAs *Definition of Internal Auditing, Standards* and the *Code of Ethics* and to assess the efficiency and effectiveness of internal audit in meeting the needs of its various stakeholders.

This letter is to inform you the periodic internal self-assessment was performed in January 2023. The results of the assessment indicate we overall generally conform to the internal audit charter, IIA's *Definition of Internal Auditing, Standards*, and *Code of Ethics*. One enhancement opportunity was noted. A summary of the self-assessment checklist is attached.

Sincerely,



Charlotte Johnson
Internal Audit Director

cc: Tennessee Board of Regents Audit Committee

OFFICE OF INTERNAL AUDIT

[Macon Cove Campus](#) • [Union Avenue Campus](#) • [Fayette Site](#) • [Gill Center](#) • [Maxine A. Smith Center](#) • [Millington Center](#) • [Whitehaven Center](#)

Southwest Tennessee Community College, a Tennessee Board of Regents institution, is an affirmative action/equal opportunity college.

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Restrictions on Report Use: *This report is intended solely for the internal use of the Tennessee Board of Regents and Southwest Tennessee Community College. It is not intended to be and should not be used for any other purpose. The distribution of the report to external parties must be approved by Southwest Tennessee Community College State Community College, Office of Internal Audit and handled in accordance with institutional policies; however, this report is a matter of public record.*

**Southwest Tennessee Community College
Report on Quality Self-Assessment Review
February 20, 2023
Executive Summary**

Key Staff Personnel	Southwest Tennessee Community College Internal Audit	Internal Auditor	Charlotte Johnson, Director of Internal Audit
Overall Assessment	<p>Southwest Tennessee Community College Internal Audit conducted a quality self-assessment of the internal audit activity in February 2023. The principal objective of the quality self-assessment was to determine the internal audit activity’s conformity to The Institute of Internal Auditors’ (IIA) <i>International Standards for the Professional Practice of Internal Auditing (Standards)</i>, the <i>Definition of Internal Auditing</i> and the <i>Code of Ethics</i>.</p> <p>The overall opinion is that the College’s internal audit activity generally conforms to The IIA’s <i>Standards, Definition of Internal Auditing</i> and <i>Code of Ethics</i>. The internal audit activity is well-structured and progressive and audit management is endeavoring to provide useful audit tools and implement appropriate practices.</p> <p>The Tennessee Board of Regents Office of System-wide Internal Audit has coordinated an external validation of the self-assessment scheduled for July 2023.</p>		
Observations	<p>The concept of general conformance to the IIA <i>Standards</i> recognizes that there may still be room for improvement. Auditors strive for continuous improvement and Quality Assurance Reviews provide a natural process for identifying these opportunities. This report contains recommendations that should not be taken collectively to undermine the overall conclusion. Among the opportunities noted in this report, the following stand out as most significant in relation to the IIA Standards and have the highest potential to improve the program.</p> <p><i>Standard 1220.A2 - Due Professional Care</i>, states that internal auditors must consider the use of technology-based audits and other data analysis techniques.</p> <p>The Southwest Tennessee Community College Internal Audit Office does not use technology-based software to assist in analytics. IT provides assistance upon request. Increased training in this area is needed.</p>		

Southwest Tennessee Community College
Report on Quality Self-Assessment Review
February 20, 2023

REQUIREMENT FOR QUALITY ASSESSMENTS

The Office of Internal Audit is required by the *IIA Standards* to have a quality assurance and improvement program which includes periodic internal and external quality assessments and ongoing internal monitoring for conformance with the *Standards*. To better prepare for an external quality assessment, the internal audit activity should complete an internal self-assessment prior to undergoing an external quality assessment.

Adherence to the *Standards* is essential for the professional practice of internal auditing. Within the *IIA Standards* are Attribute and Performance Standards. The IIA states that “Standards are the criteria by which the operations of an internal audit department are evaluated and measured. They are intended to represent the practice of internal auditing as it should be.”

SELF-ASSESSMENT PERFORMED

As part of the quality assessment, the Office of Internal Audit prepared a self-study of conformance to the IIA requirements. The Office of Internal Audit also reviewed the risk analysis and audit planning processes, audit tools and methodologies, engagement and staff management processes, and a sample of working papers and reports.

OPINION AS TO CONFORMITY TO THE STANDARDS

The overall opinion is that the Southwest Tennessee Community College’s internal audit activity generally conforms to The IIA’s *Standards, Definition of Internal Auditing, and Code of Ethics*. Efforts to conform to the spirit and intent of the *IIA Standards* are evident.

