

TENNESSEE BOARD OF REGENTS
Committee on Audit

AGENDA
August 29, 2023

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

- II. REVIEW OF INTERNAL AUDIT YEAR-END STATUS REPORTS FOR FISCAL YEAR 2023 (Mike Batson)**

- III. REVIEW OF INTERNAL AUDIT PLANS FOR FISCAL YEAR 2024 (Mike Batson)**

- IV. RESULTS OF EXTERNAL QUALITY ASSURANCE REVIEW (Mike Batson)**

- V. REVIEW OF REVISIONS TO TBR POLICY 4.01.05.00- INTERNAL AUDIT (Mike Batson)**

- VI. REVIEW OF CHARTERS, RESPONSIBILITIES, AND IIA STANDARDS (Mike Batson)**

- VII. CONSIDERATION OF CONFLICT OF INTEREST MANAGEMENT PLAN (Regent Burdine)**

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

• This meeting will include members of the Tennessee Board of Regents who are participating by electronic means of communication and will be live-streamed and archived on the TBR website at: <https://www.tbr.edu/board/august-2023-committee-chairs-and-audit-committee-meetings>.

• Persons who want to request to address the Board may follow the process authorized by [TBR Policy 1.02.12.00 – Requests to Address the Board](#).

BOARD TRANSMITTAL

MEETING: Committee on Audit

SUBJECT: Highlights of Audit Findings and Recommendations

DATE: August 29, 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
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 Fiscal Review Committee. An executive summary of each follow-up audit is included in the Audit Committee's quarterly materials.

Internal Audit Reports - Following is a summary of the status of previously reported findings and recommendations as of June 30, 2023. 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	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		Action Completed
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		Action Completed
CISCC	1/31/2023	Management should obtain a copy of the 2023 NACHA Operating Rules & Guidelines to ensure knowledge of and compliance with any guideline changes.	VP of Finance and Operations	Business and Finance	6/30/2023					Action Completed
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	1	12/2/2021		Action Completed
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	1	6/1/2020		Action Completed
RSCC	5/4/2023	Management should consider defining the payment due date in RSCC Policy BA-08-01 Collection of Accounts Receivable	VP of Business & Finance, Bursar	Vice Chancellor of Business & Finance	8/1/2023			5/31/2023		Action Completed
STCC	3/28/2023	The Phi Theta Kappa Club advisor did not close the club's existing bank account and maintained a petty cash fund for twenty months after the President's directive. The President may want to consider disciplinary action for the Phi Theta Kappa Club advisor for not closing the chapter's bank account at the requested date and for maintaining a petty cash account.	Student Services	Policy and Strategy	6/30/2023					Action Completed
WSCC	4/22/2022	To address unanticipated risks, the SCO should create a Business Continuity Plan using Quali Ready software.	Veterans Coordinator and School Certifying Official (SCO)	Policy and Strategy	10/1/2022	6/30/2023	6	9/7/2022		Action Completed
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	12/31/2023	2	10/26/2022	10/26/2022 - Submitted policy language to Policy Review Committee for Spring session. 4/27/2023 - Policy to be on agenda for Summer Policy Review Committee/Board meetings. 6/12/2023 - Summer Policy Review Board meeting cancelled. The Fall Meeting will be held in November.	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. 4/27/2023 - Auditor to review progress at end of May 2023 6/7/2023 - The procedures manual is twenty-five percent complete.	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
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	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. 1/17/23, new VP of Finance, new VPAA and new President were all given the 2021 Audit Report to review and consider for action. There has been no response to-date from any of them to Internal Audit on this topic.	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	As a follow-up to the 6/16/21 Safety Audit, all doors have been properly replaced except for 3 sets in the Gym. Update: 3 more sets of doors with improper handles were found in the Student Center for a total of 6 sets. 4/17/23--VPFO says there is no change and advised new Dir.of Maintenance of situation. 6/27/23-One more set of doors with the improper handles was discovered in the Advancement/Communications suite on the 2nd floor of the Admin bldg. Internal Audit notified VPFO and Director & Asst. Director of Physical Plant	In Progress
DSCC	1/13/2023	All NJCAA, TCCAA, TBR and DSCC bylaws, policies and procedures should be followed at all times. Annual training of these procedures should be administered to all coaches and Athletic staff members and the training should be documented. This may include online training provided by NJCAA and TCCAA but should also include direct training related to DSCC specific policies. The DSCC Athletic Handbook should be issued and reviewed in this training. The historical issues surrounding athlete housing at DSCC should be discussed as part of this training. The administration of this training should be assigned to the Athletic Director.	DSCC President and DSCC Vice President of Advancement & External Affairs	Policy & Strategy	7/1/2023					In Progress
DSCC	1/13/2023	The DSCC Athletic Policy 04:07:01:00 should be updated to include a reference to DSCC staff members not providing direct or indirect housing arrangements for student athletes. This is in reference to the TCCAA Financial Administration in Interscholastic Athletics: 8.03, Section 8, A., which prohibits direct or indirect housing arrangements. Other additions and updates to this policy may be made as deemed necessary to help prevent future housing problems with student athletes and violations of NJCAA and TCCAA policies.	DSCC President and DSCC Vice President of Advancement & External Affairs	Policy & Strategy	7/1/2023					In Progress

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

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DSCC	1/13/2023	A list of possible rental properties and landlords should be developed by the Athletic Department Administration or the Student Services Department. This list should be the one list that is provided to all coaches for distribution to student athletes. The properties provided on this list should have a reputation for being safe and for being open to renting to DSCC students. There should not be multiple lists that are given out by the various coaches. The housing information provided on the DSCC website is not helpful and should not be used as a substitute for specific housing options.	DSCC President and DSCC Vice President of Advancement & External Affairs	Policy & Strategy	7/1/2023					In Progress
DSCC	1/13/2023	While Athletic scholarships are based largely upon athletic ability as determined by a particular coach, there should be some oversight or review of individual award amounts by the Athletic Director or designee. Currently, once the total athletic scholarship funds are designated for each sport by Financial Aid or by specific donors, the coach for each sport makes the individual student athlete awards without any review or discussion with Athletic Department management. Documentation of this review process should be maintained by the Athletic Director.	DSCC President and DSCC Vice President of Advancement & External Affairs	Policy & Strategy	7/1/2023					In Progress
JSCC	7/16/2019	JSCC -INV19-01-Timekeeping - Recommendation 1 of 3: Supervisors and employees should be trained on time sheet procedures.	Director of Athletics and Director of Human Resources	Business and Finance	6/30/2023				06/27/2022- Responsible parties notified of the new recommendations process. 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. 03/01/2023 IA received a response back from HR on the information request. IA will follow up as schedule allows. 04/04/2023 IA is working on finalizing the follow up.	In Progress

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

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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	6/30/2023				06/27/2022- Responsible parties notified of the new recommendations process. 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. 03/01/2023 IA received a response back from HR on the information request. IA will follow up as schedule allows. 04/04/2023 IA is working on finalizing the follow up.	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	6/30/2023				06/27/2022- Responsible parties notified of the new recommendations process. 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. 03/01/2023 IA received a response back from HR on the information request. IA will follow up as schedule allows. 04/04/2023 IA is working on finalizing the follow up.	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				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				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
RSCC	5/4/2023	RSCC should continue to work with IT to develop monitoring reports from data in Banner which will show the progression of an account from the payment due status to the first invoice being sent	Bursar	Vice Chancellor of Business & Finance	8/15/2023			5/31/2023	5/31/23 - Requested anticipated completion date. 6/7/23 - Met w/VP of Business & Finance.	In Progress
RSCC	5/4/2023	Accounts receivable held in QuickBooks should be processed and monitored in the same manner as the accounts receivable in Banner	Bursar	Vice Chancellor of Business & Finance	6/1/2023			5/31/2023	5/31/23 - Requested anticipated completion date. 6/7/23 - Met w/VP of Business & Finance.	In Progress
STCC	4/20/2022	Each student employed in a Federal Work study position should have an individual job description.	Student Services	Policy and Strategy	5/31/2022	11/30/2023	2		8/01/2023- The Federal Work-Study program currently has students in the program. It will be reviewed	In Progress
STCC	3/28/2023	Southwest Tennessee Community College Policy, Student Organization: Official Registration Policy No:3:01:01:00/4 should be updated to contain a statement that advisors are prohibited from operating external bank accounts for the clubs.	Student Services	Policy and Strategy	6/30/2023					In Progress
STCC	3/28/2023	The Deputy Chief Officer should start providing each club advisor, club officer and the Director of Student Development with a monthly statement showing income and distributions for each club.	Student Services	Policy and Strategy	6/30/2023					In Progress
STCC	3/28/2023	The Deputy Chief Financial Officer may want to consider periodic training for club advisors regarding the financial controls in place and how to properly make requests for expenditure of funds.	Student Services	Policy and Strategy	6/30/2023					In Progress
STCC	3/28/2023	All check requests, including travel advances, made payable to the club advisor must be reviewed to ensure proper supporting documentation is attached to the check request. For travel advances, documentation should be submitted within 30 days of completed travel.	Student Services	Policy and Strategy	6/30/2023					In Progress
STCC	6/17/2021	Audit resources allocated to safeguarding of assets will be increased.	Internal Audit		3/30/2023	11/30/2023	6		8/01/2023 Report is being reviewed.	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	11/30/2023	2		8/01/2023- The Federal Work-Study program currently has students in the program. It will be reviewed	In Progress
STCC	9/29/2022	Management should create a system to collect required data to be used to ensure students with the highest grade point averages are the students admitted into the Special Admission Process Programs.	Academic Affairs	Policy and Strategy	5/30/2023	7/31/2023	2			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

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	6/28/2023	Faculty Credentials 2022 1 of 2: TCAT and Engineering Management should complete loading of credentialing documentation for identified faculty.	Interim Vice President - Technical College, Dean-Academic Assessment, Accreditation and Compliance	Business and Finance, Policy and Strategy	12/31/2023					Not Yet Due
ChSCC	6/28/2023	Faculty Credentials 2022 2 of 2: The rubric for Manufacturing (MF) should be included in the Faculty Qualifications Manual to ensure the ability to effectively determine if faculty meet requirements to teach this course.	Interim Vice President - Technical College, Dean-Academic Assessment, Accreditation and Compliance	Business and Finance, Policy and Strategy	12/31/2023					Not Yet Due
RSCC	5/4/2023	Personnel should work with IT to develop automated ways to show an accounts receivable listing with true payment due dates	Bursar	Vice Chancellor of Business & Finance	9/15/2023				5/31/23 - Requested anticipated completion date. 6/7/23 - Met w/VP of Business & Finance.	Not Yet Due

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

Institution	Report Release Date	Recommendation	Responsible Staff	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
TCAT Chattanooga	6/28/2023	TCAT HVAC Surplus and Scrap 4 of 4: Police Department personnel should receive appropriate training for incidents involving observation of removal of college equipment from campus.	Chief of Police	Business and Finance, External Affairs	6/28/2023			6/28/2023		Action Completed
TCAT Chattanooga	6/28/2023	TCAT HVAC Surplus and Scrap 1 of 4: All TCAT student projects should comply with the TCAT Live Work Policy – 14:04:00 by completing the TCAT Work Order form and obtaining appropriate approvals.	Interim Vice President - Technical College	Business and Finance	9/30/2023					Not Yet Due
TCAT Chattanooga	6/28/2023	TCAT HVAC Surplus and Scrap 2 of 4: TCAT Management should review the TCAT Live Work Policy to ensure it corresponds to current procedures and update the policy as needed.	Interim Vice President - Technical College	Business and Finance	9/30/2023					Not Yet Due
TCAT Chattanooga	6/28/2023	TCAT HVAC Surplus and Scrap 3 of 4: Management should provide training to all college personnel concerning the equipment inventory, disposal of surplus items, reporting of non-cash donations, and conflict of interest policies.	Interim Vice President - Technical College	Business and Finance, External Affairs	9/30/2023					Not Yet Due
TCAT Hohenwald	6/23/2023	CoSCC-TCAT Hohenwald Veteran's Affairs Improve Data Security	School Certifying Official	Student Services	8/31/2023					Not Yet Due
TCAT Hohenwald	6/23/2023	CoSCC-TCAT Hohenwald Veteran's Affairs Improve Management Oversight	School Certifying Official	Student Services	8/31/2023					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
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	7/1/2023	3	2/2/2022		Action Completed
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	7/31/2023	2	12/1/2022		Action Completed
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	10/31/2023	4	4/20/2021	8/1/2023 The Work Study program has resumed and is pending 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				01/31/2023- Repeat follow-up scheduled. 07/01/2023- Under review.	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
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. Eleven of seventeen areas have been corrected.	Chief Information Officer	Business and Finance	12/31/2022	12/31/2023	1	8/10/2022	6/15/2023	In Progress
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. Four of eight areas have been corrected.	Associate VP for IT	Business and Finance	5/31/2023			3/30/2023	6/15/2023	In Progress
CoSCC	6/30/2023	CoSCC GLBA Safeguards Columbia 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.	Vice President for Financial & Administrative Services	Business and Finance	7/31/2023					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> . Details will be provided to the Board during Audit Committee Executive Session. Eight of ten areas have been corrected.	Chief Information Officer	Business and Finance	6/30/2022	8/31/2023	2	8/9/2022	6/15/2023	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. Eight of nine areas have been corrected.	Chief Information Officer	Business and Finance	12/31/2022	6/30/2023	1	4/27/2023	6/15/2023	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
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	6/15/2023	In Progress
JSCC	6/1/2023	JSCC ITGCR: Jackson State Community College did not provide adequate internal controls in two 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.	Chief Information Officer	Business and Finance	9/30/2023					Not Yet Due

BOARD TRANSMITTAL

MEETING: Committee on Audit

SUBJECT: Audit Reports and Reviews

DATE: August 29, 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 April 1, 2023, to June 30, 2023.

- Chattanooga State Community College
 - Tennessee Department of Occupational Safety and Health (TOSHA)
- Cleveland State Community College
 - National Association of Student Financial Aid Administrators (NASFAA)
Standards of Excellence Peer Review
- Columbia State Community College
 - Tennessee Student Assistance Corporation (TSAC)
Financial Assistance Program Compliance Review
- Northeast State Community College
 - Tennessee Department of Transportation (TDOT)
Desk Monitoring Review
- Volunteer State Community College
 - Tennessee Department of Labor (TDOL)
Adult Education Monitoring Review

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. The Audit Committee will review executive summaries for the state audit reports issued before June 30, 2023.

FINANCIAL AND COMPLIANCE AUDITS – NO FINDINGS

Volunteer State Community College

– FYE June 30, 2022 and June 30, 2021

Federal Audits

The Audit Committee will review executive summaries for the federal audit reports issued before June 30, 2023.

Southwest Tennessee Community College

– Department of Veterans Affairs
Compliance Survey

TCAT Covington

– Department of Veterans Affairs
Compliance Survey

TCAT Crump

– Department of Veterans Affairs
Compliance Survey

TCAT Dickson

– Department of Veterans Affairs
Compliance Survey

TCAT Jacksboro

– Department of Veterans Affairs
Compliance Survey

TCAT Jackson

– Department of Veterans Affairs
Compliance Survey

TCAT Nashville

– Department of Veterans Affairs
Compliance Survey

Internal Audit

The Audit Committee will receive executive summaries for the internal audit reports issued from April 1, 2023, to June 30, 2023, as well as reports issued after June 30, 2023, 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.

<u>Internal Audit Reports for Informational Purposes- Financial Management</u>		
NaSCC	HEERF Public Reporting Review	Page 32
NeSCC	HEERF Public Reporting Review	Page 33
PSCC	HEERF Public Reporting Review	Page 34
STCC	HEERF Public Reporting Review	Page 35
STCC	Cash Count	Page 36
WSCC	HEERF Public Reporting Review	Page 37
TCAT	President's Expense Audit for FY 2022	Page 38
Chattanooga		

<u>Internal Audit Reports for Informational Purposes- Institutional Support</u>		
ChSCC	Faculty Credentials Fall Semester 2022	Page 40

<u>Internal Audit Reports for Informational Purposes- Student Services</u>		
TCAT	Veterans Affairs Review	Page 42
Hohenwald		

<u>Internal Audit Reports for Informational Purposes- Investigations</u>		
TCAT	INV 2023-05: TCAT HVAC Surplus and Scrap	Page 44
Chattanooga		

<u>Internal Audit Reports for Informational Purposes- Follow-up</u>		
NeSCC	Follow-up to the State Audit Report for FY 2021 and 2020	Page 47
RSCC	Follow-up to the State Audit Report for FY 2021 and 2020	Page 48

* Limited Official Use Only reports for Cleveland Community College- LOU-Information Systems; Columbia State Community College- LOU-Follow-up to the Financial Aid: GLBA Outcomes; Jackson State Community College- LOU Information Systems; and Northeast State Community College- Follow-up to the LOU State Audit Report for FY 2021 and 2020 were completed during this period. These reports will be shared in the Audit Committee Executive Session.

**Tennessee Board of Regents
Audit Committee
August 29, 2023**

***Miscellaneous External
Reviews***

Chattanooga State Community College
Tennessee Department of Occupational Safety and Health (TOSHA)
February 1, 2023
Executive Summary

Introduction	The purpose of this review is to provide a safe and healthy work environment for employees at Chattanooga State Community College (ChSCC). On February 1, 2023, a compliance officer conducted a monitoring visit of ChSCC to evaluate and discuss the status of the institution's occupational safety and health program.
Findings	<p><u>Violation 1 Item 1</u></p> <p>Exit routes were not kept free and unobstructed: On February 1, 2023, the exit route in the rear of the energy plant building was obstructed with a step ladder.</p> <p><u>Violation 1 Item 2</u></p> <p>Flexible cords and/or cables were used as a substitute for the fixed wiring of a structure: On February 1, 2023, the employer used an extension cord that was located in the shop as a means of permanent wiring to energize a computer by the loading dock.</p> <p><u>Violation 1 Item 3</u></p> <p>Flexible cords and cables were run through doorways, windows, floors, or similar openings: On February 1, 2023, an extension cord was run through a doorway in the loading dock area from the second floor to the first floor to power a computer.</p>

**Cleveland State Community College
National Association of Student Financial Aid Administrators (NASFAA)
Standards of Excellence Peer Review
February 20-24, 2023
Executive Summary**

Introduction	<p>The National Association of Student Financial Aid Administrators (NASFAA) is the primary professional association representing the student financial aid interests of institutions of postsecondary education in the United States. NASFAA’s vision is to shape the future by promoting student access and success in higher education. NASFAA provides professional development and services for financial aid administrators; advocates for public policies that increase student access and success; serves as a forum on student financial aid issues; and is committed to diversity throughout all activities.</p> <p>NASFAA’s Standards of Excellence Review Program (SOE) offers reviews of postsecondary education institutions by qualified and experienced financial aid professionals. Since NASFAA completed the first review in 1999, SOE has provided a professional and consistent means of assessing an institution’s financial aid administration, and a reliable measure of confidence to postsecondary institution leaders.</p>
Scope	<p>In this report, the 2021-22 academic year was reviewed, and all references contained herein are applicable to that award year, unless otherwise noted.</p> <p>The review was conducted in accordance with generally accepted standards. These standards require the peer review team to obtain reasonable data regarding the institution’s delivery of Title IV assistance. The review included a limited examination of evidence supporting claims and disclosures made by the institution. NASFAA believes the review provides a reasonable basis for the opinion rendered in this report. However, because of inherent limitations in any review, errors, irregularities, or areas of noncompliance may nevertheless exist and may not be detected.</p>
Findings/ Recommendations	<p>Twenty-five (25) findings and suggested corrective actions shared with management including the areas of fiscal management and federal programs administration.</p>

**Columbia State Community College
Tennessee Student Assistance Corporation (TSAC)
Financial Assistance Program Compliance Review
March 28, 2023
Executive Summary**

Introduction	<p>TSAC has the statutory responsibility to review and evaluate the administration of each financial assistance program at participating postsecondary institutions to ensure the programs are administered according to applicable laws, rules, and regulations. Pursuant to this responsibility, from February 27, 2023 through March 2, 2023 we conducted a program compliance review of your institution’s use of our financial aid programs for the 2021-2022 academic year. The Director of Compliance and two Senior Compliance Officers reviewed a random sample of student records of the institution’s financial aid recipients.</p>
Findings	<ul style="list-style-type: none"> • Failure to notify TELS transfer students • Incorrect Summer Term HOPE certifications • Inconsistent appeal process for state programs • Incorrect TN Promise awards • Incorrect TN Reconnect awards • HOPE recipients awarded in error • Failure to cancel HOPE due to change of enrollment • Failure to adhere to the TSAA policies and awards amounts • Dual enrollment courses included in TELS GPA calculations • Errors located within the year-end reconciliation for state programs <p>A detailed list of these deficiencies, including the actions required to remedy them, were uploaded to a secured website and provided to the Financial Aid Director.</p>

**Northeast State Community College
Tennessee Department of Transportation (TDOT)
Desk Monitoring Review
June 2, 2023
Executive Summary**

Introduction	Staff from the Tennessee Department of Transportation (TDOT), Division of Finance, Fiscal Monitoring Group conducted a desk monitoring review of a contract between Northeast State Community College and the Tennessee Department of Transportation (TDOT). The monitoring review was performed in accordance with the State of Tennessee Central Procurement Office Policy 2013-007, Grants Management and Subrecipient Monitoring Policy and Procedures.
Findings	No findings were noted.
Recommendations	N/A

Volunteer State Community College
Tennessee Department of Labor and Workforce Development (TDLWD)
Adult Education Monitoring Review – Page 1 of 2
March 31, 2023
Executive Summary

Introduction	<p>The findings and recommendations resulting from the recent monitoring of Volunteer State Community College (VSCC) adult education program, conducted by the Tennessee Department of Labor and Workforce Development (TDLWD) are below.</p>
Findings	<p>Finding 1: Volunteer State Community College did not use consistent acquisition costs for new equipment.</p> <p>Volunteer State Community College (VSCC) did not use consistent acquisition costs for new equipment.</p> <p>The purchase order amount of \$399.00 each was utilized as the acquisition cost for 12 Apple iPads (8th generation). The iPad invoice, which was dated September 18, 2021, showed an invoiced amount of \$389.00 each. Other purchased items were listed with the invoice cost.</p> <p>Section E.3 State Interest in Equipment of grant agreements between Volunteer State Community College and TDLWD states that an inventory of equipment “must include, at a minimum... d. Acquisition date, cost...” According to staff at VSCC, they utilize the invoice cost for purchased items.</p> <p>Finding 2: Data Integrity. Policy Issues.</p> <p>In reviewing VSCC student records, it was observed that there was an inconsistency of the Approval for Minor Student Enrollment in Adult Education” form evident in the minor files. Some of the minor files had no documentation showing the form was used. In accordance with the Services for Minors Policy, the policy indicates on pg. 3: Adult Education staff must require this completed form at the time of enrollment and must keep a copy of the form with student’s records. Examples of this occurrence are SID numbers 8829318, 4935107 and 4662986.</p> <p>Finding 3: Personnel Files. Missing training certificates, verification forms, and degree verification.</p> <p>In accordance with the Instructor Qualification policy, some of the personnel records reviewed lacked evidence of instructor staff’s requirement to have certificates of required training when completing waivers. The three personnel files that were reviewed for instructors who had waivers did not have the required training modules completed. One did not have the waiver and two instructor files lack copies of degrees and other training certifications. Evidence of qualifications should be kept on file. Several employee files did not have evidence of all the training verifications for TABE, CASAS and/or Jobs4TN. Some of the staff who</p>

Volunteer State Community College
Tennessee Department of Labor and Workforce Development (TDLWD)
Adult Education Monitoring Review – Page 2 of 2
March 31, 2023
Executive Summary

Findings	<p>were administering TABE/CASAS assessment, only had one TABE certification and others need to have more CASAS certifications. The Jobs4TN Training Verification form was evident in the files for staff completing it in 2021, but there was no form completed for those staff entering data in Jobs4TN back in 2020. This form is to be completed before the employee starts entering data into Jobs4TN. All Jobs4TN users must complete the Jobs4TN Training Verification form and be signed off by the Program Director. The Jobs4TN Training Verification form is located on page 15 of the Student Data Policy.</p> <p>Finding 4: Missing Title VI verification.</p> <p>While the VSCC indicates that Title VI is a practice at this agency, upon review of the AE program staff files, evidence for the prior and the current years were not evident. For the monitoring period no documentation or records were available. To ensure your program complies, all staff members should participate in Title VI training annually and maintain documentation of attendance in the personnel file.</p> <p>Finding 5: Tracking of Purchased Items.</p> <p>Upon reviewing the inventory at the various class locations across the Grantee’s service area, it was found that the inventory list was inaccurate. Various pieces of items were not at the locations, and some items at locations were not documented on the inventory spread sheet. Additionally, assets were not included on the inventory sheets for the different locations. The expectation is that inventory lists are maintained and reflect where items are located and contain a description of the items. At the time of monitoring, it did not appear that VSCC adult education program had a documented internal process to track and surplus purchased items. The items on the surplus tab were not surplus because most of the items were located at a site that the program no longer uses. State policy requires local programs to have in place a process for identifying, tracking and surplus purchased items. Please review the Procurement & Inventory Tracking Policy.</p>
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**Tennessee Board of Regents
Audit Committee
August 29, 2023**

Federal Audit Reports

**Southwest Tennessee Community College
U.S. Department of Veteran Affairs
Compliance Survey
July 13, 2022
Executive Summary**

<p>Introduction</p>	<p>The Department of Veterans Affairs (VA) annually conducts Compliance Surveys at education and training programs approved to receive GI Bill® funding. The purpose of a Compliance Survey is to ensure that approved programs are compliant with all applicable provisions of Title 38, United States Code (USC) administered by VA.</p> <p>A routine Compliance Survey was conducted onsite at Southwest Tennessee Community College referred to throughout as the ETI, by an Education Compliance Survey Specialist-Contractor (C-ECSS). The initial notification of the survey was delivered via email on June 7, 2022. An entrance briefing was held on June 30, 2022 and an exit briefing was held on June 30, 2022 with ETI officials.</p>
<p>Discrepancies and Recommendations</p>	<p>Type: Line 6- THE FACILITY ACCURATELY AND PROMPTLY REPORTED ENROLLMENT, TUITION AND FEES, LESSONS SERVICED, FLIGHT TRAINING HOURS OR APP/OJT HOURS (38 CFR 21.4203(e)(f)(g), 21.4204, 21.7156, 21.9735)</p> <p>Evaluation: The SCO certified an extra 3 Distance hours; this was deemed a clerical error.</p> <p>Recommendation: A 2-way referral was sent for adjudication.</p> <p>Type: 27M (Other) Trademark Violation</p> <p>Facts: The ETI had postcards geared toward veterans and neglected to include the GI Bill trademark.</p> <p>Evaluation: This was deemed an oversight on the part of the ETI. The SCO sent an email immediately to all locations to remove the postcard.</p> <p>Recommendation: Immediate removal of postcards at all school sites and reprinting the postcard making sure to include the trademark symbol.</p>

Tennessee College of Applied Technology - Covington
U.S. Department of Veteran Affairs
Compliance Survey
April 14, 2023
Executive Summary

<p>Introduction</p>	<p>The Department of Veterans Affairs (VA) annually conducts Compliance Surveys at education and training programs approved to receive GI Bill® funding. The purpose of a Compliance Survey is to ensure that approved programs are compliant with all applicable provisions of Title 38, United States Code (USC) administered by VA.</p> <p>A routine Compliance Survey was conducted onsite at TCAT Covington referred to throughout as the ETI, by an Education Compliance Survey Specialist-Contractor (C-ECSS). The initial notification of the survey was delivered via email on March 30, 2023. An entrance briefing was held on April 13, 2023 and an exit briefing was held on April 13, 2023 with ETI officials.</p>
<p>Discrepancies and Recommendations</p>	<p>Type: Line 6- THE FACILITY ACCURATELY AND PROMPTLY REPORTED ENROLLMENT, TUITION AND FEES, LESSONS SERVICED, FLIGHT TRAINING HOURS OR APP/OJT HOURS (38 CFR 21.4203(e)(f)(g), 21.4204, 21.7156, 21.9735)</p> <p>Evaluation: The original certification was done more than 30 days after the start of the term. The late certification is a clerical error done by the previous SCO.</p> <p>Recommendation: Explained importance of timely certifications to current SCO.</p>

Tennessee College of Applied Technology - Crump
U.S. Department of Veteran Affairs
Compliance Survey
December 30, 2022
Executive Summary

<p>Introduction</p>	<p>The Department of Veterans Affairs (VA) annually conducts Compliance Surveys at education and training programs approved to receive GI Bill® funding. The purpose of a Compliance Survey is to ensure that approved programs are compliant with all applicable provisions of Title 38, United States Code (USC) administered by VA.</p> <p>A routine Compliance Survey was conducted onsite at TCAT Crump referred to throughout as the ETI, by an Education Compliance Survey Specialist-Contractor (C-ECSS). The initial notification of the survey was delivered via email on November 9, 2022. An entrance briefing was held on December 8, 2022 and an exit briefing was held on December 8, 2022 with ETI officials.</p>
<p>Discrepancies and Recommendations</p>	<p>Type: Line 6- THE FACILITY ACCURATELY AND PROMPTLY REPORTED ENROLLMENT, TUITION AND FEES, LESSONS SERVICED, FLIGHT TRAINING HOURS OR APP/OJT HOURS (38 CFR 21.4203(e)(f)(g), 21.4204, 21.7156, 21.9735)</p> <p>Evaluation: SCO certified term late.</p> <p>Recommendation: Reminded SCO of importance of timely certification to start student benefits.</p> <p>Evaluation: SCO certified term dates improperly.</p> <p>Recommendation: Reminded SCO of the importance of reporting the correct dates for proper payment of benefits. Referral submitted to claims.</p> <p>Type: Line 7- THE FACILITY PROMPTLY NOTIFIED VA WHEN BENEFICIARIES TERMINATED OR INTERRUPTED TRAINING (38 CFR 21.4203, 21.7156, 21.9735)</p> <p>Evaluation: SCO reported last date of attendance incorrectly.</p> <p>Recommendation: Reminded SCO of the importance of reporting the correct dates for proper payment of benefits. Referral submitted to claims.</p> <p>Type: Line 14: ENROLLMENTS WERE WITHIN THE LIMITATION ESTABLISHED BY THE STATE APPROVING AGENCY (38 CFR 21.4254(c))</p> <p>Evaluation: Enrollment exceeds established limits.</p> <p>Recommendation: SAA referral to evaluate established limits.</p>

Tennessee College of Applied Technology - Dickson
U.S. Department of Veteran Affairs
Compliance Survey
April 26, 2023
Executive Summary

Introduction	<p>The Department of Veterans Affairs (VA) annually conducts Compliance Surveys at education and training programs approved to receive GI Bill® funding. The purpose of a Compliance Survey is to ensure that approved programs are compliant with all applicable provisions of Title 38, United States Code (USC) administered by VA.</p> <p>A routine Compliance Survey was conducted onsite at TCAT Dickson referred to throughout as the ETI, by an Education Compliance Survey Specialist-Contractor (C-ECSS). The initial notification of the survey was delivered via email on April 6, 2023. An entrance briefing was held on April 20, 2023 and an exit briefing was held on April 25, 2023 with ETI officials.</p>
Discrepancies and Recommendations	<p>No discrepancies were identified during the compliance survey.</p>

Tennessee College of Applied Technology - Jacksboro
U.S. Department of Veteran Affairs
Compliance Survey
May 2, 2023
Executive Summary

<p>Introduction</p>	<p>The Department of Veterans Affairs (VA) annually conducts Compliance Surveys at education and training programs approved to receive GI Bill® funding. The purpose of a Compliance Survey is to ensure that approved programs are compliant with all applicable provisions of Title 38, United States Code (USC) administered by VA.</p> <p>A routine Compliance Survey was conducted onsite at TCAT Jacksboro referred to throughout as the ETI, by an Education Compliance Survey Specialist-Contractor (C-ECSS). The initial notification of the survey was delivered via email on April 17, 2023. An entrance briefing was held on May 1, 2023 and an exit briefing was held on May 1, 2023 with ETI officials.</p>
<p>Discrepancies and Recommendations</p>	<p>Type: Line 6- THE FACILITY ACCURATELY AND PROMPTLY REPORTED ENROLLMENT, TUITION AND FEES, LESSONS SERVICED, FLIGHT TRAINING HOURS OR APP/OJT HOURS (38 CFR 21.4203(e)(f)(g), 21.4204, 21.7156, 21.9735)</p> <p>Evaluation: School Certifying Official clerical error. The original certification was submitted more than 30 days after the start of the term.</p> <p>Recommendation: Discussed importance of timely certifications with SCO. No further action is required.</p> <p>TYPE Line 6- THE FACILITY ACCURATELY AND PROMPTLY REPORTED ENROLLMENT, TUITION AND FEES, LESSONS SERVICED, FLIGHT TRAINING HOURS OR APP/OJT HOURS (38 CFR 21.4203(e)(f)(g), 21.4204, 21.7156, 21.9735)</p> <p>Evaluation: School Certifying Official clerical error. Second certifications were not completed.</p> <p>Recommendation: ECSS-C explained the importance of timely second certifications.</p>

Tennessee College of Applied Technology - Jackson
U.S. Department of Veteran Affairs
Compliance Survey
April 12, 2023
Executive Summary

Introduction	<p>The Department of Veterans Affairs (VA) annually conducts Compliance Surveys at education and training programs approved to receive GI Bill® funding. The purpose of a Compliance Survey is to ensure that approved programs are compliant with all applicable provisions of Title 38, United States Code (USC) administered by VA.</p> <p>A routine Compliance Survey was conducted onsite at TCAT Jackson referred to throughout as the ETI, by an Education Compliance Survey Specialist-Contractor (C-ECSS). The initial notification of the survey was delivered via email on March 28, 2023. An entrance briefing was held on April 11, 2023 and an exit briefing was held on April 11, 2023 with ETI officials.</p>
Discrepancies and Recommendations	No discrepancies were identified during the compliance survey.

Tennessee College of Applied Technology - Nashville
U.S. Department of Veteran Affairs
Compliance Survey
November 18, 2022
Executive Summary

Introduction	<p>The Department of Veterans Affairs (VA) annually conducts Compliance Surveys at education and training programs approved to receive GI Bill® funding. The purpose of a Compliance Survey is to ensure that approved programs are compliant with all applicable provisions of Title 38, United States Code (USC) administered by VA.</p> <p>A routine Compliance Survey was conducted onsite at TCAT Nashville referred to throughout as the ETI, by an Education Compliance Survey Specialist-Contractor (C-ECSS). The initial notification of the survey was delivered via email on October 11, 2022. An entrance briefing was held on October 20, 2022 and an exit briefing was held on October 21, 2022 with ETI officials.</p>
Discrepancies and Recommendations	No discrepancies were identified during the compliance survey.

**Tennessee Board of Regents
Audit Committee
August 29, 2023**

***Internal Audit Reports
Financial Management***

Nashville State Community College
Higher Education Emergency Relief Funds (HEERF) Public Reporting Review
Fiscal Years 2020-2022
June 29, 2023
Executive Summary

Key Staff Personnel	Vice President of Business and Finance; Associate Vice President of Finance and Accounting	Internal Auditor	Henry Ho, CPA, CGFM
Introduction	<p>In response to the COVID-19 pandemic, the U.S. Department of Education Office of Postsecondary Education awarded the Higher Education Emergency Relief Fund (HEERF) to institutions and students to provide fast and direct economic aid to alleviate the negative impacts of the COVID-19 pandemic.</p> <p>The U.S. Department of Education awarded the funding in three stages beginning March 2020. The first stage, HEERF I, was authorized by the Coronavirus Aid, Relief and Economic Security (CARES) Act. The second stage, HEERF II, was authorized by the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA). The third stage, HEERF III, was authorized by the American Rescue Plan (ARP) under Public Law 117-2.</p> <p>The Office of Postsecondary Education established reporting formats and due dates and provided guidance to institutions on allowable uses of the funding, including Emergency Financial Aid Grants to students. Institutions must post on their primary website, in a format and location that is easily accessible to the public, specific informational items related to Emergency Financial Aid Grants to students and report institutional expenditures on a standardized form posted on the same page as the informational items related to Emergency Financial Aid Grants to students.</p>		
Objectives	<p>The objectives of the audit were:</p> <ul style="list-style-type: none"> • to determine whether internal controls provide reasonable assurance that the information was posted in the manner directed by the DoE, and • to determine the accuracy of financial information posted and that it agrees to the documentation of expenses recorded by the institution. 		
Conclusion	<p>Nashville State Community College’s HEERF quarterly reporting process is sufficient and provides adequate internal controls for maintaining compliance with the U.S. Department of Education Public Reporting requirements.</p>		

**Northeast State Community College
Higher Education Emergency Relief Funds (HEERF) Public Reporting Review
Fiscal Years 2020-2022
June 28, 2023
Executive Summary**

Key Staff Personnel	Vice President for Finance and Information Technology; Director for Grant Development; Grants Manager; Bursar	Internal Auditor	Christopher L. Hyder, CIA Director of Internal Audit
Introduction	<p>The Office of Postsecondary Education was provided funds to award to institutions of higher education to provide fast and direct economic aid to institutions and students to alleviate the negative impacts of the COVID-19 pandemic. The funding was given as the Higher Education Emergency Relief Fund, or HEERF. Funding was awarded in three stages beginning March 2020. The first stage, HEERF I, was authorized by the Coronavirus Aid, Relief and Economic Security (CARES) Act. The second stage, HEERF II, was authorized by the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA). The third stage, HEERF III, was authorized by the American Rescue Plan (ARP) under Public Law 117-2. Institutions were provided guidance as to uses of the funding, including Emergency Financial Aid Grants to students. Institutions were directed to post on the institution’s primary website, in a format and location that is easily accessible to the Public, specific informational items related to Emergency Financial Aid Grants to students and provided a form for reporting institutional expenditures to be posted on the institution’s primary website on the same page as the informational items related to Emergency Financial Aid Grants to students. Institutions were provided due dates for the information to be posted.</p>		
Objectives	<p>The objectives of the audit were:</p> <ul style="list-style-type: none"> • To determine whether internal controls provide reasonable assurance that the information was posted in the manner directed by the DoE. • To determine the accuracy of financial information posted and that it agrees to the documentation of expenses recorded by the institution. 		
Conclusion	<p>Northeast State Community College’s HEERF Quarterly Reporting process is sufficient and provides adequate internal controls for maintaining compliance with the U.S. Department of Education Public Reporting requirement.</p>		
Recommendations	<p>None</p>		

Pellissippi State Community College
Higher Education Emergency Relief Funds (HEERF) Public Reporting Review
Fiscal Years 2020 - 2022
June 28, 2023
Executive Summary

Key Staff Personnel	Vice President, Administrative Affairs	Internal Auditor	Jason Patterson, Interim Director, Internal Audit
Introduction	<p>The Office of Postsecondary Education was provided funds to award to institutions of higher education to provide fast and direct economic aid to institutions and students to alleviate the negative impacts of the COVID-19 pandemic. The funding was given as the Higher Education Emergency Relief Fund or HEERF. Funding was awarded in three stages beginning in March 2020. The first stage, HEERF I, was authorized by the Coronavirus Aid, Relief and Economic Security (CARES) Act. The second stage, HEERF II, was authorized by the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA). The third stage, HEERF III, was authorized by the American Rescue Plan (ARP) under Public Law 117-2. Institutions were provided guidance as to the uses of the funding, including Emergency Financial Aid Grants to students. Institutions were directed to post on the institutions primary website, in a format and location that is easily accessible to the Public, specific informational items related to Emergency Financial Aid Grants to students and provided a form for reporting institutional expenditures to be posted on the institutions primary website on the same page as the informational items related to Emergency Financial Aid Grants to students. Institutions were provided due dates for the information to be posted.</p>		
Objectives	<p>The objectives of the audit were:</p> <ul style="list-style-type: none"> • To determine whether internal controls provide reasonable assurance that the information was posted in the manner directed by the DoE. • To determine the accuracy of financial information posted and that it agrees to the documentation of expenses recorded by the institution 		
Conclusion	<p>Pellissippi State Community College HEERF Quarterly Reporting process is sufficient and provides adequate internal controls for maintaining compliance with the U.S. Department of Education Public Reporting requirement.</p>		
Recommendations	None		

Southwest Tennessee Community College
Higher Education Emergency Relief Funds (HEERF) Public Reporting Review
Fiscal Year 2020-2022
June 28, 2023
Executive Summary

Key Staff Personnel	Chief Financial Officer	Internal Auditor	Charlotte Johnson, Director of Internal Audit
Introduction	<p>The Office of Postsecondary Education was provided funds to award to institutions of higher education to provide fast and direct economic aid to institutions and students to alleviate the negative impacts of the COVID-19 pandemic. The funding was given as the Higher Education Emergency Relief Fund, or HEERF. Funding was awarded in three stages beginning March 2020. The first stage, HEERF I, was authorized by the Coronavirus Aid, Relief and Economic Security (CARES) Act. The second stage, HEERF II, was authorized by the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA). The third stage, HEERF III, was authorized by the American Rescue Plan (ARP) under Public Law 117-2. Institutions were provided guidance as to uses of the funding, including Emergency Financial Aid Grants to students. Institutions were directed to post on the institution’s primary website, in a format and location that is easily accessible to the Public, specific informational items related to Emergency Financial Aid Grants to students and provided a form for reporting institutional expenditures to be posted on the institution’s primary website on the same page as the informational items related to Emergency Financial Aid Grants to students. Institutions were provided due dates for the information to be posted.</p>		
Objectives	<p>The objectives of the audit were:</p> <ul style="list-style-type: none"> • To determine whether internal controls provide reasonable assurance that the information was posted in the manner directed by the DoE. • To determine the accuracy of financial information posted and that it agrees to the documentation of expenses recorded by the institution 		
Conclusion	<p>Southwest Tennessee Community College’s HEERF Quarterly Reporting process is sufficient and provides adequate internal controls for maintaining compliance with the U.S. Department of Education Public Reporting requirement.</p>		
Recommendations	None		

Southwest Tennessee Community College
Cash Count
Fiscal Year 2022-2023
June 30, 2023
Executive Summary

Key Staff Personnel	Executive Director of Fiscal Operations	Internal Auditor	Charlotte Johnson, Director of Internal Audit
Introduction	A cash count was performed by Internal Audit as a continuous monitoring of cash in accordance with the annual audit plan. Southwest Tennessee Community College maintains thirteen petty cash funds totaling \$8,359.75 and twelve change funds ranging from \$40.50 to \$316.25.		
Objectives	To ascertain that the college is properly handling petty cash and change funds and that adequate controls and safeguards are in place to prevent misuse or theft of these funds.		
Scope	The audit included cash balances for the period ending June 30, 2023, for all funds over \$100.00.		
Conclusion	Based on audit tests performed, controls over cash handling are generally adequate and the amounts are in balance with the college's general ledger.		
Recommendations	None		

**Walters State Community College
HEERF Public Reporting Audit
Fiscal Years 2020 – 2022
June 28, 2023
Executive Summary**

Key Staff Personnel	VP for Business Affairs, Assistant VP for Business & Finance, Director of Financial Services, Director of Student Accounts and Revenue, Director of Financial Aid	Internal Auditor	Mark A. Ortlieb, CPA
Introduction	<p>The Office of Postsecondary Education was provided funds to award to institutions of higher education to provide fast and direct economic aid to institutions and students to alleviate the negative impacts of the COVID-19 pandemic. The funding was given as the Higher Education Emergency Relief Fund, or HEERF. Funding was awarded in three stages beginning March 2020. The first stage, HEERF I, was authorized by the Coronavirus Aid, Relief and Economic Security (CARES) Act. The second stage, HEERF II, was authorized by the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA). The third stage, HEERF III, was authorized by the American Rescue Plan (ARP) under Public Law 117-2. Institutions were provided guidance as to uses of the funding, including Emergency Financial Aid Grants to students. Institutions were directed to post on the institution’s primary website, in a format and location that is easily accessible to the Public, specific informational items related to Emergency Financial Aid Grants to students and provided a form for reporting institutional expenditures to be posted on the institution’s primary website on the same page as the informational items related to Emergency Financial Aid Grants to students. Institutions were provided due dates for the information to be posted.</p>		
Objectives	<p>The objectives of the audit were:</p> <ul style="list-style-type: none"> • To determine whether internal controls provide reasonable assurance that the information was posted in the manner directed by the DoE. • To determine the accuracy of financial information posted and that it agrees to the documentation of expenses recorded by the institution. 		
Conclusion	<p>Walters State Community College’s HEERF Quarterly Reporting process is sufficient and provides adequate internal controls for maintaining compliance with the U.S. Department of Education Public Reporting requirement.</p>		
Recommendations	None		

Tennessee College of Applied Technology-Chattanooga
Audit of President's Expenses
For the Period July 1, 2021 – June 30, 2022
Executive Summary
June 16, 2023

Vice President	Dr. Jim Barrott, Vice President	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 Vice President for the fiscal year ended June 30, 2022; 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 Vice 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 Vice 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 Vice 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 Vice President, and (2) salaries, benefits, and other operating expenses for the Vice President's office during the fiscal year ended June 30, 2022:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Vice President</th> <th style="text-align: right;">TCAT Chattanooga</th> <th style="text-align: right;">Total</th> </tr> </thead> <tbody> <tr> <td>Salary & Benefits</td> <td style="text-align: right;">\$208,654</td> <td style="text-align: right;">\$208,654</td> </tr> <tr> <td>Administrative Allowance</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Housing Allowance</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Vehicle Allowance</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Cell Phone Allowance</td> <td style="text-align: right;">\$720</td> <td style="text-align: right;">\$720</td> </tr> <tr> <td>Business Meals & Hospitality</td> <td style="text-align: right;">\$55</td> <td style="text-align: right;">\$55</td> </tr> <tr> <td>Travel</td> <td style="text-align: right;">\$1,485</td> <td style="text-align: right;">\$1,485</td> </tr> <tr> <td>Other</td> <td style="text-align: right;">\$4,428</td> <td style="text-align: right;">\$4,428</td> </tr> <tr> <td>Vice President's Office</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Salary & Benefits</td> <td style="text-align: right;">\$149,223</td> <td style="text-align: right;">\$149,223</td> </tr> <tr> <td>Travel</td> <td style="text-align: right;">\$2,102</td> <td style="text-align: right;">\$2,102</td> </tr> <tr> <td>Other</td> <td style="text-align: right;">\$9,166</td> <td style="text-align: right;">\$9,166</td> </tr> <tr> <td>Total Expenses</td> <td style="text-align: right;">\$375,833</td> <td style="text-align: right;">\$375,833</td> </tr> </tbody> </table> <p>The allowances were provided to the Vice President during the year. Use of the cell phone expense allowance was not included in tests performed during the audit because the president elected for the allowances to be paid as taxable income. The Vice President used a TCAT motor pool vehicle when traveling on TCAT business.</p>			Vice President	TCAT Chattanooga	Total	Salary & Benefits	\$208,654	\$208,654	Administrative Allowance	-	-	Housing Allowance	-	-	Vehicle Allowance	-	-	Cell Phone Allowance	\$720	\$720	Business Meals & Hospitality	\$55	\$55	Travel	\$1,485	\$1,485	Other	\$4,428	\$4,428	Vice President's Office	-	-	Salary & Benefits	\$149,223	\$149,223	Travel	\$2,102	\$2,102	Other	\$9,166	\$9,166	Total Expenses	\$375,833	\$375,833
Vice President	TCAT Chattanooga	Total																																											
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Total Expenses	\$375,833	\$375,833																																											
Conclusion	The audit of the Vice President's Expenses for the Tennessee College of Applied Technology-Chattanooga for the period July 1, 2021, through June 30, 2022, revealed no significant deficiencies in internal controls, no large or unusual expenditures, and the expenditures were in compliance with TBR purchasing policies and regulations.																																												

**Tennessee Board of Regents
Audit Committee
August 29, 2023**

***Internal Audit Reports
Institutional Support***

**Chattanooga State Community College
Faculty Credentials
Spring, Summer, and Fall Semesters 2022
June 28, 2023
Executive Summary**

Key Staff Personnel	Executive Director, Institutional Effectiveness, Research and Planning Dean, Academic Assessment, Accreditation and Compliance	Internal Auditor	Kimberly Clingan Director, Internal Audit
Introduction	The audit of Chattanooga State Community College’s faculty credentials was requested by the President of the college to ensure that all full-time and part-time faculty hired by the College meet the requirements of the College’s accrediting agency, Southern Association of Colleges and Schools Commission on Colleges (SACSCOC). The ability to hire qualified faculty continues to be an area of concern as documented in the College’s risk assessment for instruction and academic support.		
Objectives	The objectives of the audit were: <ul style="list-style-type: none"> • To determine the requirements necessary for compliance with SACSCOC criteria and college policies. • To determine whether faculty employed meet credential requirements. • To determine whether documentation maintained was sufficient to document compliance. 		
Conclusion	The Faculty Credentialing policy and procedures are well defined and provide adequate internal controls to maintain compliance with SACSCOC requirements. However, Internal Audit noted two opportunities to improve the faculty credentialing process through the inclusion of new TCAT course rubrics in the Faculty Qualifications Manual and the addition of faculty supporting documentation.		
Recommendations	Internal Audit recommends the following to improve faculty credential documentation: <ul style="list-style-type: none"> • TCAT and Engineering Management should complete the loading of the credentialing documentation for identified faculty. • The rubric for MF (Manufacturing) should be included in the Faculty Qualifications Manual to ensure the ability to effectively determine if faculty meet requirements to teach this course. 		
Management Response	Management concurs with the audit recommendations and will complete the needed updates by December 31, 2023.		