OBSERVATIONS

Standard 1220.A2 – Due Professional Care - In exercising due professional care, internal auditors must consider the use of technology-based audit and other data analysis techniques.

The Southwest Tennessee Community College Internal Audit Office does not use technology-based software to assist in analytics. IT provides assistance upon request. Increased training in this area is needed.

**Southwest Tennessee Community College
Report on Quality Self-Assessment Review
February 20, 2023**

ATTACHMENT A - CONFORMITY WITH THE STANDARDS

GC = Generally Conforms and means that IA has a charter, policies and procedures that are judged to meet the spirit and intent of the IIA Standards with some potential opportunities for improvement.

PC = Partially Conforms and means there are deficiencies in practice that are judged to deviate from the spirit and intent of the IIA Standards, but these deficiencies did not preclude IA from performing its responsibilities

DNC = Does Not Conform and means deficiencies in practice are judged to be so significant as to seriously impair or preclude IA from performing adequately in all or in significant areas of its responsibilities.

NA = Not applicable Standard does not apply.

Attribute Standards		GC	PC	DNC	NA
1000 - Purpose, Authority and Responsibility		X			
1100 - Independence and Objectivity					
1110	Organizational Independence	X			
1111	Direct Interaction with the Board	X			
1120	Individual Objectivity	X			
1130 - Impairments to Independence or Objectivity		X			
1200 - Proficiency and Due Professional Care					
1210	Proficiency	X			
1220	Due Professional Care	X			
1230	Continuing Professional Development	X			
1300 - Quality Assurance Improvement Program					
1310	Quality Program Assessments	X			
1311	Internal Assessments	X			
1312	External Assessments	X			
1320	Reporting on the Quality Program	X			
1321	Use of "Conformity with the Standards"	X			
1322	Disclosure of Noncompliance	X			
Performance Standards					
2000 - Managing the Internal Audit Activity					
2010	Planning	X			
2020	Communication and Approval	X			
2030	Resource Management	X			
2040	Policies and Procedures	X			
2050	Coordination	X			
2060	Reporting to the Board and Senior Management	X			
2070	External Service Provider & Organizational Responsibility				x
2100 - Nature of Work					
2110	Governance	X			
2120	Risk Management	X			
2130	Control	x			
2200 - Engagement Planning					
2201	Planning Considerations	X			
2210	Engagement Objectives	X			
2220	Engagement Scope	X			
2230	Engagement Resource Allocation	X			
2240	Engagement Work Program	X			
2300 - Performing the Engagement					
2310	Identifying Information	X			
2320	Analysis and Evaluation	X			
2330	Documenting Information	X			
2340	Engagement Supervision	X			
2400 - Communicating Results					
2410	Criteria for Communication	X			
2420	Quality of Communications	X			
2421	Errors and Omissions	X			
2440	Disseminating Results	X			
2430	Use of "Conformity with the Standards"	X			
2431	Engagement Disclosure of Noncompliance	X			
2450	Overall Opinions	X			
2500 - Monitoring Progress		X			
2600 - Management's Acceptance of Risks		X			



**Report on Quality Assurance Self-Assessment
February 2023**

VOLUNTEER STATE COMMUNITY COLLEGE

Office of Internal Audit ♦ 1480 Nashville Pike ♦ Gallatin, Tennessee 37066

**Volunteer State Community College
Report on Quality Assurance Self-Assessment
February 2023**

This report is intended solely for the internal use of Volunteer State Community College and the Tennessee Board of Regents. It is not intended to be and should not be used for any other purpose. The distribution of the report to external parties must be approved by the Office of Internal Audit and handled in accordance with institutional policies.



1480 Nashville Pike ♦ Gallatin, TN 37066
(615) 452-8600 ♦ (888) 335-8722
www.volstate.edu

February 15, 2023

Dr. Orinthia Montague
President
Volunteer State Community College
1480 Nashville Pike
Gallatin, Tennessee 37066

Dr. Montague:

Transmitted herewith is the report for the quality assurance self-assessment of the Office of Internal Audit to determine conformity to the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing* (the *Standards*), the *Definition of Internal Auditing*, and the *Code of Ethics*.

The Tennessee Board of Regents Office of System-Wide Internal Audit maintains a quality assurance improvement plan that includes periodic self-assessments with an external review every five years. The latest external review for the Tennessee Board of Regents system was 2018, and the latest self-assessment was 2021.

Sincerely,

A handwritten signature in black ink that reads "Nancy Batson". The signature is written in a cursive, flowing style.

Nancy Batson, CPA
Internal Audit

CC: Mr. Mike Batson, Tennessee Board of Regents

Volunteer State Community College
Report on Quality Assurance Self-Assessment
February 2023
Executive Summary

Key Staff Personnel	Office of Internal Audit	Internal Auditor	Nancy Batson
Requirements for Quality Assessment	<p>The Institute of Internal Auditors’ (the IIA) <i>International Standards for the Professional Practice of Internal Auditing</i> (the <i>Standards</i>) require an audit activity to maintain a quality assurance and improvement program, which includes periodic internal and external quality assessments and ongoing internal monitoring for conformance with the <i>Standards</i>. The Tennessee Board of Regents’ internal audit manual directs the college internal audit activity to conduct a self-assessment at least twice every five-years and to undergo an external peer review every fifth year.</p>		
Objectives	<p>The principal objective of the self-assessment is to determine the internal audit activity’s conformance to the IIA’s <i>Standards</i>, the <i>Definition of Internal Auditing</i>, and the <i>Code of Ethics</i>.</p>		
Conclusion	<p>The overall opinion is that Volunteer State Community College’s internal audit activity generally conforms to the IIA’s <i>Standards</i>, the <i>Definition of Internal Auditing</i>, and the <i>Code of Ethics</i>. The internal audit activity is well structured and progressive, and audit management continues to improve and implement efficiencies in an effort to conform to the spirit and intent of the <i>Standards</i>.</p> <p>The concept of general conformance to the <i>Standards</i> recognizes that there may still be room for improvement, and quality assurance reviews provide a natural process for identifying those opportunities. These items should not be taken to undermine the overall conclusion that the internal audit activity generally conforms to the <i>Standards</i>. Opportunities noted for improvement include technology-based auditing and data analysis activities (Standard 1220).</p>		

Volunteer State Community College
Report on Quality Assurance Self-Assessment
February 2023

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Volunteer State Community College
Report on Quality Assurance Self-Assessment
February 2023

Requirements for Quality Assessments

The Institute of Internal Auditors' (the IIA) *International Standards for the Professional Practice of Internal Auditing* (the *Standards*) require an audit activity to maintain a quality assurance and improvement program, which includes periodic internal and external quality assessments and ongoing internal monitoring for conformance with the *Standards*. The Tennessee Board of Regents (TBR) Office of System-Wide Internal Audit (SWIA) audit manual directs the college internal audit activity to conduct a self-assessment at least twice every five-years, and undergo an external peer review every fifth year.

Adherence to the *Standards* is essential for the professional practice of internal auditing. The IIA states, "Standards are the criteria by which the operations of an internal audit department are evaluated and measured. They are intended to represent the practice of internal auditing as it should be."

Objective and Self-Assessment Performed

Volunteer State Community College's Office of Internal Audit completed a quality assurance self-assessment of the internal audit activity in February 2023. The principal objective of the self-assessment was to determine the internal audit activity's conformance to the IIA's *Standards*, the *Definition of Internal Auditing*, and the *Code of Ethics*.

Opinion as to Conformity to the Standards

The overall opinion is that Volunteer State Community College's internal audit activity generally conforms to The IIA's *Standards*, *Definition of Internal Auditing*, and *Code of Ethics*. The internal audit activity is well structured and progressive, and audit management continues to improve practices and implement efficiencies in an effort to conform to the spirit and intent of the *Standards*.

The concept of general conformance to the IIA *Standards* recognizes that there may still be room for improvement, and quality assurance reviews provide a natural process for identifying those opportunities. These items should not be taken to undermine the overall conclusion that the internal activity generally conforms to the *Standards*.

Observations

Conformance Gaps and Enhancement Opportunities

Standard 1220, Due Professional Care (Generally Conforms): The Volunteer State Community College internal audit office does not have automated audit tools. However, as part of the current continuous improvement plan, the director plans to develop a data analytic procedure.

Volunteer State Community College
Report on Quality Assurance Self-Assessment
February 2023

Enhancements Implemented

Standard 2431, Engagement Disclosure of Nonconformance (Generally Conforms): A “Conformance with Standards” section was added to the audit checklist to disclose or discuss any nonconformance issues or concerns.

Standard 2110, Governance (Generally Conforms): The risk evaluation template was updated to improve the documentation of governance assessment.