**Tennessee Board of Regents
Audit Committee
August 29, 2023**

***Internal Audit Reports
Student Services***

Tennessee College of Applied Technology-Hohenwald
Veterans Affairs
June 23, 2023
Executive Summary

Key Staff Personnel	TCAT Hohenwald School Certifying Official	Internal Auditor	Erica Smith, CPA, CIA
Introduction	<p>The GI Bill provides funding for education for veterans and their dependents under chapters 30, 31, 33, 35 and 1606 of the GI Bill. The funding is based upon the veteran’s eligibility and could include support for tuition and fees, books and supplies, and housing.</p> <p>The Colmery Act of 2017 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 of costs associated with the School Certifying Officer (SCO) certification process.</p>		
Objectives	<p>The internal audit engagement focused on identifying internal control weaknesses that could impact the timeliness and accuracy of payments made to the veteran or the college, the ability for veterans to participate in college majors, and the ability of the college to protect veteran personally identifiable information (PII).</p>		
Scope	<p>This audit reviewed data and data protections in place during the academic year 2022-2023.</p>		
Conclusion	<p>The engagement identified and communicated improvements for strengthening the internal control environment supporting veteran certification efforts, annual reporting, ARF accounting and data security. The report includes the following reportable outcomes:</p> <ul style="list-style-type: none"> • Improve Management Oversight • Improve Data Security 		

**Tennessee Board of Regents
Audit Committee
August 29, 2023**

***Internal Audit Reports
Investigations***

Tennessee College of Applied Technology- Chattanooga
Investigation 2023-05: Heating, Ventilation, and Air Conditioning Surplus and Scrap –
Page 1 of 2
February 2023 – May 2023
June 28, 2023
Executive Summary

Auditee	Executive Vice President – Technical College; Instructor, HVAC/R Technician; Instructor, Automotive Technology	Auditor	Kimberly Clingan, Director Internal Audit
Objective	The objective of this investigation was to determine if Heating, Ventilation, Air Conditioning (HVAC) items were classified and disposed of in a manner that was in accordance with Chattanooga State Community College (ChSCC), Tennessee College of Applied Technology – Chattanooga (TCAT), and Tennessee Board of Regents (TBR) policies and guidelines.		
Scope	This examination was made in accordance with <i>International Standards for the Professional Practice of Internal Auditing</i> , and accordingly included reviews of applicable policies and procedures, inquires of College employees and other auditing procedures as considered necessary to achieve the objectives. The examination reviewed of TCAT HVAC disposal activities.		
Questioned Costs	Loss of Scrap Metal Revenue		
Results of Investigation	<p>Chattanooga State Community College (ChSCC) Internal Audit received notification of an individual removing various items including an old Coke machine, Heating, Ventilation, and Air Conditioning (HVAC) items, and other sheet metal goods from the Tennessee College of Applied Technology (TCAT) – Chattanooga. The removal of these items occurred on Wednesday, February 22, 2023.</p> <p>During the course of this investigation, an additional incident in the Diesel and Automotive Technology classrooms was reported to the auditor. Information received from the Automotive Technology Instructor detailed the activities performed to clean up the program work bays. Excess items were broken down and mostly disposed of in the TCAT scrap metal bin; however, some non-functioning transmissions were given to a local automotive repair shop.</p> <p>Internal Audit’s investigation determined there was a loss of scrap metal revenue for the college. The loss resulted from the incorrect application of TCAT, ChSCC, and TBR policies. Additionally, the Campus Police Officer’s failure to stop the removal activity until additional details could be obtained contributed to the loss of the scrap metal revenue.</p>		

Tennessee College of Applied Technology- Chattanooga
Investigation 2023-05: Heating, Ventilation, and Air Conditioning Surplus and Scrap –
Page 2 of 2
February 2023 – May 2023
June 28, 2023
Executive Summary

Recommendations	<p>Based on investigative procedures performed, Internal Audit recommends:</p> <ul style="list-style-type: none"> • All TCAT student projects should comply with the TCAT Live Work Policy – 14:04:00 by completing the TCAT Work Order form and obtaining appropriate approvals. • TCAT Management should review the TCAT Live Work Policy to ensure it corresponds to current procedures and update the policy as needed. • Management should provide training to all college personnel concerning the equipment inventory, disposal of surplus items, reporting of non-cash donations, and conflict of interest policies. • Police Department personnel should receive appropriate training for incidents involving observation of removal of college equipment from campus.
Management Response	<p>TCAT Management concurs with the recommendations and has discussed some of these noted policies during staff meetings during Spring semester 2023. To ensure Instructors receive training concerning these college policies, staff training events will be included in Fall Semester Plenary activities and divisional meetings. College Advancement and Internal Audit personnel will be invited to participate in order to strengthen Management’s training activities.</p> <p>The Chief of Police provided guidance to the Officer involved with the HVAC scrap incident concerning how these types of situations should be handled in March 2023.</p>

**Tennessee Board of Regents
Audit Committee
August 29, 2023**

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

**Northeast State Community College
Follow-Up to the State Audit Report
For Fiscal Years Ending June 30, 2021 and June 30, 2020
April 21, 2023
Executive Summary**

Key Staff Personnel	Vice President for Finance & Information Technology; Assistant Vice President and Chief Information Officer	Internal Auditor	Christopher Hyder, Director NeSCC Internal Audit
Introduction	Northeast State Community College’s financial statement audit for the years ended June 30, 2021 and June 30, 2020 contained one finding. As required, Internal Audit has performed a follow-up review of actions taken in response to the finding.		
Objectives	The objective of this review is to determine if management has implemented corrective actions for the finding noted in the Division of State Audit’s annual audit report for the fiscal years ended June 30, 2021 and June 30, 2020.		
Finding	<p><u>Northeast State Community College did not provide adequate internal controls in two areas</u></p> <p><u>Current Status</u></p> <p><i>Partially complete. Actions are complete for one area. Progress has been made in the other area cited and it appears that management’s actions are on schedule for completion by the end of fiscal year 2023.</i></p> <p><i>Pursuant to Standard 4.40 of the U.S. Government Accountability Office’s Government Auditing Standards, we omitted details from this status because they are confidential under the provisions of Section 10-7-504(i), Tennessee Code Annotated. We have provided the college with detailed information regarding the current status of management’s actions taken to correct deficiencies contained in the state audit report for Northeast State Community College for the years ending June 30, 2021 and June 30, 2020.</i></p>		
Audit Conclusion	Based on the results of tests and procedure performed, management has taken appropriate actions to address the audit finding, implement the audit recommendation, and mitigate the associated risks. While some of the actions were not complete at the time of this review, those remaining appear to be on schedule for completion by the end of fiscal year 2023.		

Roane State Community College
Follow-Up to State Audit Report – Page 1 of 3
For Fiscal Years Ending June 30, 2020 and June 30, 2021
May 4, 2023
Executive Summary

Key Staff Personnel	Vice President, Business and Finance; Director of Accounting; Bursar	Internal Auditor	Director of Internal Audit
Introduction	<p>The Comptroller of the Treasury, Division of State Audit issued a financial and compliance audit of Roane State Community College for the fiscal years ended June 30, 2020 and June 30, 2021, on November 10, 2022. The report, entitled <i>Financial and Compliance Audit Report</i>, included one audit finding. The finding was not identified in the audit report as a material weakness, but it was identified as a significant deficiency in internal control. This finding is presented in the Results of State Audit section below.</p>		
Objectives	<p>The objective of the review was to determine whether adequate corrective actions have been taken to address the audit finding, implement the audit recommendation and mitigate the risks that errors or fraud could occur and not be detected in a timely manner.</p>		
Scope	<p>This review was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing and accordingly included such procedures as considered necessary in the circumstances. The college’s listing of accounts receivable as of April 2023 was reviewed for compliance with the institutional policy on Collection of Accounts Receivable and the Tennessee Board of Regents policy on the Collection of Accounts Receivable.</p>		
Results of the State Audit	<p><u>State Audit Finding</u> <i>As noted in the prior two audits, the college did not perform adequate collection procedures for accounts receivable.</i> For the third consecutive year, Roane State Community College (RSCC) management did not perform timely collection procedures of 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.</p> <p><u>Recommendations</u></p> <ul style="list-style-type: none"> • Management should ensure that staff perform collection efforts time in accordance with policy. • Management should provide oversight and review of the collection process to ensure that staff complete each step properly. 		

Roane State Community College
Follow-Up to State Audit Report – Page 2 of 3
For Fiscal Years Ending June 30, 2020 and June 30, 2021
May 4, 2023
Executive Summary

<p>Audit Results</p>	<p>Internal Audit reviewed a sample of 114 past due accounts out of a list of 294 past due accounts, including 235 past due accounts in Banner and 59 past due accounts in QuickBooks. Fifteen out of the 55 (27%) randomly selected Banner accounts past due had not progressed through the past due and collection stages according to policy. Thirty-five out of the 59 (59%) past due accounts in QuickBooks had not progressed through the past due and collection stages according to policy. RSCC utilizes QuickBooks for non-Banner accounts receivable. These include pre-Banner student accounts receivable and miscellaneous accounts receivable from non-students or other entities, such as other higher education institutions.</p>
<p>Conclusion</p>	<p>Based on the results of tests and procedures performed, management has not taken adequate actions to address the audit finding, implement the audit recommendation, and mitigate the risks that errors or fraud could occur and not be detected in a timely manner. Roane State has improved its process for collection of past due accounts, but there were still accounts listed on the subledger for accounts receivable which had not followed collection procedures established by Roane State Policy BA-08-01 <i>Collection of Accounts Receivable</i>.</p> <p>Internal Audit will support Roane State Community College’s efforts by continuing to attend quarterly oversight meetings. Internal Audit will continue to follow-up to determine if collection efforts follow policy.</p>
<p>Recommendations</p>	<ul style="list-style-type: none"> • Management should consider defining the payment due date in RSCC Policy BA-08-01: <i>Collection of Accounts Receivable</i>. • Personnel should work with Information Technology (IT) to develop automated ways to show an accounts receivable listing with true payment due dates. • Roane State should continue to work with IT to develop monitoring reports from data in Banner which will show the progression of an account from the payment due status to the first invoice being sent. • Accounts receivable held in QuickBooks should be processed and monitored in the same manner as the accounts receivable in Banner.

Roane State Community College
Follow-Up to State Audit Report – Page 3 of 3
For Fiscal Years Ending June 30, 2020 and June 30, 2021
May 4, 2023
Executive Summary

Management Response	<p>We concur. Covid and changes in personnel directly working with accounts receivable have impacted Roane State’s ability to resolve the issues noted in the accounts receivable processes. Additionally, inconsistent invoicing and progression through the collection process started many years ago. Resolving this situation required sending many older accounts through the notice and collection processes which takes many months in most cases.</p>
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BOARD TRANSMITTAL

MEETING: Committee on Audit

SUBJECT: System-wide Internal Audit Updates

DATE: August 29, 2023

PRESENTER: Mike Batson

ACTION REQUIRED: Informational Report

STAFF'S
RECOMMENDATION: Accept Report

Mike Batson will give brief updates for the following items:

- Columbia State Community College- Internal Auditor Update
- Dyersburg State Community College- Internal Auditor Update
- Jackson State Community College- Internal Auditor Update
- Motlow State Community College- Internal Auditor Update
- Management's Risk Assessment
- System-wide Internal Audit July 2023 Training

BOARD TRANSMITTAL

MEETING: Committee on Audit

SUBJECT: Review of Internal Audit Year-End Status Reports for
Fiscal Year 2023

DATE: August 29, 2023

PRESENTER: Mike Batson

ACTION REQUIRED: Informational Report

STAFF'S
RECOMMENDATION: Accept Report

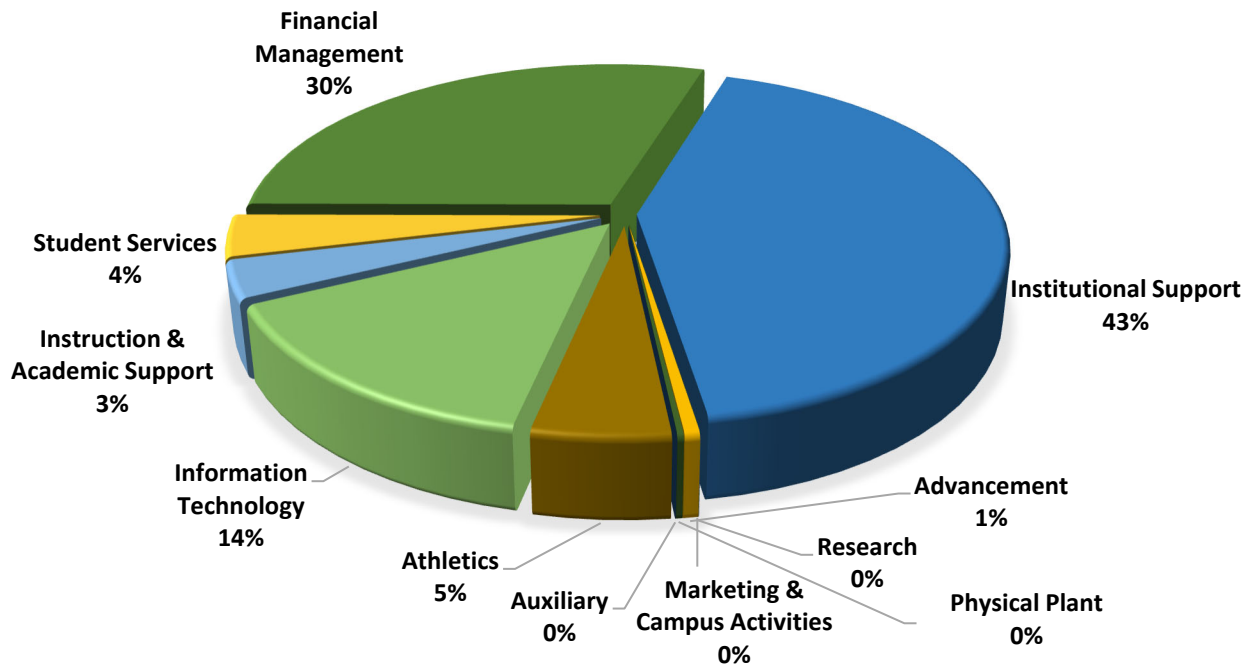
The committee will review the year-end status of the internal audit plans for the system institutions for Fiscal Year 2023. This item includes the following summary information on system audit activities for the year.

Audit Hours by Audit Type and Functional Area
Planned vs. Actual Audit Hours
Audit Activity Three-year Trend Analysis
Investigation Activity

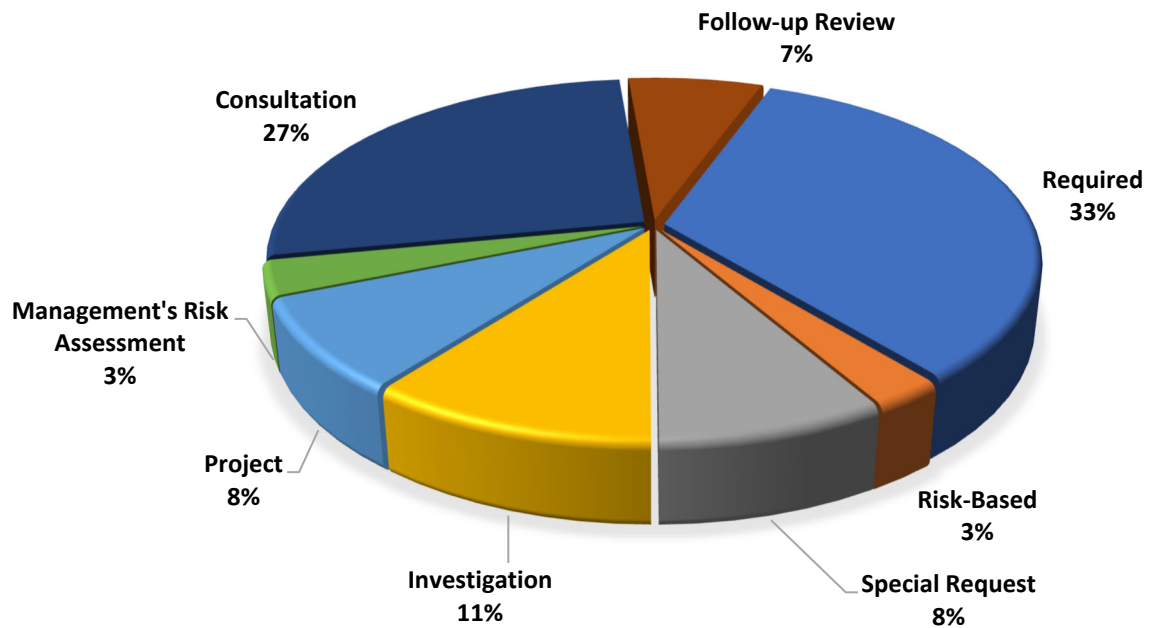
The summary schedules are followed by a Year-end Status Report for each institution and for each audit activity with the system office.

The system had partial-year vacancies for the Director of Internal Audit positions at JSCC and MSCC. There were also extended medical leaves for the Directors of Internal Audit at ChSCC and DSCC.

FY 2023 TOTAL AUDIT HOURS FOR COMPLETED AUDITS BY FUNCTIONAL AREA



FY 2023 TOTAL AUDIT HOURS FOR COMPLETED AUDITS BY AUDIT TYPE



**Tennessee Board of Regents
Planned vs. Actual Audit Hours
Fiscal Year 2023**

Institution	Planned Audit Hours	Actual Audit Hours	% of Planned Hours Achieved
ChSCC	1050.0	826.0	78.67%
CISCC	1043.0	1034.0	99.14%
CoSCC	715.0	584.6	81.76%
DSCC	880.0	776.0	88.18%
JSCC	970.0	730.5	75.31%
MSCC	780.0	431.7	55.35%
NaSCC	637.5	637.5	100.00%
NeSCC	1050.0	1026.5	97.76%
PSCC	1357.5	1139.5	83.94%
RSCC	1050.0	927.3	88.31%
STCC	1025.5	986.0	96.15%
VSCC	905.0	640.0	70.72%
WSCC	1055.0	1026.5	97.30%
TBR-Investigations	1402.5	1402.5	100.00%
TBR-Information Systems	1100.0	1033.5	93.95%
TBR-TCATs	1212.5	1143.5	94.31%

Notes:

1-Variiances between actual audit hours and planned hours occur because of many factors. The most common factors are unplanned absences, staff changes, or vacancies.

2- 24.0 actual hours for ChSCC, 15.0 actual hours for NaSCC, 43.5 actual hours for PSCC, and 29.0 actual hours for PSCC were spent on Removed Audits and are not included in these numbers.

3- MSCC and JSCC have vacancies in the Director of Internal Audit position. There was extended medical leave by the Directors of Internal Audit for ChSCC and DSCC.

Tennessee Board of Regents
Three-year Trend Analysis of Hours from Completed Audits
By Type of Audit and Functional Area

Type of Audit	FY2023	FY2022	FY2021	Average
Required	33%	35%	25%	31%
Risk-Based	3%	8%	7%	6%
Investigation	11%	12%	9%	10%
Consultation	27%	16%	15%	19%
Project	8%	4%	7%	6%
Follow-up Audit	7%	10%	17%	11%
Management's Risk Assessment	3%	7%	6%	5%
Special Request	8%	7%	13%	9%
Other	0%	1%	1%	1%
Total	100%	100%	100%	100%

Summary - The focus on Risk-Based Audits is determined by the campus auditor's risk analysis of the audit universe on each campus. Typically, as resources dedicated to Investigations or Required Audits decline, more resources are available for Risk-Based audits. Required and Risk-based Audits decreased from FY 2022 due to an increase in Consultation.

By Functional Area	FY2023	FY2022	FY2021	Average
Advancement	1%	1%	1%	1%
Athletics	5%	1%	1%	2%
Auxiliary	0%	0%	0%	0%
Financial Management	30%	27%	25%	27%
Instruction and Academic Support	3%	4%	4%	4%
Institutional Support	43%	40%	41%	41%
Information Technology	14%	16%	17%	16%
Marketing & Campus Activities	0%	0%	0%	0%
Physical Plant	0%	0%	1%	0%
Research	0%	0%	0%	0%
Student Services	4%	11%	10%	8%
Total	100%	100%	100%	100%

Summary - Financial Management and Institutional Support have remained the two most often audited areas over time. By the nature of the process within Financial Management and Institutional Support, both areas cross over into many other functional areas.

**Tennessee Board of Regents
Summary of Investigation Activity and Intakes FY 2023
As of June 30, 2023**

Allegations

Allegations of fraud, waste, or abuse are generally reported to TBR System-wide Internal Audit through the unit's Report Fraud web site, email, or phone number, the Tennessee Comptroller's Fraud Hotline, a campus auditor, or management. In the initial evaluation of allegations, those that do not indicate fraud, waste, or abuse may be referred to other TBR or campus offices for review, e.g., legal, human resources, academic affairs, or may not be viable if insufficient information was provided to determine if an investigation is warranted.

Investigations

Viable allegations are investigated by SWIA or a campus internal auditor. Cases may be administratively closed when allegations are found to be unsubstantiated during investigations.