Standard 2500, Monitoring Progress (Generally Conforms): A recommendation status template was updated to improve the tracking and the follow-up documentation for each audit.

Standard 1100, Independence and Objectivity (Generally Conforms): A recommendation analysis template was updated to improve the development of audit recommendations.

Conformance to Individual *Standards*

Appendix A summarizes the internal audit activity’s self-assessment of conformance by individual *Standard*. The following definitions are important when reviewing Appendix A.

- Generally Conforms – a judgment that the internal audit activity meets the spirit and intent of the IIA *Standards* with some potential opportunities for improvement.
- Partially Conforms – a judgment that the internal audit activity has deficiencies in practice that deviate from the spirit and intent of the IIA *Standards*, but these deficiencies did not preclude the internal audit activity from performing its responsibilities.
- Does Not Conform – a judgment that the internal audit activity has deficiencies in practice that are significant enough to preclude the internal audit activity from adequately performing in all or in significant areas of its responsibilities.
- Not applicable - the *Standard* does not apply.

**Volunteer State Community College
Evaluation of Conformity by Standard
February 2023**

<u>1000 – Purpose, Authority and Responsibility</u>	Generally Conforms
<u>1100 – Independence and Objectivity</u>	Generally Conforms
1110 Organizational Independence	Generally Conforms
1111 Direct Interaction with the Board	Generally Conforms
1112 Chief Audit Executive Roles Beyond Internal Audit	Generally Conforms
1120 Individual Objectivity	Generally Conforms
<u>1130 – Impairments to Independence or Objectivity</u>	Generally Conforms
<u>1200 – Proficiency and Due Professional Care</u>	Generally Conforms
1210 Proficiency	Generally Conforms
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1321 Use of “Conforms with the” <i>Standards</i>	Generally Conforms
1322 Disclosure of Noncompliance	Generally Conforms
<u>2000 – Managing the Internal Audit Activity</u>	Generally Conforms
2010 Planning	Generally Conforms
2020 Communication and Approval	Generally Conforms
2030 Resource Management	Generally Conforms
2040 Policies and Procedures	Generally Conforms
2050 Coordination	Generally Conforms
2060 Reporting to the Board and Senior Management	Generally Conforms
2070 External Service Provider / Organizational Responsibility	Not Applicable
<u>2100 – Nature of Work</u>	Generally Conforms
2110 Governance	Generally Conforms
2120 Risk Management	Generally Conforms
2130 Control	Generally Conforms
<u>2200 – Engagement Planning</u>	Generally Conforms
2201 Planning Considerations	Generally Conforms
2210 Engagement Objectives	Generally Conforms
2220 Engagement Scope	Generally Conforms
2230 Engagement Resource Allocation	Generally Conforms
2240 Engagement Work Program	Generally Conforms
<u>2300 – Performing the Engagement</u>	Generally Conforms
2310 Identifying Information	Generally Conforms
2320 Analysis and Evaluation	Generally Conforms
2330 Documenting Information	Generally Conforms
2340 Engagement Supervision	Generally Conforms
<u>2400 – Communicating Results</u>	Generally Conforms
2410 Criteria for Communication	Generally Conforms
2420 Quality of Communications	Generally Conforms
2421 Errors and Omissions	Generally Conforms
2430 Use of “Conforms with the” <i>Standards</i>	Generally Conforms
2431 Engagement Disclosure of Noncompliance	Generally Conforms
2440 Disseminating Results	Generally Conforms
2450 Overall Opinions	Not Applicable
<u>2500 – Monitoring Progress</u>	Generally Conforms
<u>2600 – Management’s Acceptance of Risks</u>	Generally Conforms
<u>Code of Ethics</u>	Generally Conforms

WALTERS STATE COMMUNITY COLLEGE

*Office of Internal Audit
Report on Quality Assurance Self-Assessment
January 31, 2023*



Internal Audit Department
500 S. Davy Crockett Parkway, Morristown, TN 37813
423-585-6794 www.ws.edu

January 31, 2023

Mr. Mike Batson, CPA
Chief Audit Executive
Tennessee Board of Regents
1 Bridgestone Park
Nashville, TN 37214

Re: WSCC's Office of Internal Audit Report on Quality Assurance Self-Assessment

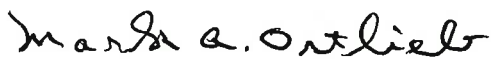
Dear Mr. Batson:

Enclosed is my Walters State Community College Office of Internal Audit Report on Quality Assurance Self-Assessment performed to determine conformity with *The IIA Standards* and the *Code of Ethics*.

One observation was noted as a result of this review.

Please contact me by phone at (423) 585-6794 or by e-mail at Mark.Ortlieb@ws.edu if you have any questions concerning the accompanying materials or need any additional information.

Best regards,



Mark A. Ortlieb, CPA
Internal Auditor

CC via e-mail: Dr. Tony Miksa, President, WSCC

Enclosures

Walters State Community College
Report on Quality Assurance Self-Assessment
January 31, 2023

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Restrictions on Report Use: *This report is intended solely for the internal use of the Tennessee Board of Regents and Walters State Community College. It is not intended to be and should not be used for any other purpose. The distribution of the report to external parties must be approved by Walters State Community College, Office of Internal Audit and handled in accordance with institutional policies; however, this report is a matter of public record.*

Walters State Community College
Report on Quality Assurance Self-Assessment
January 31, 2023

EXECUTIVE SUMMARY

Walters State Community College's Office of Internal Audit conducted a quality self-assessment of the internal audit activity during the period from July 2021 – June 2022. The principal objective of the quality self-assessment was to determine the internal audit activity's conformity to The Institute of Internal Auditors' (IIA) *International Standards for the Professional Practice of Internal Auditing (Standards)*, the *Definition of Internal Auditing* and the *Code of Ethics*.

The overall opinion is that the Walters State Community College's internal audit activity generally conforms to The IIA's *Standards, Definition of Internal Auditing* and *Code of Ethics*. The internal audit activity is well-structured and progressive and audit management is endeavoring to provide useful audit tools and implement appropriate practices. For a detailed list of conformance to individual standards, please see Attachment A to the report.

As part of the quality assessment, the Office of Internal Audit prepared a self-study of conformance to the IIA requirements. The Office of Internal Audit also reviewed the risk analysis and audit planning processes, audit tools and methodologies, engagement management processes and a sample of working papers and reports.

OBSERVATION

The concept of general conformance to the *IIA Standards* recognizes that there may still be room for improvement. Auditors strive for continuous improvement and Quality Assurance Reviews provide a natural process for identifying these opportunities. This report contains a recommendation that should not be construed as undermining the overall conclusion. That observation has a high potential to improve the program and consists of a recommendation to implement data analytics software.

Walters State Community College
Report on Quality Assurance Self-Assessment
January 31, 2023

REQUIREMENT FOR QUALITY ASSESSMENTS

The Office of Internal Audit is required by The *IIA Standards*, to have a quality assurance and improvement program, which includes periodic internal and external quality assessments and ongoing internal monitoring for conformance with the *Standards*. To better prepare for an external quality assessment, the internal audit activity should complete an internal self-assessment prior to undergoing an external quality assessment.

Adherence to the *Standards* is essential for the professional practice of internal auditing. Within The *IIA Standards* are Attribute and Performance Standards. The IIA states that “Standards are the criteria by which the operations of an internal audit department are evaluated and measured. They are intended to represent the practice of internal auditing as it should be.”

PROCEDURES PERFORMED

As part of the quality assessment, the Office of Internal Audit prepared a self-study of conformance to the IIA requirements. The Office of Internal Audit also reviewed the risk analysis and audit planning processes, audit tools and methodologies, engagement management processes and a sample of working papers and reports.

OPINION AS TO CONFORMITY TO THE STANDARDS

The overall opinion is that the Walters State Community College’s internal audit activity generally conforms to The IIA’s *Standards, Definition of Internal Auditing* and *Code of Ethics*. Efforts to conform to the spirit and intent of the *IIA Standards* are evident.

Walters State Community College
Report on Quality Assurance Self-Assessment
January 31, 2023

OBSERVATION

Attribute Standard 1220 – Due Professional Care – Generally Conforms

Internal auditors must apply the care and skill expected of a reasonably prudent and competent internal auditor. Due professional care does not imply infallibility.

1220.A2 – Internal auditors must exercise due professional care by considering the:

- Extent of work needed to achieve the engagement’s objectives.
- Relative complexity, materiality, or significance of matters to which assurance procedures are applied.
- Adequacy and effectiveness of governance, risk management, and control processes.
- Probability of significant errors, fraud, or noncompliance.
- Cost of assurance in relation to potential benefits.

1220.A2 – In exercising due professional care internal auditors must consider the use of technology-based audit and other data analysis techniques.