Complaints Received	Community Colleges	Technology Colleges	System Office	Total
Tennessee Comptroller	5	3	0	8
System-wide Internal Audit	17	14	9	40
Campus Internal Audit	8	3	0	11
Total Complaints	30	20	9	59
Referred, Duplicative, or Not Viable	16	14	8	38
Under Preliminary Review/Consultation	4	1	0	5
Designated as assistance – not an investigation	0	0	0	0
Cases Opened	10	5	1	16
Investigations	Community Colleges	Technology Colleges	System Office	Total
Open Cases at July 1, 2022	5	0	0	5
Cases opened from new complaints or previous preliminary review items	10	7	1	18
Total Cases	15	7	1	23
Under further review or referred	0	0	0	0
Cases Completed, Reports Issued	2	0	0	2
Cases Administratively Closed	2	1	0	3
Open Cases at June 30, 2023	11	6	1	18

**Tennessee Board of Regents
Investigative Reports Released
Fiscal Year 2023**

Institution	Reports Issued
DSCC	INV 23-01 – Men’s Basketball – Housing Conflict of Interest For the Period July 2022 – December 2022
STCC	INV 20-03 – Club and Organization Review – For the Period 2016 through 2021 – March 2023

Year-End Status Reports
By Institution
Fiscal Year Ended June 30, 2023

Chattanooga State Community College
Year-End Status Report
Fiscal Year Ended June 30, 2023

Area	Type	Audit	Risk Factor	Original Hours Planned	Revised Plan	Revised to Original		FN	Planned to Actual		Completion Date	Current Status
						Change in Hours	Change in Percentage		Actual Hours	Variance		
FM	F	State Audit Assist/Follow-up	5.0	20.0	20.0	0.0	0%		8.0	12.0	Jun-23	Completed
FM	R	President's Expense Audit - Motlow	5.0	80.0	80.0	0.0	0%		84.5	-4.5	Oct-22	Completed
FM	S	YE Procedures FYE 2022	5.0	10.0	10.0	0.0	0%		10.0	0.0	Aug-22	Completed
IA	S	Faculty Credentials	5.0	50.0	50.0	0.0	0%		50.0	0.0	Jun-23	Completed
IS	C	Management Advisory Services	5.0	100.0	155.0	55.0	55%	4	155.0	0.0	Jun-23	Completed
IS	F	Follow up Reviews	5.0	70.0	70.0	0.0	0%		55.0	15.0	Jun-23	Completed
IS	F	Safety Security Upgrade Follow-up	5.0	10.0	10.0	0.0	0%		12.5	-2.5	Jul-22	Completed
IS	I	Developing Investigations-Assist TBR	5.0	15.0	10.0	-5.0	-33%		8.0	2.0	Jun-23	Completed
IS	I	INV-2022-02	5.0	20.0	10.0	-10.0	-50%	1	7.0	3.0	Oct-22	Completed
IS	I	INV-2023-02	5.0	0.0	5.0	5.0	100%	2	5.0	0.0	Jan-23	Completed
IS	I	INV-2023-03	5.0	0.0	20.0	20.0	100%	1	20.0	0.0	Dec-22	Completed
IS	I	INV-2023-05	5.0	0.0	60.0	60.0	100%	1	62.5	-2.5	Jun-23	Completed
IS	I	INV-2023-07	5.0	0.0	5.0	5.0	100%	1	5.0	0.0	Jun-23	Completed
IS	R	QAR - Self Assessment and External	5.0	75.0	75.0	0.0	0%		55.0	20.0	Jun-23	Completed
IT	S	IAR-NACHA-2022	5.0	70.0	70.0	0.0	0%		72.0	-2.0	Dec-22	Completed
PP	A	Campus Safety Equipment Inventory	3.1	25.0	25.0	0.0	0%		26.0	-1.0	Oct-22	Completed
FM	R	HEERF	5.0	100.0	15.0	-85.0	-85%	4	10.0	5.0		In Progress
FM	S	YE Procedures FYE 2023	5.0	15.0	15.0	0.0	0%		9.0	6.0		In Progress
IS	I	INV-2023-01	5.0	0.0	45.0	45.0	100%	1	40.0	5.0		In Progress
IS	I	INV-2023-04	5.0	0.0	45.0	45.0	100%	1	37.5	7.5		In Progress
IS	I	INV-2023-06	5.0	0.0	45.0	45.0	100%	1	12.0	33.0		In Progress
IS	M	Enterprise Risk Assessment	5.0	35.0	35.0	0.0	0%		16.0	19.0		In Progress
AT	S	Basketball Tournament Event Processes	5.0	0.0	50.0	50.0	100%	3	38.0	12.0		In Progress
SS	R	TCAT-Athens Veteran's Benefit Certification	5.0	0.0	50.0	50.0	100%	3	28.0	22.0		In Progress
IS	I	Unscheduled Investigations	5.0	80.0	0.0	-80.0	-100%	1	0.0	0.0		Removed
IS	S	Segregation of Duties Review - Payroll/ HR	5.0	40.0	0.0	-40.0	-100%	3	0.0	0.0		Removed
IT	A	Technology Access Fee (TAF Fund)	3.3	75.0	75.0	0.0	0%	5	24.0	51.0		Removed
IT	A	Sensitive Equipment Student Loaner Processes	3.0	60.0	0.0	-60.0	-100%	3	0.0	0.0		Removed
SS	R	CCTA Element Audit	5.0	100.0	0.0	-100.0	-100%	3	0.0	0.0		Removed
Total Planned Audit Hours:				1050.0	1050.0	0.0			850.0	200.0		

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:

- 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.
 FN4 - Increased advisory hours and placed HEERF on hold due to provide cyber incident services.
 FN5 - Audit eliminated due increased investigations and staff changes.

**Cleveland State Community College
Year-End Status Report
Fiscal Year Ended June 30, 2023**

						Revised to Original			Planned to Actual			
Area	Type	Audit	Risk Factor	Original Hours Planned	Revised Plan	Change in Hours	Change in Percentage	FN	Actual Hours	Variance	Completion Date	Current Status
FM	R	President's Audit-Roane State	5.0	180.0	180.0	0.0	0%		185.0	-5.0	Oct-22	Completed
FM	R	NACHA 2023 Audit	5.0	90.0	90.0	0.0	0%		52.0	38.0	Jan-23	Completed
FM	S	YE Procedures FYE 2022	5.0	10.0	10.0	0.0	0%		10.0	0.0	Jul-22	Completed
FM	S	YE Procedures FYE 2023	5.0	0.0	3.0	3.0	100%	3	3.0	0.0	Jun-23	Completed
IS	C	Management Advisory Services	5.0	100.0	100.0	0.0	0%		150.0	-50.0	Jun-23	Completed
IS	F	State Audit-Assist Follow-up	5.0	100.0	100.0	0.0	0%	4	80.0	20.0	Jun-23	Completed
IS	F	Campus Safety and Physical Security	5.0	20.0	20.0	0.0	0%		42.0	-22.0	Sep-22	Completed
IS	I	Unscheduled Investigations	5.0	80.0	80.0	0.0	0%		95.0	-15.0	Jun-23	Completed
IS	R	QAR Self-Review	5.0	0.0	70.0	70.0	100%	2	90.0	-20.0	Jan-23	Completed
FM	R	CARES Act/HEERF (Higher Ed Emergency Relief Fund)	5.0	200.0	200.0	0.0	0%		240.0	-40.0		In Progress
FM	S	Stipend calculation/awarding procedures	5.0	115.0	115.0	0.0	0%	5	85.0	30.0		In Progress
SS	S	VA Audit 2023	5.0	75.0	75.0	0.0	0%		2.0	73.0		In Progress
AD	S	P-Card Usage Policies in Foundation	5.0	80.0	0.0	-80.0	-100%	1	0.0	0.0		Removed
Total Planned Audit Hours:				1050.0	1043.0	-7.0			1034.0	9.0		

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:

In Progress
 Completed
 Removed

- FN1- This audit was requested by the former president; current president requested it to be removed from the audit plan.
 FN2- Campus Internal Auditor was new to the position and was unaware to plan for time for the QAR process when the initial audit plan was drafted.
 FN3- Campus Internal Auditor was new to the position and was unaware to plan for time for the Petty Cash counts on the last day of the year when the initial audit plan was drafted.
 FN4- Campus Internal Auditor misinterpreted "State Audit Assist Follow-Up". This work was actually "State Audit Assist". The follow-up work will be performed in FY24.
 FN5- This audit was requested by the former president; On hold until current president verifies that Campus Internal Auditor should continue this.

**Columbia State Community College
Year-End Status Report
Fiscal Year Ended June 30, 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	M	Review Management's Risk Assessment	5.0	Nov-22	22.5	22.5	0.0	0%		13.3	9.3	May-23	Completed
FM	R	State Audit Year End Work	5.0	May-23	22.5	22.5	0.0	0%		26.9	-4.4	Jun-23	Completed
FM	R	HERF Reporting	5.0	Apr-23	150.0	75.0	-75.0	-50%	1	87.4	-12.4	Feb-23	Completed
IA	F	WF/CE IA Engagement Follow-up	5.0	Sep-22	37.5	8.5	-29.0	-77%		8.4	0.1	Dec-22	Completed
IS	C	Informal Consulting		Aug-22	150.0	280.0	130.0	87%	3	237.5	42.5	Jun-23	Completed
IS	F	Engagement Follow-up/Monitoring		Aug-22	15.0	15.0	0.0	0%		2.7	12.3	Jan-23	Completed
IS	O	5 Year Quality Assurance Review	5.0	Oct-22	75.0	15.0	-60.0	-80%	6	15.5	-0.5	Dec-22	Completed
IT	F	GLBA Outcome Follow-up	5.0	Oct-22	37.5	52.0	14.5	39%		39.7	12.4	Jun-23	Completed
SS	C	Business Process Review: Records	4.0	PY	50.0	75.0	25.0	50%		14.9	60.1	May-23	Completed
SS	C	DoD Compliance Review	5.0	PY	0.0	7.0	7.0	100%	2	7.2	-0.2	Oct-22	Completed
SS	F	Financial Aid IA Engagement FU	5.0	Aug-22	22.5	20.5	-2.0	-9%		8.6	12.0	Jan-23	Completed
SS	F	Veterans Affairs FU	5.0	PY	10.0	42.0	32.0	320%	2	42.0	0.1	Nov-22	Completed
SS	S	TCAT-Hohenwald - Veterans Affairs		Feb-23	0.0	80.0	80.0	100%	5	80.8	-0.8	Jun-23	Completed
FM	R	Complete College Tennessee Act - Element	5.0	Oct-22	150.0	0.0	-150.0	-100%	4		0.0		Removed
IS	C	Records Retention	3.3	Aug-22	22.5	0.0	-22.5	-100%	7		0.0		Removed
IS	P	IA Data Analytics	1.2	Sep-22	75.0	0.0	-75.0	-100%	7		0.0		Removed
MC	C	Privacy Policy & Language Compliance Check	4.0	PY	37.5	0.0	-37.5	-100%	7		0.0		Removed
SS	C	PPA Compliance Check	3.6	PY	22.5	0.0	-22.5	-100%	6		0.0		Removed
SS	F	Financial Aid Peer Review FU	5.0	Feb-23	150.0	0.0	-150.0	-100%	7		0.0		Removed
Total Planned Audit Hours:					1050.0	715.0	-335.0			584.6	130.5		

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

- 1 Name Change from Cares Review to HERF Reporting
- 2 Project delays
- 3 Value added partnerships
- 4 Removed by SWIA - Rescheduled to 2024
- 5 TBR SWIA Assigned January 2023
- 6 Unused hours moved to support other projects
- 7 Removed to add TBR SWIA assigned audit

Dyersburg State Community College
Year-End Status Report
Fiscal Year Ended June 30, 2023

						Revised to Original			Planned to Actual			
Area	Type	Audit	Risk Factor	Original Hours Planned	Revised Plan	Change in Hours	Change in Percentage	FN	Actual Hours	Variance	Completion Date	Current Status
AT	I	INV 23-01- Athletic Housing Conflict of Interest		0.0	245.0	245.0	100%		389.0	-144.0	Feb-23	Completed
IS	P	QAR External Review		120.0	120.0	0.0	0%		125.0	-5.0	Jan-23	Completed
FM	R	Year End Bank Confirmations		30.0	30.0	0.0	0%		4.0	26.0		In Progress
FM	R	HERFF Funding/Cares Act		130.0	130.0	0.0	0%		52.0	78.0		In Progress
IS	A	Human Resources		40.0	60.0	20.0	50%		37.0	23.0		In Progress
IS	C	General Consultation		75.0	75.0	0.0	0%		52.0	23.0		In Progress
IS	F	Follow-up Audits		75.0	75.0	0.0	0%		42.0	33.0		In Progress
IS	M	Risk Assessment		70.0	70.0	0.0	0%		29.0	41.0		In Progress
IS	P	PII Review		75.0	75.0	0.0	0%		46.0	29.0		In Progress
AT	A	Athletic Camps, Clinics, Fundraising and Scholarships		40.0	0.0	-40.0	-100%	(2)	0.0	0.0		Removed
FM	A	Records Mgmt and Retention		40.0	0.0	-40.0	-100%	(3)	0.0	0.0		Removed
FM	A	Payroll and Payroll Deductions		110.0	0.0	-110.0	-100%	(4)	0.0	0.0		Removed
IS	I	Unscheduled Investigations		75.0	0.0	-75.0	-100%		0.0	0.0		Removed
PP	A	Building Security and Key Control		80.0	0.0	-80.0	-100%	(6)	0.0	0.0		Removed
SS	R	CCTA Funding Formula		90.0	0.0	-90.0	-100%	(1)	0.0	0.0		Removed
SS	R	TCAT VA Benefits Audit		0.0	0.0	0.0	0%	(5)	0.0	0.0		Removed
Total Planned Audit Hours:				1050.0	880.0	-170.0			776.0	104.0		

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:

In Progress
 Completed
 Removed

Footnotes:

- (1) Removed per TBR SWIA. To be performed in FY2024.
- (2) Removed due to additional hours spent on investigations.
- (3) Removed due to additional hours spent on investigations.
- (4) Removed due to addition of TCAT VA Benefits audit.
- (5) Added by SWIA. Moved to next FY due to extended medical leave.
- (6) Removed due to extended medical leave.

Jackson State Community College
Year-End Status Report
Fiscal Year Ended June 30, 2023
(Position Vacancy)

						Revised to Original			Planned to Actual			
Area	Type	Audit	Risk Factor	Original Hours Planned	Revised Plan	Change in Hours	Change in Percentage	FN	Actual Hours	Variance	Completion Date	Current Status
AD	F	Foundation Follow up		75.0	50.0	-25.0	-33%		39.0	11.0	Aug 2022	Completed
FM	F	Payroll Follow up		50.0	60.0	10.0	20%	1	60.0	0.0	Nov 2022	Completed
IS	M	Risk Assessment		50.0	50.0	0.0	0%		6.5	43.5	May 2023	Completed
IS	R	Quality Assurance Review (QAR)		75.0	60.0	-15.0	-20%	1	60.0	0.0	Jun 2023	Completed
IS	S	President's Expense - DSCC		125.0	241.0	116.0	93%	1	241.0	0.0	Oct 2022	Completed
SS	F	Inv 18-03 Follow up		50.0	25.0	-25.0	-50%		25.0	0.0	Jul 2022	Completed
AT	F	Inv 19-01 Follow up		75.0	50.0	-25.0	-33%		5.5	44.5		In Progress
IS	C	General Consultation		50.0	240.5	190.5	381%	1	262.0	-21.5		In Progress
IS	F	Veterans Affairs Follow up		50.0	50.0	0.0	0%		1.0	49.0		In Progress
IS	R	TCAT Veterans Affairs Audit - Jackson/Whiteville		0.0	18.5	18.5	100%	1	18.5	0.0		In Progress
IS	R	CARES Act/HEERF Audit		125.0	125.0	0.0	0%		12.0	113.0		In Progress
FM	R	Year-end Procedures		40.0	0.0	-40.0	-100%	3		0.0		Removed
IA	F	CCTA Element Audit -Completion Follow up		50.0	0.0	-50.0	-100%	2		0.0		Removed
IS	I	Unscheduled Investigations and Special Requests		50.0	0.0	-50.0	-100%	3		0.0		Removed
IS	R	CCTA Element Audit		125.0	0.0	-125.0	-100%	2		0.0		Removed
Total Planned Audit Hours:				990.0	970.0	-20.0			730.5	239.5		

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:

In Progress
Completed
Removed

FN1: Available hours reduced from QAR (-15), TCAT Veterans Affairs Audit (81.5), President's Expense Audit -DSCC (-34), Payroll Follow up (-15) to support hours needed for General Consultation (+145.5)
FN2: Moved to next FY by SWIA.
FN3: Removed due to vacancy of Internal Audit Director position.

Motlow State Community College
Year-End Status Report
Fiscal Year Ended June 30, 2023
(Position Vacancy)

Area	Type	Audit	Risk Factor	Original Hours Planned	Revised Plan	Revised to Original		FN	Planned to Actual		Completion Date	Current Status
						Change in Hours	Change in Percentage		Actual Hours	Variance		
FM	F	Follow Up Access and Diversity #3		40.0	35.0	-5.0	-13%		34.8	0.2	Aug-22	Completed
IS	R	Veterans Affairs Audit		0.0	13.0	13.0	100%		13.0	0.0	Jul-22	Completed
AT	A	Athletics/Cash Handling Audit	4.9	60.0	70.0	10.0	17%	3	2.3	67.7		In Progress
AT	F	Follow Up INV 1802		35.0	35.0	0.0	0%		5.5	29.5		In Progress
FM	C	General Consultation		50.0	70.0	20.0	40%		64.8	5.2		In Progress
FM	F	Follow Up Access and Diversity #4		40.0	40.0	0.0	0%		9.0	31.0		In Progress
FM	R	Other Internal Audit Follow Up		0.0	50.0	50.0	100%		43.9	6.1		In Progress
IA	F	Follow Up Workforce Development #2		40.0	70.0	30.0	75%		49.6	20.4		In Progress
IS	A	Human Resources (Outprocessing/Access)	4.8	50.0	57.0	7.0	14%		8.3	48.7		In Progress
IS	I	Unscheduled Investigations		50.0	50.0	0.0	0%		42.6	7.4		In Progress
IS	R	CCTA Completion		40.0	40.0	0.0	0%		5.0	35.0		In Progress
IS	R	Quality Assurance Review		75.0	50.0	-25.0	-33%		19.3	30.7		In Progress
IS	R	Veterans Affairs Follow Up		0.0	30.0	30.0	100%	1	11.5	18.5		In Progress
MC	S	External Affairs Consulting Engagement		0.0	45.0	45.0	100%	1	37.4	7.6		In Progress
SS	A	Student Activity Fees Audit	5.0	0.0	125.0	125.0	100%	2	84.7	40.3		In Progress
AT	F	Follow Up INV 1604		50.0	0.0	-50.0	-100%	5		0.0		Removed
FM	A	Procurement Card/Continuous Monitoring		125.0	0.0	-125.0	-100%	5		0.0		Removed
FM	A	Clearing House Audit	4.8	75.0	0.0	-75.0	-100%	5		0.0		Removed
FM	A	Cash Handling Audit	4.7	0.0	0.0	0.0	0%	3		0.0		Removed
FM	R	CARES Funding/HEERF Audit		125.0	0.0	-125.0	-100%	5		0.0		Removed
FM	R	State Audit Assistance - Yr End		20.0	0.0	-20.0	-100%	5		0.0		Removed
IA	M	Risk Assessment		30.0	0.0	-30.0	-100%	5		0.0		Removed
IS	R	CCTA Element Audit		75.0	0.0	-75.0	-100%	4		0.0		Removed
SS	F	Follow Up INV 1801		40.0	0.0	-40.0	-100%	5		0.0		Removed
Total Planned Audit Hours:				1020.0	780.0	-240.0			431.7	348.3		

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:

In Progress
Completed
Removed

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.
FN 5 Removed due to vacancy in Internal Audit position.

**Nashville State Community College
Year-End Status Report
Fiscal Year Ended June 30, 2023**

						Revised to Original			Planned to Actual			
Area	Type	Audit	Risk Factor	Original Hours Planned	Revised Plan	Change in Hours	Change in Percentage	FN	Actual Hours	Variance	Completion Date	Current Status
FM	R	CARES Act	3.7	150.0	150.0	0.0	0%		150.0	0.0	Jun-23	Completed
IS	C	Consulting Activities	3.0	150.0	150.0	0.0	0%		150.0	0.0	Jun-23	Completed
IS	R	QAR Self-Assessment	3.4	150.0	150.0	0.0	0%		150.0	0.0	Jan-23	Completed
IS	R	QAR Site Visit	3.4	0.0	37.5	37.5	100%	3	37.5	0.0	Jun-23	Completed
IS	C	Internal Control Awareness	3.0	150.0	150.0	0.0	0%		150.0	0.0	Jun-23	Completed
FM	A	Travel	3.5	100.0	0.0	-100.0	-100%	2	0.0	0.0		Removed
FM	F	State Audit Follow Up	3.3	50.0	0.0	-50.0	-100%	1	0.0	0.0		Removed
IA	R	CCTA Element	3.4	150.0	0.0	-150.0	-100%	2	0.0	0.0		Removed
IS	F	Physical Security / Campus Safety Follow Up	4.4	150.0	0.0	-150.0	-100%	2	0.0	0.0		Removed
Total Planned Audit Hours:				1050.0	637.5	-412.5			637.5	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:

In Progress
 Completed
 Removed

FN1 Removed due to no state audit findings.
 FN2 Audit moved to next fiscal year.
 FN3 NaSCC was selected for QAR site visit.

**Northeast State Community College
Year-End Status Report
Fiscal Year Ended June 30, 2023**

						Revised to Original			Planned to Actual			
Area	Type	Audit	Risk Factor	Original Hours Planned	Revised Plan	Change in Hours	Change in Percentage	FN	Actual Hours	Variance	Completion Date	Current Status
FM	R	HEERF	5.0	100.0	100.0	0.0	0%		101.5	-1.5	Jun-23	Completed
FM	R	Walters State President Expense Audit	5.0	100.0	100.0	0.0	0%		104.0	-4.0	Oct-22	Completed
FM	R	State Audit Follow-Up Audits	5.0	100.0	100.0	0.0	0%		105.5	-5.5	Apr-23	Completed
FM	R	State Audit Assistance - Year End	5.0	30.0	30.0	0.0	0%		30.0	0.0	Jun-23	Completed
FM	S	HEERF I Student Distributions Audit	5.0	20.0	20.0	0.0	0%		21.5	-1.5	Dec-22	Completed
FM	S	HEERF II Student Distributions Audit	5.0	40.0	40.0	0.0	0%		42.5	-2.5	Jul-23	Completed
IS	C	Management Advisory Services	5.0	100.0	125.0	25.0	25%		125.0	0.0	Jun-23	Completed
IS	F	Other Audit Follow-Up	5.0	50.0	50.0	0.0	0%		50.0	0.0	Jun-23	Completed
IS	I	Developing Investigations-Assist TBR	5.0	30.0	130.0	100.0	333%		130.0	0.0	Jun-23	Completed
IS	M	Risk Assessment	5.0	35.0	35.0	0.0	0%		37.0	-2.0	May-23	Completed
IS	P	QAR Self-Assessment	5.0	100.0	100.0	0.0	0%		105.0	-5.0	Feb-23	Completed
IS	S	Special Requests and Projects	5.0	100.0	105.0	5.0	5%		103.0	2.0	Jun-23	Completed
FM	S	HEERF III Student Distributions Audit	5.0	40.0	40.0	0.0	0%		31.0	9.0		In Progress
IS	S	Attendance Reporting	5.0	75.0	75.0	0.0	0%		40.5	34.5		In Progress
IS	I	Unscheduled Investigations	5.0	30.0	0.0	-30.0	-100%		0.0	0.0		Removed
SS	R	Complete College Tennessee Act Element	5.0	100.0	0.0	-100.0	-100%	FN1	0.0	0.0		Removed
Total Planned Audit Hours:				1050.0	1050.0	0.0			1026.5	23.5		

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

FN1 - Moved to FY 23-24

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:

In Progress
 Completed
 Removed

**Pellissippi State Community College
Year-End Status Report
Fiscal Year Ended June 30, 2023**

						Revised to Original			Planned to Actual			
Area	Type	Audit	Risk Factor	Original Hours Planned	Revised Plan	Change in Hours	Change in Percentage	FN	Actual Hours	Variance	Completion Date	Current Status
FM	F	Audit Follow-Ups	5.0	30.0	30.0	0.0	0%		19.0	11.0	22-Nov	Completed
FM	R	Year End Inventory & Cash Counts	5.0	30.0	30.0	0.0	0%		12.0	18.0	23-Jun	Completed
IA	S	Faculty Credentials	5.0	150.0	150.0	0.0	0%		145.0	5.0	23-Feb	Completed
IS	M	Risk Assessment	5.0	22.5	60.0	37.5	167%	FN2	60.0	0.0	23-May	Completed
IS	R	Cares Act Funding	5.0	150.0	150.0	0.0	0%		104.5	45.5	23-Jun	Completed
IS	R	Quality Assurance Self Assessment	5.0	112.5	112.5	0.0	0%		110.5	2.0	23-Feb	Completed
AD	C	Advancement Management Advisory Services, Consultation, etc.	5.0	22.5	22.5	0.0	0%		22.5	0.0	23-Jun	Completed
FM	C	Finance Management Advisory Services, Consultation, etc.	5.0	22.5	22.5	0.0	0%		21.0	1.5	23-Jun	Completed
IA	S	Review of Compliance Assist	5.0	52.5	52.5	0.0	0%		35.0	17.5	23-Jun	Completed
IS	C	Institutional Support Management Advisory Services, Consultation, etc.	5.0	75.0	75.0	0.0	0%		75.0	0.0	23-Jun	Completed
IT	A	Vulnerability Assessment - College Website Server	4.05	150.0	172.5	22.5	15%		165.0	7.5	30-Sep	Completed
IT	C	IT Audit Management Advisory Service - Phishing Campaign & Building Security Review	5.0	150.0	150.0	0.0	0%		96.5	53.5	23-Jun	Completed
IT	C	IT Audit Management Advisory Service - General Security Review	5.0	150.0	150.0	0.0	0%		114.0	36.0	23-Jun	Completed
IT	C	IT Audit Management Advisory Service - PCI & ACH Review	5.0	150.0	150.0	0.0	0%		147.0	3.0	23-Jun	Completed
IS	I	Investigation - Use of Audio Production Equipment.	5.0	0.0	30.0	30	100%	FN3	12.5	17.5		In Progress
IS	I	Unscheduled Investigations and Special Requests	5.0	0.0	0.0	0.0				0.0		Removed
IS	R	Funding Formula	5.0	112.5	0	-112.5	-100%	FN1	0.0	0.0		Removed
Total Planned Audit Hours:				1380.0	1357.5	-22.5			1139.5	218.0		

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:

In Progress
 Completed
 Removed

FN1 - The Board of Regents made a decision to not make this a required audit in FY23 so this audit was removed from the audit plan.

FN2 - Hours were increased because I was hired as the Interim Director October of 2022 and this is the first time I had been involved in the risk assessment process. Additionally, the board requested information related to the risk mitigation inventory and this was not included in the original audit plan.

FN3 - On June 1, 2023 Internal Audit was asked to investigate the Video Production Equipment Inventory.

**Roane State Community College
Year-End Status Report
Fiscal Year Ended June 30, 2023**

						Revised to Original		Planned to Actual				
Area	Type	Audit	Risk Factor	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	142.5	119.5	-23.0	-16%		115.0	4.5	Jun-23	Completed
FM	F	State Audit Follow-up	5.0	75.0	70.0	-5.0	-7%		67.0	3.0	Jun-23	Completed
IS	R	QAR - Self Assessment and External	5.0	75.0	62.0	-13.0	-17%		61.3	0.8	Jan-23	Completed
IS	M	Enterprise Risk Assessment	5.0	75.0	60.0	-15.0	-20%	7	58.0	2.0	May-23	Completed
FM	R	Year End Cash Counts	5.0	35.0	30.0	-5.0	-14%		28.3	1.8	Jun-23	Completed
FM	I	Unscheduled Investigations	5.0	90.0	30.0	-60.0	-67%	3	25.0	5.0	Jun-23	Completed
FM	F	IAR Audit Follow-up	5.0	75.0	28.0	-47.0	-63%	1	28.0	0.0	Jun-23	Completed
IS	I	INV 23-03	5.0	0.0	5.0	5.0	100%		5.0	0.0	Apr-23	Completed
IS	I	INV 23-01	5.0	0.0	140.0	140.0	100%		137.0	3.0		In Progress
FM	A	Grants	3.6	75.0	65.0	-10.0	-13%		62.3	2.8		In Progress
AX	S	Foundation - Restricted Funds	4.7	60.0	60.0	0.0	0%		48.5	11.5		In Progress
IA	R	Release Time/Workload IAR Follow-up	5.0	0.0	50.0	50.0	100%	1	48.5	1.5		In Progress
FM	R	CARES Act (HERRF)	5.0	75.0	50.0	-25.0	-33%	7	47.5	2.5		In Progress
FM	S	Adjuncts Having More than 1 Position at RSCC	5.0	0.0	50.0	50.0	100%	4	47.0	3.0		In Progress
IS	A	Sick Leave Bank	3.5	50.0	50.0	0.0	0%		43.0	7.0		In Progress
IA	S	Nursing Program Review	4.9	55.0	50.0	-5.0	-9%		41.0	9.0		In Progress
IS	I	INV 23-02	5.0	0.0	45.0	45.0	100%		43.3	1.8		In Progress
AD	R	CCTA - Graduation	5.0	25.0	25.0	0.0	0%		15.8	9.3		In Progress
IS	R	Campus Safety & Security	5.0	10.0	10.0	0.0	0%		6.0	4.0		In Progress
SS	R	VA - TCAT Harriman	5.0	0.0	30.0	30.0	100%	5/9	22.5	7.5	May-23	Removed
PP	A	Police/Safety Equipment Inventory	3.1	22.5	20.5	-2.0	-9%	8	6.5	14.0	Jun-23	Removed
FM	A	Equipment Inventory & Tagging	3.7	45.0	0.0	-45.0	-100%	2	0.0	0.0	Apr-23	Removed
AD	R	CCTA	5.0	65.0	0.0	-65.0	-100%	6	0.0	0.0	Apr-23	Removed
Total Planned Audit Hours:				1050.0	1050.0	0.0			956.3	93.8		

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:

- In Progress
- Completed
- Removed

- FN1- Reduced IAR Follow-up due to adding significant IAR Follow-up audit
- FN2- Follow-up IAR for Release Time/Workload added
- FN3- Removed Equipment Inventory & Tagging and added two audits.
- FN4- Revised Unscheduled Audits downward and added two audits.
- FN5- Audit added due to concerns about adjuncts having more than one position & their pay.
- FN6- Audit assigned during FY 2023.
- FN7- Additional hours needed for other audits.
- FN8- Removed due to hours needed for other audits.
- FN9- Removed due to other audit being completed for this TCAT.

**Southwest Tennessee Community College
Year End Status Report
Fiscal Year Ending June 30, 2023**

						Revised to Original			Planned to Actual			
Area	Type	Audit	Risk Factor	Original Hours Planned	Revised Plan	Change in Hours	Change in Percentage	FN	Actual Hours	Variance	Completion Date	Current Status
FM	A	Cash Count		30.0	35.5	5.5	18%		35.5	0.0	Jun-23	Completed
FM	I	Inv 20-3 Investigation Clubs		25.0	132.5	107.5	430%		132.5	0.0	Mar-23	Completed
FM	P	QAR		55.0	108.0	53.0	96%		108.0	0.0	Feb-23	Completed
FM	P	ACM-Audit Software		75.0	104.0	29.0	39%		104.0	0.0	Jun-23	Completed
FM	R	CARES - HEERF Public Reporting Review		97.5	84.5	(13.0)	-13%		84.5	0.0	Jun-23	Completed
FM	S	FU-Review Ghost Employee		50.0	75.0	25.0	50%		67.0	8.0	Oct-22	Completed
IA	P	Review of Medical Programs with Special Admission Process		97.5	137.5	40.0	41%		123.5	14.0	Sep-22	Completed
IS	A	Risk Management		50.0	38.5	(11.5)	-23%		21.0	17.5	Jun-23	Completed
IT	F	FU-State Audit		30.0	45.0	15.0	50%		45.0	0.0	Jan-23	Completed
SS	C	IAR-General Consultant		97.0	139.0	42.0	43%		139.0	0.0	Jun-23	Completed
SS	R	FU Veteran's Affairs Benefit		25.0	61.0	36.0	144%		61.0	0.0	Nov-22	Completed
FM	A	Capitalized Equipment-Annual Fixed Assesst		97.0	65.0	(32.0)	-33%	1	65.0	0.0		In Progress
AT	A	Athletic General Compliance		52.0	0.0	(52.0)	-100%	1		0.0		Removed
FM	I	Unscheduled Investigation		97.0	0.0	(97.0)	-100%	2		0.0		Removed
FM	S	Review of Driver License		25.0	0.0	(25.0)	-100%	1		0.0		Removed
IS	F	FU-Campus Safety		47.0	0.0	(47.0)	-100%	1		0.0		Removed
SS	S	Out of State Tuition		97.5	0.0	(97.5)	-100%	1		0.0		Removed
Total Planned Audit Hours:				1047.5	1025.5	-22.0			986.0	39.5		

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:

In Progress
 Completed
 Removed

FN1- Moved to FY 23-24

FN2- Place holder for unscheduled investigation hours.

**Volunteer State Community College
Year-End Status Report
Fiscal Year Ended June 30, 2023**

						Revised to Original			Planned to Actual			
Area	Type	Audit	Risk Factor	Original Hours Planned	Revised Plan	Change in Hours	Change in Percentage	FN	Actual Hours	Variance	Completion Date	Current Status
FM	R	President's Expense Reporting	6.0	175.0	175.0	0.0	0%		190.5	-15.5	Oct-22	Completed
FM	R	State Audit Year-End Work	5.0	40.0	40.0	0.0	0%		31.0	9.0	Jun-22	Completed
IS	C	General Consultation	5.0	100.0	125.0	25.0	25%		98.0	27.0	Jun-22	Completed
IS	F	Follow-Up Activities	5.0	50.0	50.0	0.0	0%		41.0	9.0	Jun-22	Completed
IS	I	Unscheduled Investigations	5.0	40.0	40.0	0.0	0%		3.0	37.0	Jun-22	Completed
IS	M	Management Risk Assessment	5.0	125.0	125.0	0.0	0%		70.5	54.5	May-22	Completed
IS	P	IIA QAIP Self Assessment	5.0	100.0	175.0	75.0	75%	(2)	206.0	-31.0	Jun-22	Completed
IS	R	CARES Act	5.0	175.0	175.0	0.0	0%		238.0	-63.0		In Progress
SS	R	CCTA Funding Formula	8.3	175.0	0.0	-175.0	-100%	(1)	0.0	0.0		Removed
Total Planned Audit Hours:				980.0	905.0	-75.0			878.0	27.0		

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:

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
Year-End Status Report
Fiscal Year Ended June 30, 2023**

Area	Type	Audit	Risk Factor	Original Hours Planned	Revised Plan	Revised to Original		FN	Planned to Actual		Completion Date	Current Status
						Change in Hours	Change in Percentage		Actual Hours	Variance		
FM	F	State Audit Assist/Follow-up	5.0	12.0	12.0	0.0	0%		4.0	8.0	Jul-22	Completed
FM	R	WSSC Enterprise-wide Risk Assessme	5.0	7.5	45.0	37.5	500%	1	19.5	25.5	May-23	Completed
FM	S	YE Procedures FYE 2022	5.0	22.5	22.5	0.0	0%		11.0	11.5	Jul-22	Completed
IS	C	Management Advisory Services/Consulting	5.0	50.0	50.0	0.0	0%		136.0	-86.0	Jun-23	Completed
IS	M	WSSC IET and Fin Aid Risk Assessments	5.0	37.5	37.5	0.0	0%		29.5	8.0	Aug-22	Completed
IS	R	IAR-CARES Act HEERF 2023	5.0	40.0	60.0	20.0	50%		60.0	0.0	Jun-23	Completed
IS	R	QAR Self-Assessment	5.0	75.0	75.0	0.0	0%		120.0	-45.0	Jan-23	Completed
IS	S	Unscheduled Investigations	5.0	105.0	105.0	0.0	0%		22.5	82.5	Jun-23	Completed
SS	F	Veterans Affairs Benefits	5.0	20.0	50.0	30.0	150%		50.0	0.0	Jun-23	Completed
FM	C	Business Continuity Planning	5.0	225.0	275.0	50.0	22%		380.0	-105.0		In Progress
FM	P	Documentation of Workforce Training Operating Systems	5.0	0.0	120.0	120.0	100%		37.5	82.5		In Progress
FM	S	YE Procedures FYE 2023	5.0	22.5	33.0	10.5	47%		11.5	21.5		In Progress
IA	C	Faculty Workload Reports	5.0	75.0	75.0	0.0	0%		75.0	0.0		In Progress
IT	S	IAR-NACHA-2022	5.0	75.5	95.0	19.5	26%		70.0	25.0		In Progress
FM	M	Accounts Receivable	5.0	65.0	0.0	-65.0	-100%	4		0.0		Removed
FM	R	WSSC Risk Assessment T/B/A	5.0	37.5	0.0	-37.5	-100%	1		0.0		Removed
IT	M	IT Governance	5.0	75.0	0.0	-75.0	-100%	3		0.0		Removed
SS	R	IAR-CCTA-T/B/D	5.0	105.0	0.0	-105.0	-100%	2		0.0		Removed
Total Planned Audit Hours:				1050.0	1055.0				1026.5	28.5		

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:

In Progress
 Completed
 Removed

- 1 - Combined into a single Enterprise-wide Risk Assessment
 2 - Deferred into next fiscal year
 3 - Determined to be unnecessary due to completion of Information Systems Audit by TBR SWIA
 4 - Determined to be unnecessary to lack of findings by State Audit

**TBR - Investigations
Year-End Status Report
Fiscal Year Ended June 30, 2023**

						Revised to Original		Planned to Actual				
Area	Type	Audit	Risk Factor	Original Hours Planned	Revised Plan	Change in Hours	Change in Percentage	FN	Actual Hours	Variance	Completion Date	Current Status
AT	I	INV TBR 23-05		0	38.0	38.0	100%		38.0	0.0	Jan-23	Completed
AT	I	INV DSCC 23-01		0	134.0	134.0	100%		134.0	0.0	Jan-23	Completed
IA	I	INV TBR 23-01		22.5	19.0	-3.5	-16%		19.0	0.0	Jul-22	Completed
IS	C	Consultation with Campus Auditors		125	23.0	-102.0	-82%		23.0	0.0	Jun-23	Completed
IS	P	Investigation Management		200	148.5	-51.5	-26%		148.5	0.0	Jun-23	Completed
AT	I	INV TBR 23-04		0	64.5	64.5	100%		64.5	0.0		In Progress
FM	I	INV TBR 22-03		75	10.0	-65.0	-87%		10.0	0.0		In Progress
FM	I	INV TBR 23-07		0	207.0	207.0	100%		207.0	0.0		In Progress
IA	I	INV TBR 23-02		0	212.5	212.5	100%		212.5	0.0		In Progress
IA	I	INV TBR 23-03		0	22.5	22.5	100%		22.5	0.0		In Progress
IA	I	INV TBR 23-09		0	197.0	197.0	100%		197.0	0.0		In Progress
IS	I	INV TBR 23-06		0	313.0	313.0	100%		313.0	0.0		In Progress
MC	I	INV TBR 23-08		0	2.0	2.0	100%		2.0	0.0		In Progress
PP	I	INV TBR 21-05		40	11.5	-28.5	-71%		11.5	0.0		In Progress
FM	I	Unscheduled Investigations		400	0.0	-400.0	-100%	1	0.0	0.0		Removed
FM	R	Presidents Expense Audit - VSCC		112.5	0.0	-112.5	-100%	2	0.0	0.0		Removed
IS	S	Application Data Review		75	0.0	-75.0	-100%	3	0.0	0.0		Removed
Total Planned Audit Hours:				1050.0	1402.5	352.5			1402.5	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:

In Progress
 Completed
 Removed

FN1- Removed placeholder.
 FN2- Reassigned to another auditor.
 FN3- Hours reassigned to other projects.

**Tennessee Board of Regents - Information Systems
Year-End Status Report
Fiscal Year Ended June 30, 2023**

						Revised to Original			Planned to Actual			
Area	Type	Audit	Risk Factor	Original Hours Planned	Revised Plan	Change in Hours	Change in Percentage	FN	Actual Hours	Variance	Completion Date	Current Status
IT	R	CISCC Information Systems	5.0	150.0	150.0	0.0	0%		282.0	-132.0	Jun-23	Completed
IT	R	CoSCC Information Systems	5.0	150.0	150.0	0.0	0%		252.5	-102.5	Dec-22	Completed
IT	R	JSCC Information Systems	5.0	150.0	150.0	0.0	0%		157.0	-7.0	Jun-23	Completed
IT	R	PSCC Information Systems	5.0	150.0	150.0	0.0	0%		222.5	-72.5	Sep-22	Completed
IT	R	STCC Information Systems	5.0	150.0	150.0	0.0	0%		47.5	102.5		In Progress
IT	R	TCAT Information Systems	5.0	150.0	150.0	0.0	0%		43.5	106.5		In Progress
IT	R	TBR System Office	5.0	150.0	200.0	50.0	33%		28.5	171.5		In Progress
Total Planned Audit Hours:				1050.0	1100.0	50.0			1033.5	66.5		

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:

In Progress
 Completed
 Removed

**Tennessee Board of Regents - TCAT
Year-End Status Report
Fiscal Year Ended June 30, 2023**

						Revised to Original			Planned to Actual			
Area	Type	Audit	Risk Factor	Original Hours Planned	Revised Plan	Change in Hours	Change in Percentage	FN	Actual Hours	Variance	Completion Date	Current Status
FM	A	FY 21 TCAT Oneida President's Expense	2.6	37.5	37.5	0.0	0%		37.5	0.0	Dec-22	Completed
FM	C	FY 23 TCAT Consultation	NA	250.0	315.0	65.0	26%	FN2	315.0	0.0	Jun-23	Completed
FM	C	FY 23 TCAT Year End Procedures	NA	50.0	50.0	0.0	0%	FN3	23.5	26.5	Jun-23	Completed
FM	C	FY 23 Audit Program	NA	75.0	75.0	0.0	0%		85.0	-10.0	Jun-23	Completed
FM	I	FY 23 Memphis	1.3	0.0	100.0	100.0	100%	FN6	82.5	17.5	Jun-23	Completed
FM	R	FY 23 Risk Assessment	NA	200.0	22.5	-177.5	-89%	FN2	22.5	0.0	Jun-23	Completed
FM	R	FY 23 Oneida VA Audit	4.7	75.0	75.0	0.0	0%	FN5	117.5	-42.5	Jun-23	Completed
FM	R	FY 21 TCAT Nashville President's Expense	4.6	75.0	75.0	0.0	0%		75.0	0.0	Sep-22	Completed
FM	R	FY 21 TCAT Jackson/Whiteville President's Expense	3.7	75.0	75.0	0.0	0%		75.0	0.0	Jan-23	Completed
FM	R	FY 21 TCAT Ripley President's Expense	2.7	37.5	37.5	0.0	0%		45.0	-7.5	Jul-22	Completed
FM	R	FY 22 TCAT Chattanooga President's Expense	1.3	75.0	100.0	25.0	33%		100.0	0.0	Apr-23	Completed
FM	A	FY 23 TCAT Memphis Controls Review	5.0	75.0	75.0	0.0	0%	FN4	50.0	25.0		In Progress
FM	A	FY 23 TCAT McMinnville Controls Review	5.0	37.5	75.0	37.5	100%	FN4	15.0	60.0		In Progress
FM	R	FY 21 Cosmetology Controls Review	1.3	75.0	100.0	25.0	33%	FN4	100.0	0.0		In Progress
FM	R	FY 23 Jacksboro VA Audit	4.7	75.0	0.0	-75.0	-100%	FN1	7.5	-7.5		Removed
Total Planned Audit Hours:				1212.5	1212.5	0.0			1151.0	61.5		

Functional Areas:

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

Audit Types:

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

Status:

Scheduled
 In Progress
 Completed
 Removed

FN1 Audit was removed since audit was scheduled by another Agency
 FN2 Audit hours were re-assigned to other projects due to timing and personnel changes
 FN3 Audit hours were not used since TCAT's are performing year end cash counts.
 FN4 The control audits will be carried forward to FY 24
 FN5 This audit required additional hours for review of federal requirements and set-up
 FN6 This audit is on-going

**Tennessee Board of Regents-System Office
Year-End Status Report
Fiscal Year Ended June 30, 2023**

Area	Type	Audit	Risk Factor	Original		Revised to Original		FN	Planned to Actual		Completion Date	Current Status
				Hours Planned	Revised Plan	Change in Hours	Change in Percentage		Actual Hours	Variance		
FM	M	Risk Assessment Activities		0.0	75.0	75.0	100%	FN4	75.0	0.0	Jun-23	Completed
FM	R	Audit of President's Expenses-VSCC		75.0	105.0	30.0	40%	FN3	105.0	0.0	Oct-22	Completed
IS	C	General Consultation		200.0	525.0	325.0	163%		550.0	-25.0	Jun-23	Completed
IS	R	Internal Quality Assurance Review		30.0	30.0	0.0	0%		30.0	0.0	Jun-23	Completed
IA	I	Complaint-TCAT Crossville		0.0	40.0	40.0	100%	FN3	45.0	-5.0		In Progress
IS	C	TBR Website Content review		225.0	125.0	-100.0	-44%	FN2	100.0	25.0		In Progress
SS	R	VA Audit-TCAT-TCAT McKenzie		75.0	90.0	15.0	20%		85.0	5.0		In Progress
FM	R	State Audit Follow Up FY 2020 and 2021		45.0	0.0	-45.0	-100%	FN1		0.0		Removed
FM	S	Cash Disbursements		150.0	0.0	-150.0	-100%	FN5		0.0		Removed
FM	S	Tn eCampus		150.0	0.0	-150.0	-100%			0.0		Removed
SS	R	VA Audit-TCAT-TCAT TBD		75.0	0.0	-75.0	-100%			0.0		Removed
Total Planned Audit Hours:				1025.0	990.0	-35.0			990.0	0.0		

Functional Areas:

AD - Advancement
 AT - Athletics
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 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.
 FN3-Adjusted hours due to investigation of complaint.
 FN4-Adjusted hours to reflect hours for coordination of risk assessment activities
 FN5-Removed/Move to FY 24-due to unplanned investigation/consultation activities

BOARD TRANSMITTAL

MEETING: Committee on Audit

SUBJECT: Review of Fiscal Year 2024 Internal Audit Plans

DATE: August 29, 2023

PRESENTER: Mike Batson

ACTION REQUIRED: Roll Call Vote

STAFF'S
RECOMMENDATION: Approve

The committee will review and consider for approval internal audits planned for the system institutions for Fiscal Year 2024 as required by the Audit Committee Charter, TBR Policy 4:01:05:00, *Internal Audit*, and the Institute of Internal Auditors *International Professional Practices Framework*.

Audit plans prepared by the auditors may include audits or projects of the following types:

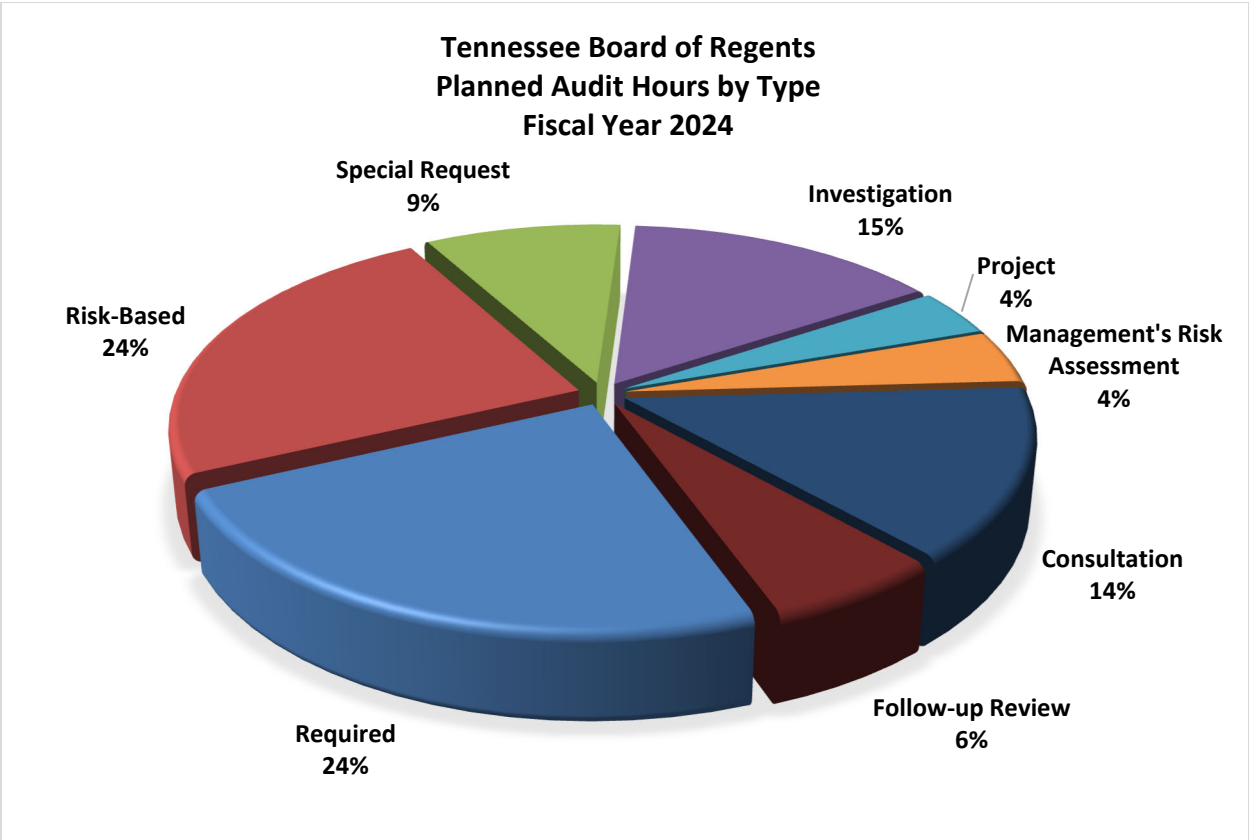
- Required (by law, policy or other authority)
- Management's Risk Assessment (review of process and conclusions)
- Follow-up Review (of State Audit or Internal Audit findings)
- Special Request (audit requested by Board or management)
- Project (such as periodic review of purchasing card activity)
- Consultation (research, analysis, review and/or recommendations)
- Investigation
- Risk-Based

Risk-based audits are determined through a risk analysis process. Risk analysis is a planning tool to help determine which areas within the institution should be audited. Each auditable area's key risk factors are quantified and weighted to come up with the risk ranking. Areas with the highest totals are considered the riskiest and are given priority within the hours available for audits. This methodology complies with industry standards.