The Office of Internal Audit does exercise due professional care in the performance of engagements as required by the *IIA Standards*; however, the use of technology-based audit and other data analysis techniques has not been demonstrated. Although the office does use some technology-based software in the selection of sample items, data analytics software has not been used due to a lack of access and training.

RECOMMENDATION

The Tennessee Board of Regent’s Office of State-wide Internal Audit should seek funding for system-wide use of data analytics software and provide access and training for all internal auditors who report thereto.

Walters State Community College
Report on Quality Assurance Self-Assessment
January 31, 2023

**ATTACHMENT A -
CONFORMITY WITH THE
STANDARDS**

GC = Generally Conforms and means that IA has a charter, policies and procedures that are judged to meet the spirit and intent of the IIA Standards with some potential opportunities for improvement.

PC = Partially Conforms and means there are deficiencies in practice that are judged to deviate from the spirit and intent of the IIA Standards, but these deficiencies did not preclude IA from performing its responsibilities

DNC = Does Not Conform and means deficiencies in practice are judged to be so significant as to seriously impair or preclude IA from performing adequately in all or in significant areas of its responsibilities.

NA = Not applicable Standard does not apply.

Attribute Standards

1000 - Purpose, Authority and Responsibility

1100 - Independence and Objectivity

- 1110 Organizational Independence
- 1111 Direct Interaction with the Board
- 1120 Individual Objectivity
- 1130 Impairments to Independence or Objectivity

1200 - Proficiency and Due Professional Care

- 1210 Proficiency
- 1220 Due Professional Care
- 1230 Continuing Professional Development

1300 - Quality Assurance Improvement Program

- 1310 Quality Program Assessments
- 1311 Internal Assessments
- 1312 External Assessments
- 1320 Reporting on the Quality Program
- 1321 Use of "Conformity with the Standards"
- 1322 Disclosure of Noncompliance

Performance Standards

2000 - Managing the Internal Audit Activity

- 2010 Planning
- 2020 Communication and Approval
- 2030 Resource Management
- 2040 Policies and Procedures
- 2050 Coordination
- 2060 Reporting to the Board and Senior Management
- 2070 External Service Provider & Organizational Responsibility

2100 - Nature of Work

- 2110 Governance
- 2120 Risk Management
- 2130 Control

2200 - Engagement Planning

- 2201 Planning Considerations
- 2210 Engagement Objectives
- 2220 Engagement Scope
- 2230 Engagement Resource Allocation
- 2240 Engagement Work Program

2300 - Performing the Engagement

- 2310 Identifying Information
- 2320 Analysis and Evaluation
- 2330 Documenting Information
- 2340 Engagement Supervision

2400 - Communicating Results

- 2410 Criteria for Communication
- 2420 Quality of Communications
- 2421 Errors and Omissions
- 2440 Disseminating Results
- 2430 Use of "Conformity with the Standards"
- 2431 Engagement Disclosure of Noncompliance
- 2450 Overall Opinions
- 2500 Monitoring Progress

2600 - Management's Acceptance of Risks

GC	PC	DNC	NA
X			

X			
X			
X			
			X

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THE COLLEGE SYSTEM
of TENNESSEE

Tennessee Board of Regents – System Office

Report on Quality Assurance Self-Assessment

January 31, 2023

Audit Conducted by:
Mike Batson



THE COLLEGE SYSTEM
of TENNESSEE

Office of System-wide Internal Audit

1 Bridgestone Park, Third Floor
Nashville, Tennessee 37214
615-366-4496 OFFICE 615-366-1517 FAX

tbr.edu

January 31, 2023

Dr. Flora Tydings, Chancellor
Tennessee Board of Regents
1 Bridgestone Park
Nashville, Tennessee 37214

Dear Chancellor Tydings:

Enclosed is the self-assessment quality review of the Office of System-wide Internal Audit for the Tennessee Board of Regents to determine conformity to The Institute of Internal Auditors' (IIA) *International Standards for the Professional Practice of Internal Auditing (Standards)* and the *Code of Ethics*.

The IIA *Standards* require periodic internal and external reviews and ongoing internal monitoring covering all aspects of the internal audit activity.

This report is to inform you of the results of a recent internal review, a self-assessment of our internal audit activities performed as part of the quality assurance program. The results of the review indicate we are generally in conformance with the *Standards*, *Definition of Internal Auditing*, and *Code of Ethics*.

Ongoing monitoring procedures of internal audit activities are performed as part of the policies and practices of our office. Because the *Standards* require an external quality assurance review every five years, our office will coordinate the next external quality assurance review for the system to take place this summer or fall 2023.