This section contains the following system summaries. The summaries are followed by a detailed audit plan for each institution.

Planned Audits by Audit Type
Planned Audits by Major Functional Area

Internal Audit plans for JSCC and MSCC are not included due to position vacancies. These plans will be presented at the meeting immediately preceding the filling of positions.



Highlights:

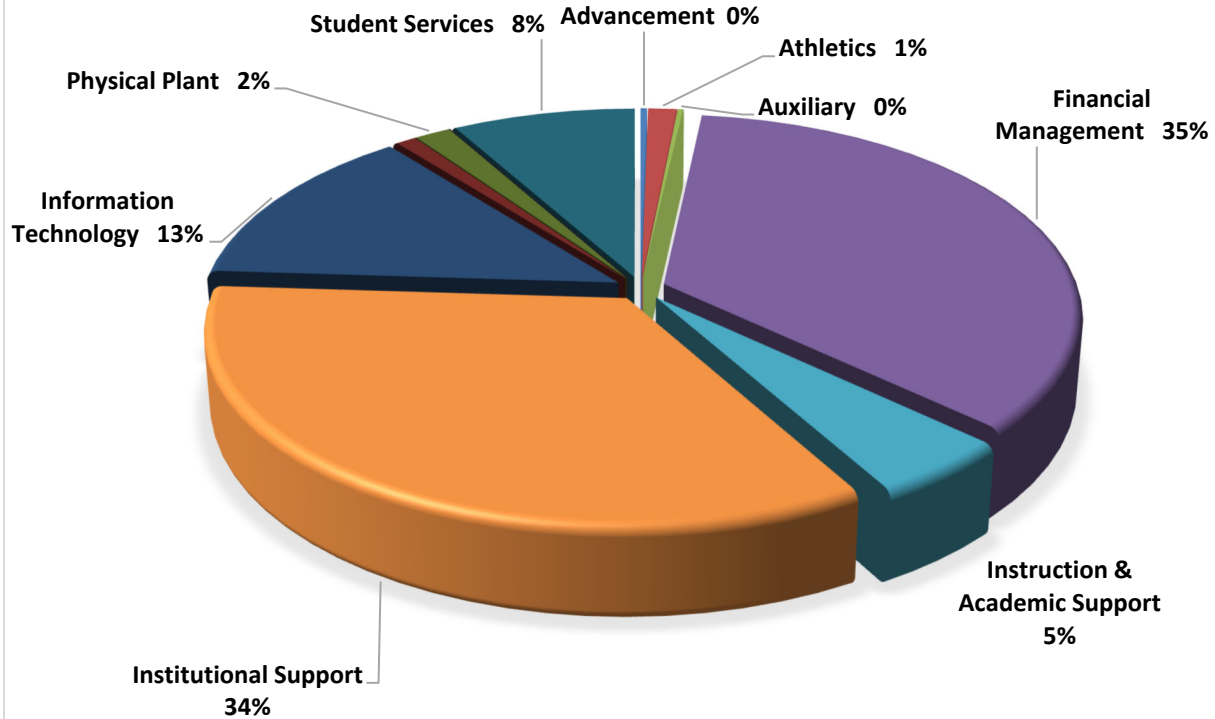
Required audits are those determined by statutes, the system office or others. These audits frequently have a system-wide focus. There is a 14% decrease in planned required audits for the year.

Risk-based audits are determined through a risk analysis process. There is a 16% increase in planned risk-based audits for the year.

There is an 8% increase in *Investigations* for the year.

Other categories are consistent with previous years.

**Tennessee Board of Regents
Planned Audit Hours by Functional Area
Fiscal Year 2024**



Highlights:

Financial Management includes audits of various financial operating activities within an institution, such as follow-ups to State Audit findings; cash handling or collection; inventories; payroll; procurement card activity and other purchasing; chief executive expenses; and departmental, agency accounts, and other expense areas.

Institutional Support includes audits of various activities in support of other institutional operations, such as human resources; leave reporting; certain compliance audits (Clery, Title IX); and emergency preparedness. It also includes projects of the audit offices, such as the quality assurance reviews.

Student Services includes audits of various activities supporting students such as financial aid; enrollment and retention services; CCTA data; and student organizations.

Instructional and Academic Support includes audits of various educational programs or activities, such study abroad and workforce development.

	<u>Planned Audits</u>		<u>Planned Audit Hours</u>	
Community Colleges	153	78.0%	11,625	69.4%
SWIA (INV, IS, IA)	28	14.3%	4,070	24.3%
TCATS	15	7.7%	1,050	6.3%
	<hr/> 196		<hr/> 16,745	

Internal Audit Plans
By Institution
Fiscal Year Ending June 30, 2024

**Chattanooga State Community College
Internal Audit Plan
Fiscal Year Ending June 30, 2024**

Risk	Audit	Area	Type	Hours Planned	Audit Start Date
5.0	Management Advisory Services	IS	C	110.0	Jul-23
5.0	State Audit Assist/Follow-up	FM	F	60.0	Jul-23
5.0	Follow up Reviews	IS	F	70.0	Jul-23
5.0	Unscheduled Investigations	IS	I	100.0	Jul-23
5.0	Developing Investigations-Assist TBR	IS	I	15.0	Jul-23
5.0	INV-2023-01	IS	I	15.0	Sep-22
5.0	INV-2023-04	IS	I	15.0	Dec-22
5.0	INV-2023-06	IS	I	30.0	May-23
5.0	Enterprise Risk Assessment -FY2023	IS	M	10.0	Apr-23
5.0	Enterprise Risk Assessment -FY 2024	IS	M	35.0	Jan-24
5.0	YE Procedures FYE 2023	FM	S	10.0	Jun-23
5.0	YE Procedures FYE 2024	FM	S	15.0	Jun-24
5.0	CCTA Element Audit	SS	R	100.0	Apr-24
5.0	HEERF	FM	R	75.0	Jun-23
5.0	TCAT-Athens Veteran's Benefit Certification	SS	R	40.0	Feb-23
5.0	Basketball Tournament Event Processes	AT	S	20.0	Jan-23
5.0	IAR-NACHA-2023	IT	S	70.0	Oct-23
5.0	Faculty Credentials	IA	S	50.0	Feb-24
3.4	TCAT Timeclock Hours Reporting	IA	A	100.0	Nov-23
3.3	Sensitive Equipment Student Loaner Processes	IT	A	90.0	Mar-24
3.2	Follow-up to DOT report for CDL Program	IA	F	20.0	Jan-24

Total: 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

**Cleveland State Community College
Internal Audit Plan
Fiscal Year Ending June 30, 2024**

Risk	Audit	Area	Type	Hours Planned	Audit Start Date
5.0	Management Advisory Services	IS	C	100.0	Jul-23
5.0	State Audit-Assist Follow-up	IS	F	100.0	Aug-23
5.0	Unscheduled Investigations	IS	I	90.0	Jul-23
5.0	NACHA 2023 Audit	FM	R	90.0	Nov-23
5.0	VA Audit 2023-24	SS	S	90.0	Feb-24
5.0	Bank Reconciliations	FM	A	200.0	Dec-23
5.0	CARES Act/HEERF (Higher Ed Emergency Relief Fund)	FM	R	50.0	Jul-23
4.5	Campus Safety and Physical Security	IS	A	40.0	Oct-23
5.0	YE Procedures FYE 2024, including cash counts	FM	S	15.0	Jun-24
4.5	Accounts Payable (Disbursements)	FM	M	180.0	Mar-24
5.0	Building Security/Key Control	IS	A	60.0	Oct-23

Total: 1015.0

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

**Columbia State Community College
Internal Audit Plan
Fiscal Year Ending June 30, 2024**

Risk	Audit	Area	Type	Hours Planned	Audit Start Date
5.0	State Audit Year End Work	FM	R	22.5	Deferred
3.6	Financial Aid Peer Review & TSAC FU	SS	A	300.0	Deferred
5.0	Review Management's Risk Assessment	FM	M	22.5	Deferred
3.7	TRIO Compliance Review	SS	A	150.0	Deferred
2.4	Privacy Policy & Language Compliance Check	MC	A	75.0	Deferred
3.6	GLBA FU	IS	F	85.0	Deferred
5.0	CCTA - [SWIA identified element]	SS	R	150.0	Deferred
3.6	Third Party Risk Management	IT	A	150.0	Deferred
	Informal Consulting	IS	C	95.0	Deferred
Total:				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

**Dyersburg State Community College
Internal Audit Plan
Fiscal Year Ending June 30, 2024**

Risk	Audit	Area	Type	Hours Planned	Audit Start Date
	CCTA Funding Formula	SS	R	120.0	Feb-24
	Year End Bank Confirmations	FM	R	45.0	Jun-24
	PII Review	IS	P	75.0	Jul-23
	General Consultation	IS	C	75.0	Jul-23
	TCAT VA Benefits Audit	IS	A	90.0	Nov-23
	Building Security and Key Control	PP	A	80.0	Dec-23
	Risk Assessment	IS	M	70.0	Jan-24
	Athletic Camps, Clinics, Fundraising and Scholarships	AT	A	50.0	Mar-24
	Payroll and Payroll Deductions	FM	A	110.0	Aug-22
	Follow-up Audits	IS	F	75.0	Jul-23
	Records Mgmt and Retention	FM	A	45.0	May-24
	Unscheduled Investigations	IS	I	75.0	Jul-23
	HERFF Funding/Cares Act	FM	R	130.0	Oct-23

Total: 1040.0

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

**Nashville State Community College
Internal Audit Plan
Fiscal Year Ending June 30, 2024**

Risk	Audit	Area	Type	Hours Planned	Audit Start Date
3.0	Internal Control Awareness	IS	C	150.0	Oct-23
3.4	CCTA	IS	R	150.0	TBD
3.2	President's Expenses Audit	FM	R	150.0	Aug-23
3.0	Consulting Activities	IS	C	100.0	As Needed
3.5	Management Risk Assessment	IS	M	100.0	Mar-24
3.7	TBR IS Audit	IT	R	100.0	TBD
3.2	Travel Expenses	FM	A	150.0	Feb-24
3.3	Campus Safety and Security	PP	A	150.0	Jan-24

Total: 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

**Northeast State Community College
Internal Audit Plan
Fiscal Year Ending June 30, 2024**

Risk	Audit	Area	Type	Hours Planned	Audit Start Date
5.0	Complete College Tennessee Act Element	SS	R	100.0	Apr-24
5.0	Apprenticeships	IS	S	100.0	Aug-23
5.0	Attendance Reporting	IA	S	100.0	Jul-23
5.0	HEERF III Student Distributions	FM	S	20.0	Jul-23
3.6	Faculty Credentials	IA	A	100.0	Oct-23
3.6	Grant Development	IS	A	90.0	Feb-24
3.4	Student Accounts	FM	A	90.0	Dec-23
5.0	Developing Investigations-Assist TBR	IS	I	50.0	Jul-23
5.0	Unscheduled Investigations	IS	I	50.0	Jul-23
5.0	State Audit Assistance - Year End	FM	R	30.0	May-24
5.0	Special Requests and Projects	IS	S	100.0	Jul-23
5.0	Other Audit Follow-Up	IS	F	60.0	Jul-23
5.0	Risk Assessment	IS	M	50.0	Jul-23
5.0	Management Advisory Services	IS	C	100.0	Jul-23

Total: 1040.0

Functional Areas:

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 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

**Pellissippi State Community College
Internal Audit Plan
Fiscal Year Ending June 30, 2024**

Risk	Audit	Area	Type	Hours Planned	Audit Start Date
5.0	Year End Inventory & Cash Counts	FM	R	22.5	Jun-24
5.0	Audit Follow Up	FM	R	30.0	Jul-23
5.0	Cleveland State Presidents Expense Audit	FM	R	150.0	Aug-23
5.0	Funding Formula	IS	R	112.5	Feb-24
5.0	Risk Assessment	IS	M	52.5	Nov-23
5.0	Faculty Credentials	IA	S	150.0	Oct-23
5.0	Compliance Assist Review	IA	S	37.5	Jan-24
5.0	Advancement Management Advisory Services	AD	C	22.5	Jul-23
5.0	Finance Management Advisory Services, Consultation	FM	C	37.5	Jul-23
5.0	Institutional Support Management Advisory Services, Consultation	IS	C	75.0	Jul-23
5.0	IT Audit Management Advisory Service - Phishing Campaign & Building Security Review	IT	C	150.0	Jul-23
3.9	PaperCut Vulnerability Assessment	IT	A	150.0	Mar-24
5.0	Unscheduled Investigations and Special Requests	IS	I	37.5	Jul-23
5.0	IT Audit Management Advisory Service - PCI & ACH Review	IT	C	150.0	Jul-23
3.6	IT PS3 File Share Vulnerability	IT	A	150.0	Apr-24

Total: 1327.5

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

**Roane State Community College
Internal Audit Plan
Fiscal Year Ending June 30, 2024**

Risk	Audit	Area	Type	Hours Planned	Audit Start Date
5.0	Year End Cash Counts	FM	R	35.0	May-23
5.0	Enterprise Risk Assessment	IS	M	75.0	Jan-24
3.6	Grants	FM	A	60.0	Nov-24
5.0	CARES Act (HERRF)	FM	R	20.0	Jul-23
4.3	Sick Leave Bank	IS	A	45.0	Nov-24
5.0	State Audit Follow-up	FM	F	60.0	Feb-24
5.0	IAR Audit Follow-up	FM	F	80.0	Jul-23
5.0	Unscheduled Investigations	FM	I	90.0	Jul-23
5.0	Management Advisory Services	IS	C	142.0	Jul-23
4.7	Foundation - Restricted Funds	AX	S	40.0	Nov-23
4.9	Nursing Program Review	IA	S	30.0	Sep-23
5.0	Campus Safety & Security	IS	R	10.0	Sep-23
5.0	CCTA - Graduation	AD	R	25.0	Oct-23
5.0	QAR - Self Assessment and External	IS	R	30.0	Jul-23
4.5	Release Time/Workload IAR Follow-up	IA	R	30.0	Oct-23
4.5	Adjuncts Having More than 1 Position at RSCC	FM	S	38.0	Jul-23
5.0	INV 23-01	IS	I	5.0	Aug-23
5.0	INV 23-02	IS	I	100.0	Jul-23
5.0	President's Expense Audit - NSCC	FM	R	60.0	Aug-23
5.0	Accounts Receivable - Follow-up for State Audit	FM	F	75.0	Nov-23
Total:				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

**Southwest Tennessee Community College
Internal Audit Plan
Fiscal Year Ending June 30, 2024**

Risk	Audit	Area	Type	Hours Planned	Audit Start Date
	Out of State Tuition	SS	S	67.5	Jun-24
	Review of Driver License	FM	S	35.0	May-24
	Athletic General Compliance	AT	A	67.5	Jan-24
	Cash Count	FM	A	36.0	May-24
	Review Internal Controls Cashier Office	FM	S	50.0	Aug-23
	Capitalized Equipment-Annual fixed Asset Report	FM	A	61.0	Jul-23
	Risk Management	IS	A	50.0	Dec-23
	Inv 24-1 Cafeteria Concerns	FM	I	45.5	Jul-23
	President's Expense Audit	FM	R	190.0	Sep-23
	FU-Campus Safety	IS	F	60.0	Jul-23
	FU-Medical Programs with Special Admission	IA	F	50.0	Sep-23
	FU-Federal Work Study	IS	F	50.0	Oct-23
	FU-Investigation 20-03 Club Investigation	FM	F	30.0	Nov-23
	FU-State Audit	IT	F	30.0	Jan-24
	FU-Internal Audit Follow up	IS	F	30.0	Jul-23
	ACM Software	FM	P	75.0	Jul-23
	General Consultant	SS	C	60.0	Jul-23
	Unscheduled Investigation	FM	I	60.0	Jul-23

Total: 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

**Volunteer State Community College
Internal Audit Plan
Fiscal Year Ending June 30, 2024**

Risk	Audit	Area	Type	Hours Planned	Audit Start Date
8.3	CCTA Funding Formula Outcomes	IS	R	200.0	Jan-24
5.0	State Audit Year End Work	FM	R	40.0	May-24
5.0	Follow-Up Activities	IS	F	60.0	Jul-23
5.0	General Consultation	IS	C	100.0	Jul-23
5.0	IIA QAIP	IS	P	75.0	Jul-23
5.0	Management Risk Assessment	IS	M	100.0	Jan-24
5.0	Unscheduled Investigations	IS	I	50.0	Jul-23
5.0	HEERF Reporting	IS	R	100.0	Jul-23
4.6	Payroll	FM	A	180.0	Sep-23

Total: 905.0

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

**Walters State Community College
Internal Audit Plan
Fiscal Year Ending June 30, 2024**

Risk	Audit	Area	Type	Hours Planned	Audit Start Date
5.0	Management Advisory Services/Consulting	IS	C	50.0	Jul-23
5.0	State Audit Assist/Follow-up	FM	F	22.5	Sep-23
5.0	WSCC Enterprise-wide Risk Assessment	FM	R	22.5	May-24
5.0	WSCC IET and Fin Aid Risk Assessments	IS	M	45.0	May-24
5.0	IAR-CCTA-T/B/A	SS	R	105.0	Jan-24
5.0	YE Procedures FYE 2023	FM	S	22.5	Jul-23
5.0	YE Procedures FYE 2024	FM	S	22.5	Jun-24
5.0	IAR-NACHA	IT	S	95.0	Feb-24
5.0	Unscheduled Investigations	IS	S	97.5	Jul-23
5.0	Business Continuity Planning	FM	C	305.0	Jul-23
5.0	Documentation of Workforce Training Operating Systems	FM	P	82.5	Jul-23
5.0	President's Expenses	FM	R	90.0	Sep-23
4.8	Faculty Workload Reports	IA	C	45.0	Jul-23
4.8	Department Chair Compensation Methodology	IA	C	45.0	Aug-23

Total: 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

**TBR - Investigations
Internal Audit Plan
Fiscal Year Ending June 30, 2024**

Risk	Audit	Area	Type	Hours Planned	Audit Start Date
	Consultation with Campus Auditors	IS	C	125.0	Jul-23
	Investigation Management	IS	P	200.0	Jul-23
	Unscheduled Investigations	FM	I	400.0	Jul-23
	INV TBR 21-05	PP	I	40.0	Feb-21
	INV TBR 22-03	FM	I	75.0	Sep-21
	INV TBR 23-02	IA	I	5.0	Aug-22
	INV TBR 23-03	IA	I	37.5	Sep-22
	INV TBR 23-04	AT	I	75.0	Dec-22
	INV TBR 23-06	IS	I	607.5	Jan-23
	INV TBR 23-07	FM	I	300.0	Mar-23
	INV TBR 23-08	MC	I	75.0	Mar-23
	INV TBR 23-09	IA	I	10.0	Mar-23

Total: 1950.0

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

**Tennessee Board of Regents - Information Systems
Internal Audit Plan
Fiscal Year Ending June 30, 2024**

Risk	Audit	Area	Type	Hours Planned	Audit Start Date
5.0	MSCC Information Security	IT	R	150.0	Dec-23
5.0	NaSCC Information Security	IT	R	150.0	Jan-24
5.0	WSCC Information Security	IT	R	150.0	Apr-24
5.0	DSCC Information Systems	IT	R	150.0	Jun-24
5.0	STCC Information Security	IT	R	150.0	Apr-23
5.0	TCAT Information Security	IT	R	150.0	May-23
5.0	TBR System Office Information Security	IT	R	200.0	Jun-23
Total:				1100.0	

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

**Tennessee Board of Regents - TCAT
Internal Audit Plan
Fiscal Year Ending June 30, 2024**

Risk	Audit	Area	Type	Hours Planned	Audit Start Date
NA	Consultation	FM	C	50.0	Jul-23
NA	Cosmetology Review Audit	FM	P	50.0	Jul-23
NA	Oneida VA Audit	FM	P	25.0	Jul-23
NA	Audit Program	FM	P	25.0	Jul-23
3.9	TCAT Memphis Controls Review	FM	A	150.0	Aug-23
3.1	TCAT McMinnville Controls Review	FM	A	75.0	Sep-23
3.2	TCAT Elizabethton Controls Review	FM	A	100.0	Oct-23
2.3	TCAT Athens Controls Review	FM	A	37.5	Nov-23
3.8	TCAT Knoxville Controls Review	FM	A	125.0	Dec-23
3.4	TCAT Shelbyville Controls Review	FM	A	75.0	Jan-24
3.0	TCAT Northwest Controls Review	FM	A	125.0	Feb-24
3.6	TCAT Jackson Controls Review	FM	A	100.0	Mar-24
3.9	TCAT Murfreesboro Controls Review	FM	A	37.5	Apr-24
3.0	TCAT Livingston Controls Review	FM	A	37.5	May-24
2.6	TCAT Hartsville Controls Review	FM	A	37.5	Jun-24

Total: 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

**Tennessee Board of Regents-System Office
Internal Audit Plan
Fiscal Year Ending June 30, 2024**

Risk	Audit	Area	Type	Hours Planned	Audit Start Date
	VA Audit-TCAT-McKenzie	SS	R	7.5	Aug-22
	VA Audit-TCAT-TCAT TBD	SS	R	75.0	Aug-23
	External Quality Assurance Review	IS	R	37.5	Jul-23
	Tn eCampus	FM	S	150.0	Mar-24
	TBR Website Content Review	IS	O	25.0	Sep-22
	Review of TCCTE	FM	S	100.0	Jul-23
	Unscheduled Audits/Audit Assistance	IS	R	100.0	Jul-23
	Review of Travel Claims	FM	A	175.0	Sep-23
	General Consultation	IS	C	350.0	Jul-23

Total: 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

BOARD TRANSMITTAL

MEETING: Committee on Audit

SUBJECT: Results of External Quality Assurance Review (QAR)

DATE: August 29, 2023

PRESENTER: Mike Batson

ACTION REQUIRED: Informational Report

STAFF'S
RECOMMENDATION: Accept Report

The Chief Audit Executive will discuss the results of the external Quality Assurance Review (QAR) performed during July 2023. The report and System-wide Internal Audit's plan of action to address recommendations in the report will be provided.

An independent external review is required every five years by the Institute of Internal Auditors, *International Standards of the Professional Practice of Internal Auditing*. The external review is a part of System-wide Internal Audit's quality assurance and improvement program, described below.

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 to 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.

Components of a QAIP

Internal Assessments are performed regularly or 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, referred to as Quality Assurance Reviews (QAR) 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 (TBR)

Office of System-wide Internal Audit (SWIA)

Independent External Validation
Quality Assurance Review (QAR)

July 10-14, 2023

Reviewers:

Jana Clark, MBA, CIA, CICA, CRMA, CFE

Katrina McNair, CFE

Martha Winegar, CPA

Tennessee Board of Regents – Quality Assurance Review, Independent External Validation

July 30, 2023

This Validation of the Self-Assessment of the TBR Office of System-wide Internal Audit Program was performed in accordance with The Institute of Internal Auditors (IIA) Quality Assessment Manual, 2017 Edition. The primary purpose of a Quality Assessment (QA) is to determine the internal audit function's conformance with the International Standards for the Professional Practice of Internal Auditing. There are three possible outcomes of the QA: the internal audit program generally conforms, partially conforms or does not conform with the Standards.

To: Mr. Miles Burdine, Audit Committee Chair, Tennessee Board of Regents
Dr. Flora Tydings, Chancellor, Tennessee Board of Regents
Ms. Emily Reynolds, Vice Chair, Tennessee Board of Regents
Mr. Norman (Mike) Batson, Chief Audit Executive, Tennessee Board of Regents

Greetings:

We were engaged as validators to conduct an Independent Validation of the Self-Assessment Quality Assessment (QA) of the Tennessee Board of Regents (TBR) Office of System-wide Internal Audit (SWIA) Program as required every five years by the Institute of Internal Auditors *International Standards for the Professional Practice of Internal Auditing* (IIA Standards). The objectives of the QA were to:

1. Assess conformance with the IIA Standards;
2. Assess the effectiveness and efficiency of the Internal Audit activity in providing services to the Board of Regents and management of TBR; and
3. To identify opportunities for improving the Internal Audit Program at TBR.

We are independent of the Tennessee Board of Regents and have the necessary knowledge and skills to undertake this engagement. The validation, conducted July 10, 2023, through July 14, 2023, consisted primarily of reviewing and testing the self-assessment documentation related to the TBR self-assessment report issued January 31, 2023. Additionally, we interviewed TBR key administrators, the current Vice Chair of the TBR, and the current Chair of the Audit Committee of the TBR. These interviews helped gain a better understanding of the internal control environment within which TBR's internal audit department operates. Overall, it is our opinion that **TBR's Office of System-wide Internal Audit (SWIA) generally conforms to the IIA Standards**, the highest rating available. We noted two opportunities for improvement that could enhance the efficiency and effectiveness of the Internal Audit Program that are described in this report.

Jana Clark, MBA, CIA, CICA, CRMA, CFE
Chief Audit Executive
Kansas State University
Manhattan, KS

Katrina McNair, CFE
Chief Audit Officer
Georgia Southern University
Statesboro, GA

Martha Winegar, CPA
Associate Director of Internal Audit
East Tennessee State University
Johnson City, TN

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Executive Summary

Organizationally, the Office of System-wide Internal Audit has a dual reporting structure, as per the TBR Office of System-wide Internal Audit Charter which states in part, “the System-wide Chief Audit Executive reports directly to the Audit Committee and the Board. The System-wide Chief Audit Executive reports administratively to the Vice Chancellor for Business and Finance.”

The mission of the TBR SWIA is: “To enhance and protect the value of the Tennessee Board of Regents system and its institutions by providing risk-based and objective assurance, advice, and insight to management and the Board.” The vision of the TBR SWIA is: “We strive to accomplish our mission in a proactive, collaborative manner with fairness, competency, and professionalism to provide services valued by management and the audit committee.”

The consensus of senior leaders within the TBR regarding the Office of System-wide Internal Audit is that it is an effective and well-managed function. The TBR SWIA is a respected internal audit operation among its audit and higher education peers as TBR SWIA staff are engaged with many audit associations, including the IIA (Institute of Internal Auditors), AICPA (American Institute of Certified Public Accountants), ACFE (Association of Certified Fraud Examiners), ISACA (Information Systems Accountability and Control Association), ACUA (Association of College and University Auditors), and COSO (Committee of Sponsoring Organizations of the Treadway Commission).

Chief Audit Executive (CAE), Mike Batson, began as the TBR’s CAE in June 2017. Prior to assuming the role of CAE, Mr. Batson was the director of internal audit with the TBR SWIA, and director of internal audit with Tennessee State University. Mr. Batson is a member of the Association of College and University Auditors (ACUA), Institute of Internal Auditors (IIA), and Association of Certified Fraud Examiners (CFE). He has a Bachelor of Science in Business Administration – Accounting from Auburn University. Mr. Batson is a Certified Public Accountant (CPA).

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Conformance with IIA Standards

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

Partially Conforms means deficiencies in practice are noted that are judged to deviate from the spirit and intent of IIA *Standards*, but these deficiencies did not preclude internal audit from performing its responsibilities in an acceptable manner.

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

Overall, the Tennessee Board of Regents Office of System-wide Internal Audit Program was determined to **Generally Conform** to IIA *Standards*, the highest rating available. While improvement opportunities remain in various areas, they did not preclude this assessment.

We concluded the following standards **Generally Conform** to the IIA *Standards*.

- 1000** - Purpose, Authority, and Responsibility
 - 1100** - Independence and Objectivity
 - 1200** – Proficiency and Due Professional Care
 - 1300** - Quality Assurance and Improvement Program
 - 2100** - Nature of Work
 - 2200** – Engagement Planning
 - 2400** - Communicating Results
 - 2500** – Monitoring Progress
 - 2600** - Communicating the Acceptance of Risk
- IIA Code of Ethics**

We concluded the following standards **Partially Conform** to the IIA *Standards*. We did identify two (2) Opportunities for Continuous Improvement, although the improvements do not preclude our opinion that the TBR SWIA generally conforms to the IIA *Standards*:

- 2000** – Managing the Internal Audit Activity
- 2030** – Resource Management

- 2300** – Performing the Engagement
- 2340** – Engagement Supervision

Positive Attributes of the Internal Audit Program

Governance – The TBR Chief Audit Executive has dual reporting: functionally to the Board of Regents Audit Committee, and administratively to the VC of Business & Finance. Executive sessions are held between the TBR CAE and Audit Committee, which evidences independence. Additionally, the CAE speaks regularly with the TBR Audit Committee Chair, Chancellor, General Counsel, and VC of Business & Finance to discuss strategic initiatives, issues, and internal audit operations. The community college directors of internal audit (DIA) also report functionally to the TBR Audit Committee and administratively to their respective college presidents. The TBR System-wide Internal Audit Program is a conduit for the college DIAs to the TBR Audit Committee.

Reputation of Internal Audit – The TBR SWIA is well-regarded throughout the system and college senior leaders. The IA team is viewed as trustworthy, knowledgeable and committed to the process. Senior management regularly asks for opinions on problematic situations. The TBR Chief Audit Executive has an open and effective relationship with the TBR Vice Chair, Audit Committee Chair, and senior leaders at the TBR System. In addition, for the four community colleges visited by the independent validators (see appendix III), the reputation of the community college directors of internal audit (DIAs) is positive. Community college senior management routinely seeks input from their DIAs. Community college senior management is appreciative of the advice provided by the DIAs.

Knowledge Transfer and Collaboration - The TBR SWIA plans an annual training retreat for higher education audit professionals in the state of Tennessee for the purposes of providing continuing professional education (CPE), regulation updates and changes, and sharing of best practices. The community college DIAs share the responsibility of auditing presidents' expense reports at different institutions from their own.

Opportunities for Continuous Improvement

PARTIAL CONFORMANCE to STANDARDS– OPERATING IMPROVEMENT

OBSERVATION

1. Resource Management: Standard 2030, Resource Management, states, “The chief audit executive must ensure that internal audit resources are appropriate, sufficient, and effectively deployed to achieve the approved plan.” Status designations noted on the audit plans do not appear to clearly reflect the status of audits. There were several audits listed as “In Progress”, which gave the impression audits were not completed timely; however, the audits were on hold or deferred due to resource constraints outside the DIA’s control.

Additionally, staffing resources for the TBR SWIA are not appropriate considering the number of community colleges, technical colleges, and system initiatives the TBR SWIA supports. There is one internal auditor with a specialization in information technology/systems on staff at the TBR to provide services to the 13 community colleges, 24 technology centers and TBR System Office. There have been recent IT security breaches at a few of the community colleges.

RECOMMENDATION

The QAR validators recommend the TBR CAE provide additional status designations, such as “on hold” or “deferred”, for use on the audit plan to provide a more accurate reflection of audit project standing.

The QAR validators recommend the CAE carefully assess the need for additional IA management resources and IT audit support throughout its 13 community colleges, 24 technology centers, and the TBR System Office. The QAR validators recommend the TBR CAE increase the number of IT audit staff or obtain supplemental IT audit support through co-sourced arrangements with a consultant or firm that has IT audit credentials.

RESPONSE

The TBR CAE will review current practices for reporting status designations as well as consider the use of additional status designations to more accurately reflect the status of audit projects at the time of reporting.

The TBR CAE, in cooperation with the Audit Committee, the Chancellor and other applicable offices, will assess the need for additional Internal Audit resources, with the priority of increasing information security coverage and timeliness.

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Tennessee Board of Regents – Quality Assurance Review, Independent External Validation

OBSERVATION

2. Engagement Supervision: Standard 2340, Engagement Supervision, states “Engagements must be properly supervised to ensure objectives are achieved, quality is assured, and staff is developed.” The community college auditors execute most of their audit work with little or no review/supervision from the TBR or other college Directors of Internal Audit (DIA). While an audit checklist is utilized by the DIAs, dates of completion of each step are not documented.

All audit reports and executive summaries are submitted to the TBR SWIA by college DIAs upon completion for review and inclusion in the quarterly materials for the Audit Committee. The TBR CAE or Director of Internal Audit review all audit work performed at the TBR SWIA. The TBR CAE or Director of Internal Audit perform reviews of DIA work if questions exist from review of the report, though this is not a regular occurrence.

RECOMMENDATION

The QAR validators recommend that the audit checklist be updated to include dates of completion for each step on the checklist. In addition, consideration should be given to alternative methods (utilizing other community college DIAs, sign off on exit conference materials, etc.) to document review of DIA work.

RESPONSE

The TBR CAE will revise the audit checklist to include completion dates for each step. We will also consider alternative methods or additional guidelines covering review of campus Internal Audit work.

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GENERALLY CONFORMS to **STANDARDS – ENHANCEMENTS**

[TBR SWIA conforms to the IIA Standards noted below; the items presented are suggested enhancements to the internal audit operations. As these are suggestions, no response by the CAE is necessary.]

OBSERVATION (1) DUE PROFESSIONAL CARE

Standard 1220.A2 states, “In exercising due professional care internal auditors must consider the use of technology-based audit and other data analysis techniques.” College DIAs consistently noted this as an opportunity for continuous improvement.

RECOMMENDATION The QAR validators recommend TBR SWIA evaluate opportunities to utilize technology-based audit tools during each audit engagement.

OBSERVATION (2) ENGAGEMENT OBJECTIVES

Standard 2210, Engagement Objectives, states “Objectives must be established for each engagement.” More specifically, Standard 2210.A1 states, “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.” Consideration of risk is not consistently documented at the engagement level. While a formal risk assessment is performed at each community college as part of the larger TBR risk assessment process, audits that are community college specific do not have separate risk assessments to determine focus areas and objectives.

RECOMMENDATION The QAR validators recommend risks be analyzed and documented at the engagement level. The engagement objectives must address the risks documented in the preliminary engagement risk assessment.

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OBSERVATION (3) ENGAGEMENT PLANNING

Standard 2240 addresses work programs. Specifically, standard 2240 notes, “Internal auditors must develop and document work programs that achieve the engagement objectives.” While work programs were completed for most audits, they were not consistently included in the audit documentation.

More specifically, standard 2240.A1 states, “...The work program must be approved prior to its implementation, and any adjustments approved promptly.” A majority of audits completed have been TBR directed engagements and have approved audit programs developed by TBR SWIA. However, some community college specific engagements did not reflect work programs were reviewed prior to fieldwork, or there was no evidence to support the review.

RECOMMENDATION A process should be developed to ensure audit work programs are reviewed prior to execution of the audit fieldwork. The review should be documented with initials and date of review.

OBSERVATION (4) MONITORING PROGRESS

Standard 2500 addresses monitoring the disposition of results communicated to management. Specifically, standard 2500.A1 states, “The chief audit executive must establish a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action.”

It was noted recommendations that result from investigations are not included on the *TBR SWIA Status Report on Internal Audit Recommendations*.

RECOMMENDATION Consideration should be given to including recommendations from investigations on the *TBR SWIA Status Report on Internal Audit Recommendations*. Documentation of which recommendations to include on the *TBR SWIA Status Report on Internal Audit Recommendations* should be included in the TBR SWIA Internal Audit Manual.

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Appendices

Appendix I - Engagement Methodology

Review procedures included:

- Review of background/organizational materials regarding the Tennessee Board of Regents, including its 13 community colleges and the Office of System-wide Internal Audit
- Review of the Office of System-wide Internal Audit Charter
- Review of QA advance preparation materials providing background on the internal auditing program and practices
- Review of the TBR SWIA and community colleges' annual audit plans and its development process
- Review of selected internal audit project work papers and reports
- Review of training histories for staff
- Interview with the TBR Vice Chair and Audit Committee Chair
- Interviews with TBR senior management
- Interviews with TBR SWIA CAE and staff
- Interviews with community college senior management
- Interviews with community college directors of internal audit
- Review of audit follow-up practices and reporting of follow-up activities
- Review of prior quality assessment reports

Appendix II – List of Stakeholders Interviewed

Board of Regents

Mr. Miles Burdine, Audit Committee Chair, Tennessee Board of Regents

Ms. Emily Reynolds, Vice Chair, Tennessee Board of Regents

TBR Senior Management

Dr. Flora Tydings, Chancellor

Dr. Russ Deaton, Executive VC of Policy & Strategy

Dr. Alisha Fox, Vice Chancellor, Business & Finance

Dr. Wendy Thompson, Vice Chancellor of Organizational Effectiveness

Mr. Brian Lapps, General Counsel

Mr. Jon Calisi, Chief Information Officer

Dr. Heidi Leming, Vice Chancellor, Student Success

Dr. Jothany Blackwood, Vice Chancellor, Academic Affairs

College Senior Management

Dr. Shanna Jackson, President, Nashville State Community College

Mr. Charvis Rand, Chief Information Officer, Nashville State Community College

Dr. Carol Osorio, Vice President of Student Affairs and Enrollment Management, Nashville State Community College

Ms. Jennifer Rector, Vice President of Business and Finance, Nashville State Community College

Dr. Chris Whaley, President, Roane State Community College

Dr. Jamie Stringer, Vice President for Student Services, Enrollment, and Innovation, Roane State Community College

Ms. Keri Philips, Chief Information Officer, Roane State Community College

Ms. Michele Patterson, Director of Accounting, Roane State Community College

Ms. Joyce Marsalis, Director of Human Resources, Roane State Community College

Dr. Diane Ward, Vice President for Student Learning, Roane State Community College

Dr. Orinthia Montague, President, Volunteer State Community College

College Senior Management cont'd

Mr. Brett Stoller, Vice President for Business and Finance, Volunteer State Community College
Mr. Kevin Blankenship, Dean of Business and Technology, Volunteer State Community College
Mr. William Newman, Senior Director of Plant Operations, Volunteer State Community College
Dr. Anthony R. (Tony) Miksa, President, Walters State Community College
Dr. Mark Hurst, Vice President for Business Affairs/Treasurer of Walters State Foundation, Walters State Community College
Mr. Stephen Annis, Executive Director of Information and Educational Technologies, Walters State Community College
Mr. James (JB) Pectol, Vice President for Institutional Effectiveness and Compliance, Walters State Community College
Ms. Vanessa Overton, Director of Financial Services, Walters State Community College

TBR System-wide Internal Audit Team

Mr. Mike Batson, Chief Audit Executive
Ms. Kate Walker, Administrative Assistant II
Ms. Helen Vose, TCAT Auditor
Ms. Jennifer Garoutte, Investigative Auditor
Mr. Donald Fritts, Information Systems Auditor
Ms. Jacqueline Struckmeyer, Director of Internal Audit

College Directors of Internal Audit

Mr. Henry Ho, Director of Internal Audit, Nashville State Community College
Ms. Nancy Batson, Director of Internal Audit, Volunteer State Community College
Mr. Mark Ortlieb, Director of Internal Audit, Walters State Community College
Ms. Cynthia Cortesio, Director of Internal Audit, Roane State Community College

Tennessee Board of Regents – Quality Assurance Review, Independent External Validation

Appendix III – Community College QAR Summary

Our review included 13 community college QAR self-assessments with four (4) on-site visits to community colleges. Below is a summary of the community colleges’ QAR self-assessments and our opinions:

Community College	Self-Assessment Opinion	Independent Validator Opinion
Chattanooga State Community College	GC	GC
Cleveland State Community College	GC	GC
Columbia State Community College	GC	GC
Dyersburg State Community College	GC	GC
Jackson State Community College	GC	GC
Motlow State Community College	GC	GC
Nashville State Community College*	GC	GC
Northeast State Community College	GC	GC
Pellissippi State Community College	GC	GC
Roane State Community College*	GC	GC
Southwest Community College	GC	GC
Volunteer State Community College*	GC	GC
Walters State Community College*	GC	GC

Legend:

GC Generally Conforms
 PC Partially Conforms
 DNC Does Not Conform

*On-site Visit by Independent Validator:

Nashville State Community College
 Roane State Community College
 Volunteer State Community College
 Walters State Community College

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Appendix IV – Biography of Reviewers

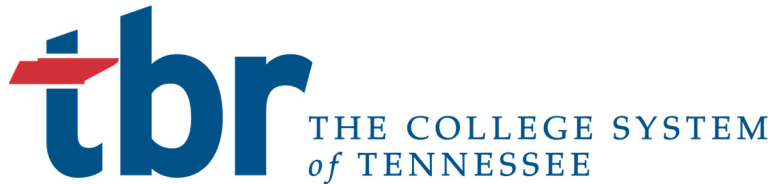
Jana Clark, MBA, CIA, CICA, CRMA, CFE, is the Chief Audit Executive at Kansas State University in central Kansas. She holds a Bachelor of Science degree in Secondary Education with an emphasis in Biological Sciences and a Master in Business Administration degree from Emporia State University. Jana has over 15 years of internal audit and accounting/finance experience in the industries of higher education, health care, and retail. She also was charged with leading the Sarbanes-Oxley effort for a publicly traded retail company. Jana has performed and/or led external QAR validations for the University of Calgary, Colorado State University, Tennessee Board of Regents, University of New Mexico, and Georgia Southern University. Jana’s professional activities include serving as an ACUA (Association of College and University Auditors) Board Member at Large (2022-present) AuditCon Conference Director (2020-2022), Audit Interactive Conference Director (2020-2021), distance learning director (2016-2017), track coordinator, proctor, speaker, conference planning committee member, and member of the mid-year conference host committee, as well as a speaker/presenter at the Big 12 Internal Audit Conference. Jana is a member of the Topeka Chapter of the IIA (Institute of Internal Auditors), the ACFE (Association of Certified Fraud Examiners), and the IIC (Institute for Internal Controls).

Katrina McNair, CFE, is the Chief Audit & Compliance Officer at Georgia Southern University in Statesboro, Georgia. She holds Bachelor of Business Administration degrees in both Accounting and Management and a minor in Fraud Examination from Georgia Southern University. She joined the office of Internal Audit, Risk & Compliance in 2013 as an Auditor II and was promoted to Associate Director in 2016 and then to CAO in April 2021. Katrina's professional activities include volunteer work with ACUA (Association of College and University Auditors) as the AuditCon Conference Planning Committee Director (current), Track Coordinator, Host Committee member, and Proctor. Katrina is a member of the IIA (Institute of Internal Auditors), and the ACFE (Association of Certified Fraud Examiners).

Martha Winegar, CPA is the Associate Director of Internal Audit at East Tennessee State University (ETSU). She holds a Bachelor of Business Administration degree with an emphasis in Accounting from Morehead State University and Master’s Certificates in both Forensic Document Examination and Data Analytics from ETSU. Martha has over 17 years of internal audit and accounting experience. She has been with ETSU as an internal auditor for over 11 years and worked as a Certified Public Accountant for 6 years. Martha has performed external QAR validations for Georgia Southern and Tennessee Tech University. She is a member of the East Tennessee Chapter of the IIA (Institute of Internal Auditors) and ACUA (Association of College and University Auditors).

We appreciate the opportunity to be of service to the Tennessee Board of Regents and the courtesies and cooperation extended to us throughout this review.

CONFIDENTIAL



BOARD TRANSMITTAL

MEETING: Committee on Audit

SUBJECT: Review of Revisions to TBR Policy 4.01.05.00- Internal Audit

DATE: August 29, 2023

PRESENTER: Mike Batson

ACTION REQUIRED: Roll Call Vote

STAFF'S
RECOMMENDATION: Approve

The proposed revisions to this policy are to modify certification requirements for the college internal auditors, clarify continuing education requirements, align the compensation section with the Audit Committee Charter, and make other minor corrections.

The proposed revisions have been reviewed by the Business Affairs Sub-Council and will go before the Presidents and the full Board if approved by the Audit Committee.

Internal Audit: 4.01.05.00

Policy/Guideline Area

Business and Finance Policies
Applicable Divisions

TCATs, Community Colleges, System Office, Board Members
Purpose

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

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

Definitions

- Definitions are provided in the body of the policy.

Policy/Guideline

I. General Statement

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

II. Internal Audit Standards

- A. Each internal audit function shall adhere to The Institute of Internal Auditors' (IIA) International Standards for the Professional Practice of Internal Auditing and Code of Ethics (T.C.A. § 4-3-304(9)). The Institute of Internal Auditors, International Professional Practices Framework (IPPF), incorporates the

definition of internal auditing, the International Standards for the Professional Practice of Internal Auditing, the Code of Ethics, and the Core Principles for the Professional Practice of Internal Auditing into one document. It includes the following definition of internal auditing:

1. Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.
- B. Risk is the possibility of an event occurring that will have an impact on the achievement of an institution's goals and objectives.
1. Risk is measured in terms of the impact an event may have and the likelihood that the event will occur.
 2. To optimize the achievement of the institution's goals and objectives, the Board and management ~~act~~ ~~acts~~ to minimize the related risks by implementing reasonable procedures to control and monitor the risks.
- C. Governance processes are the combination of processes and structures implemented by the Board to inform, direct, manage, and monitor the activities of the organization toward the achievement of its objectives.
1. Examples of such processes include:
 - a. The organizational structure within an institution or a department.
 - b. Policies, ~~guidelines~~ ~~guidelines~~, and procedures instituted by the Board or management to direct and control a particular activity such as maintenance fees or hiring practices.
 - c. Preparation and review procedures for preparing reports such as annual financial statements or federal grant or financial aid reports.
- D. The IPPF includes attribute standards, which address the expected characteristics of organizations and individuals performing internal audit

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

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

III. Internal Audit Personnel

- A. Community Colleges shall employ at least one full-time internal auditor.
- B. ~~Titles~~The titles of internal audit staff shall be consistent within the overall institutional structure.
- C. Internal Audit Staff
 - 1. Internal audit staff must possess the professional credentials, knowledge, skills, and other competencies needed to perform their individual responsibilities.
 - 2. The internal audit function collectively must possess or obtain the knowledge, skills, and other competencies needed to perform its responsibilities.
 - 3. ~~The campus Internal Audit Director and the System~~System-wide Chief Audit Executive must be licensed as a Certified Public Accountant or a Certified Internal Auditor, maintain an active license and annually complete sufficient, relevant continuing professional education to satisfy the requirements for the professional certification held.

4. ~~The campus Internal Audit Director must be licensed as a Certified Public Accountant, Certified Internal Auditor, and/or a Certified Information Systems Auditor and maintain an active license.~~

~~3.~~

4.5. ~~All Other~~ system auditors ~~must should~~ annually complete sufficient, relevant continuing professional education to satisfy the requirements for ~~the their related~~ professional certification ~~held or, at a minimum, forty hours of relevant continuing professional education.~~

5.6. Internal Audit Directors should communicate concerns to management and the System-wide Chief Audit Executive regarding the lack of sufficient resources to complete the objectives of an engagement or the audit plan.

6.7. Such resources may include the need for additional personnel or personnel with specialized knowledge, such as those with knowledge of fraud, information technology or other technical areas.

D. Appointments

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

E. Compensation

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

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F. Termination or Change of Status

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

IV. Internal Audit Role and Scope

A. Reporting Structure

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

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

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

D. The internal auditors' responsibilities include:

1. Working with management to assess institutional risks and developing an audit plan that considers the results of the risk assessment.
2. Evaluating institutional controls to determine their effectiveness and efficiency.