Sincerely,

Mike Batson, CPA
Chief Audit Executive

Cc: Tennessee Board of Regents Audit Committee
Alisha Fox, Vice Chancellor of Business and Finance

**Tennessee Board of Regents
Office of System-wide Internal Audit
Report on Quality Assurance Self-Assessment
January 2023**

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Restrictions on Report Use: *The sole intent of this report is the internal use of the Tennessee Board of Regents Office of System-wide Internal Audit. The report has no other authorized purpose. Although the report is a matter of public record, the Tennessee Board of Regents Office of System-wide Internal Audit must approve distribution of the report to external parties. The external party is required to handle the report in accordance with institutional policies.*

**Tennessee Board of Regents
Office of System-wide Internal Audit
Report on Quality Assurance Self-Assessment
January 2023**

EXECUTIVE SUMMARY

Key Staff Personnel	Tennessee Board of Regents System-wide Internal Audit	Internal Auditor	Mike Batson, Chief Audit Executive
Overall Assessment	<p>The Tennessee Board of Regents Office of System-wide Internal Audit (TBR SWIA) conducted a quality self-assessment of the internal audit activity in January 2023. The principal objective of the quality self-assessment was to determine the internal audit activity’s conformity to The Institute of Internal Auditors’ (IIA) <i>International Standards for the Professional Practice of Internal Auditing (Standards)</i>, the <i>Definition of Internal Auditing</i> and the <i>Code of Ethics</i>.</p> <p>The overall opinion is that the TBR SWIA internal audit activity generally conforms to The IIA’s <i>Standards, Definition of Internal Auditing, and Code of Ethics</i>. The internal audit activity is well structured, progressive, and audit management continues to improve practices and implement efficiencies. <i>Appendix A – Evaluation of Conformity</i> details conformity by individual standard.</p> <p>The Tennessee Board of Regents System-wide Internal Audit has coordinated an external validation of the self-assessment scheduled for summer or fall 2023.</p>		
Enhancement Opportunities	<p>The concept of general conformance to the <i>IIA Standards</i> recognizes that there may still be room for improvement. Auditors strive for continuous improvement and Quality Assurance Reviews provide a natural process for identifying these opportunities. This report contains one opportunity for continuous improvement that should not be taken collectively to undermine the overall conclusions.</p> <p><i>Standard 1220.A2 – Proficiency and Due Professional Care:</i> The TBR SWIA utilizes technology-based techniques but more in-depth use of Ellucian Banner and other Excel based data analysis tools would enhance conformance to this standard.</p>		

**Tennessee Board of Regents
Office of System-wide Internal Audit
Report on Quality Assurance Self-Assessment
January 2023**

REQUIREMENT FOR QUALITY ASSESSMENTS

The IIA *Standards* require an audit activity to have a quality assurance and improvement program, which includes periodic internal and external quality assessments, and ongoing internal monitoring for conformance with the *Standards*. The Tennessee Board of Regents System-Wide Internal Audit *Internal Audit Manual* directs the college internal audit activity to conduct a self-assessment at least twice every five-years, and undergo an external peer review every fifth year.

Adherence to the *Standards* is essential for the professional practice of internal auditing. The IIA states, “Standards are the criteria by which the operations of an internal audit department are evaluated and measured. They are intended to represent the practice of internal auditing as it should be.”

SELF-ASSESSMENT PERFORMED

The Tennessee Board of Regents Office of System-wide Internal Audit completed a quality assurance self-assessment of the internal audit activity in January 2023. The principal objective of the self-assessment was to determine the internal audit activity’s conformity to The Institute of Internal Auditors’ (The IIA) *International Standards for the Professional Practice of Internal Auditing* (Standards), the *Definition of Internal Auditing* and the *Code of Ethics*.

OPINION AS TO CONFORMITY TO THE STANDARDS

The overall opinion is that the Tennessee Board of Regents Office of System-wide Internal Audit’s internal audit activity conforms to The IIA’s *Standards*, *Definition of Internal Auditing*, and *Code of Ethics*.

OBSERVATIONS

Enhancement Opportunities

Standard 1220.A2 –Proficiency and Due Professional Care–Generally Conforms

This standard requires the auditor to consider the use of technology-based audit and other data analysis techniques in exercising due professional care. The TBR Office of SWIA utilizes technology-based techniques but more in-depth use of Ellucian Banner and other Excel based data analysis tools would enhance conformance to this standard.

Tennessee Board of Regents
Office of System-wide Internal Audit
Report on Quality Assurance Self-Assessment
January 2023

Enhancements Implemented

Standard 1230 – Internal Audit Staff –Generally Conforms

This standard requires internal auditors to enhance their knowledge, skills, and other competencies through continuing professional development. The TBR Office of SWIA continues to sponsor the annual conference for Internal Auditor training which contributes to maintaining skill sets and developing best practices through continuing education and networking.

Standard 2030 – Resource Management –Generally Conforms

This standard states that the chief audit executive (CAE) must insure that internal audit resources are appropriate, sufficient, and effectively deployed to achieve the approved plan. The position of Director of Internal Audit had been vacant for several years but was recently filled. The selected candidate has experience with both higher education Internal Audit as well as higher education finance and accounting, including extensive experience with Ellucian Banner. This position will help fill gaps in coverage at the central office and on TBR campuses. The position will assist the CAE with numerous areas to include, but not limited to, training, review of workpapers and staff, support for investigations and other audits, as well as risk assessment.

Standard 2500 – Monitoring Progress –Generally Conforms

This standard requires the chief audit executive to establish and maintain a system to monitor the disposition of results communicated to management. The TBR Office of SWIA has developed a monthly tracking and follow-up system for tracking internal audit, State Audit, IS, and other recommendations and results. This information is reported to the Audit Committee quarterly.

Appendix A summarizes the internal audit activity’s self-assessment of conformance by *Standard*. The following definitions are important when reviewing [Appendix A](#).

Generally Conforms – a judgment that the internal audit activity meets the spirit and intent of the IIA *Standards* with some potential opportunities for improvement.

Partially Conforms – a judgment that the internal audit activity has deficiencies in practice that deviate from the spirit and intent of the IIA *Standards*, but these deficiencies did not preclude the internal audit activity from performing its responsibilities.

Does Not Conform – a judgment that the internal audit activity has deficiencies in practice that are significant enough to preclude the internal audit activity from adequately performing in all or in significant areas of its responsibilities.

Not applicable - the *Standard* does not apply.

Tennessee Board of Regents
Office of System-wide Internal Audit
Evaluation of Conformity by Standard
January 2023

<u>1000 – Purpose, Authority and Responsibility</u>	Generally Conforms
<u>1100 – Independence and Objectivity</u>	Generally Conforms
1110 Organizational Independence	Generally Conforms
1111 Direct Interaction with the Board	Generally Conforms
1112 Chief Audit Executive Roles Beyond Internal Audit	Generally Conforms
1120 Individual Objectivity	Generally Conforms
<u>1130 – Impairments to Independence or Objectivity</u>	Generally Conforms
<u>1200 – Proficiency and Due Professional Care</u>	Generally Conforms
1210 Proficiency	Generally Conforms
1220 Due Professional Care	Generally Conforms
1230 Continuing Professional Development	Generally Conforms
<u>1300 – Quality Assurance Improvement Program</u>	Generally Conforms
1310 Quality Program Assessments	Generally Conforms
1311 Internal Assessments	Generally Conforms
1312 External Assessments	Generally Conforms
1320 Reporting on the Quality Program	Generally Conforms
1321 Use of “Conforms with the” <i>Standards</i>	Generally Conforms
1322 Disclosure of Noncompliance	Generally Conforms
<u>2000 – Managing the Internal Audit Activity</u>	Generally Conforms
2010 Planning	Generally Conforms
2020 Communication and Approval	Generally Conforms
2030 Resource Management	Generally Conforms
2040 Policies and Procedures	Generally Conforms
2050 Coordination	Generally Conforms
2060 Reporting to the Board and Senior Management	Generally Conforms
2070 External Service Provider / Organizational Responsibility	Not Applicable
<u>2100 – Nature of Work</u>	Generally Conforms
2110 Governance	Generally Conforms
2120 Risk Management	Generally Conforms
2130 Control	Generally Conforms
<u>2200 – Engagement Planning</u>	Generally Conforms
2201 Planning Considerations	Generally Conforms
2210 Engagement Objectives	Generally Conforms
2220 Engagement Scope	Generally Conforms
2230 Engagement Resource Allocation	Generally Conforms
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<u>2500 – Monitoring Progress</u>	Generally Conforms
<u>2600 – Management’s Acceptance of Risks</u>	Generally Conforms
<u>Code of Ethics</u>	Generally Conforms