3. Coordinating work with external auditors, program reviewers, and consultants.
 4. Determining the level of compliance with internal policies and procedures, state and federal laws, and government regulations.
 5. Testing the timeliness, reliability, and usefulness of institutional records and reports.
 6. Recommending improvements to controls, operations, and risk mitigation resolutions.
 7. Assisting the institution with its strategic planning process to include a complete cycle of review of goals and values.
 8. Evaluating program performance.
 9. Performing consulting services and special requests as directed by the Audit Committee, the Chancellor, or the institution's President.
- E. The scope of internal auditing extends to all aspects of institutional operations and beyond fiscal boundaries. The internal auditor shall have access to all records, personnel, and physical properties relative to the performance of duties and responsibilities.
- F. The scope of a particular internal audit activity may be as broad or as restricted as required to meet management needs.
- G. Objectivity is essential to the internal audit function. Therefore, internal audit personnel should not be involved in the development and installation of systems and procedures, preparation of records, or any other activities that the internal audit staff may review or appraise. However, internal audit personnel may be consulted on the adequacy of controls incorporated into new systems and procedures or on revisions to existing systems.
- H. Management is responsible for identifying, evaluating, and responding to potential risks that may impact the achievement of the institution's objectives.

Auditors continually evaluate the risk management, internal control, and governance processes. To facilitate these responsibilities, Internal Audit will receive notices or copies of external audit reviews, program reviews, fiscally related consulting reports, cash shortages, physical property losses, and employee misconduct.

V. **Audit Plans and Activity Reports**

- A. Internal Audit shall develop an annual audit plan using an approved risk assessment methodology.
- B. At the beginning of each fiscal year, after consultation with the Chancellor or President and other institution management, Internal Audit will prepare an annual audit plan. The audit plan must be flexible to respond to immediate issues and will be revised for such changes during the year.
- C. Audit plans and revisions will be reviewed by the System-wide Chief Audit Executive and approved by the Audit Committee.
- D. At the end of each fiscal year, Internal Audit will prepare an annual activity report of all significant audit services performed.
- E. Annual activity reports and approved audit plans will be provided to the Comptroller's Office, Division of State Audit.

VI. **Audit Engagements**

- A. Audit engagements will be planned to provide relevant results to management and the Audit Committee regarding the effectiveness and efficiency of processes and controls over operations. To ensure management's expectations are met, auditors will communicate with management regarding the objectives and scope of the engagement.
- B. In planning and during the engagement, auditors should consider and be alert to risks that affect the institution's goals and objectives, operations, and resources. Auditors should consider risks based on the operations under

review, which include but are not limited to the risk of financial misstatements, noncompliance, and fraud.

- C. An audit work program will be designed to achieve the objectives of the engagement and will include the steps necessary to identify, analyze, evaluate and document the information gathered and the conclusions reached during the engagement.
- D. Working papers that are created, ~~obtained~~obtained, or compiled by an internal audit staff are confidential and are not an open record (T.C.A. § 4-~~34~~-304(9)).

VII. **Communicating Audit Results**

- A. A written report that documents the objectives, scope, conclusions, and recommendations of the audit will be prepared for audit engagements providing assurance to the Board and management. Management will include corrective action for each reported finding.
- B. Internal Audit will follow-up on findings or recommendations included in internal audit reports, investigation reports, and State Audit reports. The status of Internal Audit recommendations and/or findings will be monitored through the recommendation logs. For recommendations not corrected at the time of Internal Audit follow-up or the corrective action due date, management will be asked to provide a revised corrective action implementation date. A written internal audit follow-up report is required for all State Audit reports that include findings, regardless of the current status of audit findings. The Chancellor or institution's President, along with the Audit Committee, will be notified at the conclusion of a follow-up review if management has not corrected the reported finding or implemented the recommendation.
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finding. In a case where allegations are not substantiated by the review and there are no other operational concerns to report to management regarding the review, the case may be closed by writing a memo to the working paper file documenting the reasons for closing the case.

- D. Reports on special studies, consulting services, and other non-routine items should be prepared as appropriate, given the nature of the assignment.
- E. All internal audit reports will be signed by the institution's Internal Audit Director and transmitted directly to the Chancellor or President, [as applicable](#), in a timely manner.
- F. The Internal Audit Director will transmit an electronic copy of the internal audit report to the System-wide Chief Audit Executive.
- G. The System-wide Chief Audit Executive will present significant results of internal audit reports to the Audit Committee quarterly.
- H. The System-wide Chief Audit Executive will provide a copy of each report to the Comptroller's Office, Division of State Audit.

VIII. [Exceptions](#)

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

Sources

Authority

T.C.A. § 49-8-203; All other State statutes referenced in this policy; Institute of Internal Auditors

History

June 3, 1981 TBR Presidents' Meeting; July 1, 1984; May 20, 1986; February 14, 1989; November 14, 1989; August 13, 2002; February 10, 2004; November 18, 2004; Changed from Guideline B-050 at TBR Board Meeting, June 29, 2007; TBR Board Meeting, December 6, 2007; TBR Board Meeting, December 8, 2011; TBR Board Meeting March 27, 2015; TBR Board Meeting September 29, 2018.

Internal Audit: 4.01.05.00

Policy/Guideline Area

Business and Finance Policies
Applicable Divisions

TCATs, Community Colleges, System Office, Board Members
Purpose

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

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

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- D. Working papers that are created, obtained, or compiled by an internal audit staff are confidential and are not an open record (T.C.A. § 4-3-304(9)).

VII. **Communicating Audit Results**

- A. A written report that documents the objectives, scope, conclusions, and recommendations of the audit will be prepared for audit engagements providing assurance to the Board and management. Management will include corrective action for each reported finding.
- B. Internal Audit will follow-up on findings or recommendations included in internal audit reports, investigation reports, and State Audit reports. The status of Internal Audit recommendations and/or findings will be monitored through the recommendation logs. For recommendations not corrected at the time of Internal Audit follow-up or the corrective action due date, management will be asked to provide a revised corrective action implementation date. A written internal audit follow-up report is required for all State Audit reports that include findings, regardless of the current status of audit findings. The Chancellor or institution's President, along with the Audit Committee, will be notified at the conclusion of a follow-up review if management has not corrected the reported finding or implemented the recommendation.
- C. A written report that documents the objectives, scope, conclusions, and recommendations will be prepared for investigations resulting from allegations or identification of fraud, waste, or abuse. As appropriate to the circumstances, management will include corrective action for each reported finding. In a case

where allegations are not substantiated by the review and there are no other operational concerns to report to management regarding the review, the case may be closed by writing a memo to the working paper file documenting the reasons for closing the case.

- D. Reports on special studies, consulting services, and other non-routine items should be prepared as appropriate, given the nature of the assignment.
- E. All internal audit reports will be signed by the institution's Internal Audit Director and transmitted directly to the Chancellor or President, as applicable, in a timely manner.
- F. The Internal Audit Director will transmit an electronic copy of the internal audit report to the System-wide Chief Audit Executive.
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VIII. **Exceptions**

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

Sources

Authority

T.C.A. § 49-8-203; All other State statutes referenced in this policy; Institute of Internal Auditors

History

June 3, 1981 TBR Presidents' Meeting; July 1, 1984; May 20, 1986; February 14, 1989; November 14, 1989; August 13, 2002; February 10, 2004; November 18, 2004; Changed from Guideline B-050 at TBR Board Meeting, June 29, 2007; TBR Board Meeting, December 6, 2007; TBR Board Meeting, December 8, 2011; TBR Board Meeting March 27, 2015; TBR Board Meeting September 29, 2018.

BOARD TRANSMITTAL

MEETING: Committee on Audit

SUBJECT: Review of Charters, Responsibilities, and IIA Standards

DATE: August 29, 2023

PRESENTER: Mike Batson

ACTION REQUIRED: Roll Call Vote

STAFF'S
RECOMMENDATION: Approve

Audit Committee Charter

The Audit Committee Charter is reviewed annually, as required by the charter, to consider any needed revisions. Upon approval of any changes by the Audit Committee and Board, the charter is submitted to the Comptroller of the Treasury for review and approval. The Audit Committee Charter was last revised by the Audit Committee on September 1, 2020, and subsequently approved by the Comptroller of the Treasury.

The Internal Audit staff have reviewed the charter and have included the recommended revisions in the materials. The Committee will discuss the charter and consider whether any additional changes are needed.

Internal Audit Charter

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 Mission of Internal Audit and the mandatory elements of the International Professional Practices Framework (the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the *Standards*, and the Definition of Internal Auditing). 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 regarding 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 included revision is recommended to clarify the authority and scope for system-wide internal audit and to make minor corrections.

Responsibilities

The Tennessee Board of Regents policy provides that the Audit Committee shall provide appropriate oversight and accountability on fiscal matters within the Tennessee Board of Regents and shall employ a person qualified by training and experience to serve as an internal auditor and to report directly to the Audit Committee and the Board. The bylaws require that the internal auditor perform the duties required by the Higher Education Accountability Act of 2004 (T.C.A. § 49-14-101 et seq.) including reports to the Committee and development of a process to report and investigate illegal, improper, fraudulent, or wasteful activity. The bylaws provide that in addition to the Regents appointed to the Committee, the Board may select one or more certified public accountants or other qualified citizens who are not members of the Board to serve on the Audit Committee.

A summary chart of Audit Committee responsibilities incorporates requirements noted in the Higher Education Accountability Act referenced in the policies, as well as the Board's Audit Committee Charter, Policy 4:01:05:00 on Internal Audit, and guidance previously provided by the Comptroller of the Treasury. The Committee will discuss these responsibilities.

IIA Standards

State law requires that internal auditors of state entities follow the professional auditing standards of The Institute of Internal Auditors, an international association of internal auditors. The Committee will discuss the Standards and related requirements applicable to the internal audit functions within the Tennessee Board of Regents system. A quality assurance and improvement program is required to monitor ongoing conformance with the Standards. Periodic internal and external assessments are key processes in a quality assurance program. An overview of the Standards is included in this section.

Tennessee Board of Regents *Audit Committee Charter*

Purpose

The Audit Committee, a standing committee of the Tennessee Board of Regents, provides oversight and accountability on all aspects of institutional operations within the Tennessee Board of Regents system. The committee will assist the Board in fulfilling its oversight responsibilities by reporting regularly to the Board about Audit Committee activities and issues that arise with such recommendations as the committee deems appropriate. The Audit Committee will provide for open ~~communications~~communication among the Board of Regents, the Board's and colleges' senior management, the Tennessee Comptroller of the Treasury, and System-wide Internal Audit regarding audit matters.

For the Board of Regents and its colleges, the Audit Committee will provide oversight in the following areas:

- Audit engagements with the Tennessee Comptroller's Office, including the integrity of financial statements and compliance with legal and regulatory requirements.
- Audit engagements with external auditors.
- Internal Audit activities.
- Internal Audit administration.
- Internal controls and compliance with laws, ~~regulations~~regulations, and other requirements.
- Risk and control assessments.
- Fraud, waste and abuse prevention, detection, and reporting.
- Other areas as directed by the Board.

Audit Standards

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

Authority and Scope

The Audit Committee has the authority to conduct or authorize audits or investigations into any matter within its scope of responsibility. The scope of internal auditing extends to all aspects of institutional operations and beyond fiscal boundaries. The committee is authorized to:

- Seek any information it requires from employees or external parties. Employees are directed to cooperate with the committee's requests.
- Have access to all books, records and physical properties of the Tennessee Board of Regents and its colleges.
- Meet with Board and institutional officials, external and internal auditors, legal counsel, or ~~others~~others, as necessary.
- Delegate authority to subcommittees, providing that such decisions by any subcommittee are presented to the full committee at its next scheduled meeting.

Organization and Reporting Structure

In accordance with T.C.A. 49-14-102 and TBR Policy 04-01-05-00, *Internal Audit*, the Board employs a person qualified by training and experience to serve as the Chief Audit Executive for the system. The System-wide Chief Audit Executive reports directly to the Audit Committee and the Board. The System-wide Chief Audit Executive reports administratively to the Vice Chancellor for Business and Finance. The campus Internal Auditors report to the respective community college President with audit reporting responsibility to the Audit Committee and the Board through the System-wide Chief Audit Executive. The Chief Audit Executive coordinates audit activities with the Tennessee Comptroller of the Treasury, with the campus internal auditors and with any other external auditors. The Audit Committee facilitates any audit and investigative matters, including advising auditors and investigators of any information the committee may receive pertinent to these matters.

Role and Responsibilities

The Audit Committee will carry out the following duties for the Board and its colleges and will report to the Board about Audit Committee activities and issues that arise with such recommendations as the committee deems appropriate:

Tennessee Comptroller of the Treasury Audits

- Understand the scope and approach used by the auditors in conducting their examinations.
- Review results of the Comptroller's examinations of financial statements and any other matters related to the conduct of the audits.
- Review with management and general counsel any legal matters (including pending litigation) that may have a material impact on the financial statements, and any material reports or inquiries from regulatory or governmental agencies.
- Resolve any differences between management and the Comptroller's auditors regarding financial reporting.
- Meet, as needed, with the Comptroller's auditors to discuss any matters that the Audit Committee or auditors deem appropriate.

Other External Audits

- Understand the scope and approach used by the external auditors in conducting their examinations.

- Review results of the external auditors' examinations and any other matters related to the conduct of the audits.
- Meet with the external auditors to discuss any matters that the Audit Committee or auditors deem appropriate.

Internal Audit Activities

- Ensure that the Chief Audit Executive has direct and unrestricted access to the chairman and other committee members.
- Review and approve the charter for the System-wide Internal Audit function and the colleges' audit functions.
- Review and approve the annual audit plans for the system office and the colleges' audit functions, including management's request for unplanned audits.
- Receive and review significant results of internal audits performed.
- Review the results of the year's work with the Chief Audit Executive. Receive and review any other work prepared by the Chief Audit Executive for the system.
- Ensure the internal audit function is authorized to have full, free, unrestricted access to all Tennessee Board of Regents and college records, physical property, and personnel necessary to complete any engagement. Internal audit accepts responsibility for the confidentiality and safeguarding of records and information and handles them in the same prudent manner that TBR expects of the employees normally accountable for them.
- Ensure the internal audit function maintains a quality assurance and improvement program, including internal procedures and assessments and a periodic external quality assessment of conformance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.

Commented [NB1]: Added as a best practice to recognize the requirement for confidentiality with the audit function.

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Internal Audit Administration

- Review the Chief Audit Executive's administrative reporting relationship to the Vice Chancellor for Business and Finance to assure not only that independence is fostered, but adequate resources in terms of staff and budget are provided to enable the department to effectively perform its responsibilities. The Vice Chancellor has administrative authority for approval of the Chief Audit Executive's time, ~~travel~~travel, and other expenses of the Office of System-wide Internal Audit. Additionally, the Vice Chancellor may initiate a performance evaluation of the Chief Audit Executive at the request of the Audit Committee or Chair of the committee. This administrative reporting relationship is meant to facilitate administrative activities and does not diminish the Chief Audit Executive's reporting relationship to the Audit Committee and the Board of Regents.
- Review and approve the appointment, compensation, reassignment, or dismissal of the Chief Audit Executive; review and approve the compensation, and termination of system office internal auditors; review the compensation of campus internal auditors; and approve the termination of campus internal auditors.
- Ensure that the Chief Audit Executive is provided with complete access to the workpapers, and other files maintained by the community college audit functions as requested by the Chief Audit Executive.

Commented [NB2]: This is to ensure access to audit files in the event of vacant positions or extended absences.

Risk, Internal Control and Compliance

- Consider the effectiveness of the internal control system and compliance with laws and regulations, including computerized information system controls and security.
- Understand the scope of internal and external auditors' reviews of internal controls over financial reporting.
- Make recommendations to improve the internal control and compliance systems to ensure the safeguarding of assets and prevention and detection of errors and fraud. The components of the control system are:
 1. control environment—creating a culture of accountability;
 2. risk assessment—performing analyses of program operations to determine if risks exist;
 3. control activities—taking actions to address identified risk areas;
 4. information and communication—using and sharing relevant, reliable, and timely information; and
 5. monitoring—tracking improvement initiatives and identifying additional actions needed to further improve program efficiency and effectiveness.
- Review and evaluate risk assessments performed by management of the Board and its colleges.

Fraud

- Ensure that the Board, the management and staff of the Board, and its colleges take all reasonable steps to prevent, detect, and report fraud, ~~waste~~waste, and abuse.
- Formally and regularly inform management of their responsibility for preventing, detecting, and reporting fraud, ~~waste~~waste, and abuse.
- Establish a process for employees, ~~taxpayer~~taxpayers, and other citizens to confidentially report suspected illegal, improper, ~~wasteful~~wasteful, or fraudulent activity.
- Inform the Comptroller of the Treasury of assessments of controls to reduce risks of fraud.
- Promptly report indications of fraud to the Comptroller of the Treasury.

Other

- Review and assess the adequacy of the Audit Committee's charter annually, requesting Board approval for proposed changes.
- Ensure the receipt, ~~retention~~retention, and resolution of complaints regarding accounting, internal ~~controls~~controls, or auditing matters.
- Review the Board's policies regarding employee conduct to ensure they are readily available to all employees, easy to understand and implement, enforced, and provide a confidential means of reporting violations.
- Review the Board's policy regarding conflict of interest to ensure that "conflict of interest" is clearly defined, guidelines are comprehensive, annual signoff is required for those in key positions and procedures are in place to ensure potential conflicts are adequately resolved and documented.

Membership

Tennessee Code Annotated, Section 49-8-201, includes the requirements for the appointment and terms of public members of the Tennessee Board of Regents. From this membership, the Audit Committee and its chair shall be appointed annually by the Board Chairman pursuant to Board bylaws and shall consist of at least one member, preferably the chair of the committee, who shall have accounting and financial management expertise and other members who are generally knowledgeable in financial, management, and auditing matters. In addition to the Regents appointed to the committee, the Board may select one or more certified public accountants or other qualified citizens who are not members of the Board to serve on the Audit Committee. The committee shall have at least three but not more than seven members.

Independence

Each member shall be free of any relationship that would give the appearance of a conflict or that would interfere with his or her exercise of independent judgment.

Education

The Board's senior management and the System-wide Internal Audit office are responsible for providing the committee with educational resources related to accounting principles, internal controls, applicable policies, and other information that may be requested by the committee to maintain appropriate financial and compliance literacy.

Meetings

The Audit Committee shall meet as necessary, but at least quarterly. The committee may invite Board management, auditors, or others to attend and provide relevant information. Meeting agendas will be provided to members in advance, along with appropriate briefing materials. Minutes will be prepared. A majority of the members of the committee shall constitute a quorum for the transaction of business. The committee shall also meet at the request of the Comptroller of the Treasury.

The Audit Committee shall follow the public notice requirements of the Board. All meetings of the Committee shall be subject to the open meetings provisions of *Tennessee Code Annotated*, Title 8, Chapter 44, except that, as provided by *Tennessee Code Annotated*, Section 4-35-108(b), the committee may hold confidential, nonpublic executive sessions to discuss:

1. Items deemed not subject to public inspection under *Tennessee Code Annotated*, Sections 10-7-503 and 10-7-504, and all other matters designated as confidential or privileged under this code;
2. Litigation;
3. Audits or investigations;
4. Information protected by federal law, and
5. Matters involving information under *Tennessee Code Annotated*, Section 4-35-107(a), where the informant has requested anonymity.

Source: Committee on Audit Meeting, November 23, 2004; Committee on Audit Meeting, June 29, 2006; Committee on Audit Meeting, September 11, 2007; Committee on Audit Meeting, November 17, 2009; Committee on Audit Meeting, November 16, 2010; Committee on Audit Meeting, November 25, 2014; Committee on Audit Meeting, November 15, 2016; Committee on Audit Meeting, November 13, 2018; Committee on Audit Meeting, September 1, 2020.

Tennessee Board of Regents

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(Name of institution)

Internal Audit Charter

Introduction

(Name of institution) 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. (Name of institution) 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 (name of institution) 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 (name of institution) 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 (name of institution)’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~~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.

(Name of institution)'s management has the primary responsibility for establishing and maintaining a sufficient system of internal controls.

Audit Standards

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

Authority and Scope

Internal audit's review of operations may include the examination and evaluation of the effectiveness of all aspects of institutional operations at (name of institution.) In the course of its work, internal audit has complete and direct access to all (name of institution) personnel, records, physical property, and employee information relative to the performance of duties and responsibilities necessary to complete any audit engagement. Internal audit accepts responsibility for the confidentiality and safeguarding of records and information and handles them in the same prudent manner that (name of institution) expects of the employees normally accountable for them.

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~~internal audit has complete and direct access to all (name of institution) books, electronic and manual records, physical properties, and personnel information relative to the performance of duties and responsibilities. All documents and information given to internal audit during their work will be handled in the same prudent manner that (name of institution) expects of the employees normally accountable for them.~~

Commented [NB1]: To recognize confidentiality required of IA

Organizational Status/Reporting Structure

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

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

State of Tennessee, Comptroller's Office. Management is provided a discussion draft of the audit report prior to the report being issued. Internal audit is responsible for following up timely on audit findings to ascertain the status of management's corrective actions.

The System-wide Chief Audit Executive will be provided access to internal audit workpapers or other internal audit files and documentation by the college as needed for review, continuity of audit operations, for determination of System-wide best practices, or as otherwise deemed necessary.

Commented [NB2]: To ensure efficient access to audit files in the event of vacancy, extended absence, or independent review of workpapers.

Independence and Objectivity

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

Responsibility and Role

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

- Comply with auditing standards established by the Institute of Internal Auditors to ensure the effectiveness and quality of the internal audit effort.
- Develop and implement audit plans and programs after consultation with the President that respond to both risk and cost effectiveness criteria.
- Review the reliability and integrity of information, and the information technology processes that produce that information.
- Verify compliance with applicable policies, guidelines, laws, and regulations.
- Suggest policies and procedures or improvements to existing policies and procedures where appropriate.
- Provide audit reports that identify internal control issues and make cost-effective recommendations to strengthen control.
- Facilitate the resolution of audit issues with administrators who have the most direct involvement and accountability.

- Review institutional operations (financial and other) on an advisory basis to inform and assist management in the successful execution of their duties.
- Assist with audits or perform certain agreed upon procedures for external parties. External parties include but are not limited to audit offices of federal and state governments and related agencies.
- Review management’s risk assessment process and advise management on the reasonableness and propriety of the assessment.
- Promote and evaluate fraud prevention and identification programs and investigate allegations involving fraud, waste, and abuse.
- Demonstrate and promote appropriate ethics and values within the organization.
- Communicate activities and information among the board, internal auditors, external ~~auditors~~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~~The Chief Audit Executive will periodically assess this charter 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, (name of institution)

Date

Auditor, (name of institution)

Date

(Name of institution)

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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.

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Organizational Status/Reporting Structure

In accordance with T.C.A. 49-14-102 and TBR Policy 4.01.05.00, *Internal Audit*, the System-wide Chief Audit Executive reports directly to the Audit Committee and the TBR. (Name of institution)'s internal auditor reports to the President with audit reporting responsibility to the Audit Committee and the Board through the System-wide Chief Audit Executive.

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

The System-wide Chief Audit Executive will be provided access to internal audit workpapers or other internal audit files and documentation by the college as needed for review, continuity of audit operations, for determination of System-wide best practices, or as otherwise deemed necessary.

Independence and Objectivity

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

Responsibility and Role

TBR Policy 04.01.05.00, *Internal Audit*, states the role of internal audit is to assist members of the organization in the effective discharge of their responsibilities. Meaningful internal auditing requires cooperation among internal audit, (name of institution)'s administration, and the department under audit. In fulfilling their responsibilities, internal audit will:

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

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

Quality Assurance and Improvement

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

Periodic Review of Internal Audit Charter

The Chief Audit Executive will periodically assess this charter 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, (name of institution)

 Date

 Auditor, (name of institution)

 Date

**Tennessee Board of Regents
Chart of Audit Committee Responsibilities**

<i>Responsibilities for Governance and Oversight</i>		
	Performed	Requirement
A standing committee of the Board to meet as necessary, but at least annually.	Quarterly	S/C
Assist the Board by providing oversight and accountability on financial reporting and related disclosures, internal controls, and all other aspects of operations.	Ongoing	S/G/C
Maintain independence to avoid even the appearance of a conflict that would interfere with independent judgment (annual disclosure).	Ongoing	S/C
Review and assess the adequacy of the Audit Committee charter. Obtain approval of the Board and Comptroller.	Annually	S/G/C
<i>Responsibilities for Internal Audit Activities</i>		
Review and approve the charter of the System-wide Internal Audit (SWIA) and campus internal audit functions.	Annually	S/G/C
Provide a process for confidential complaints of suspected fraud, waste, or abuse.	Ongoing	S/G/C
Review and approve the annual and revised audit plans of SWIA and campus audit functions, including management requests for unplanned assignments.	Annually / Quarterly	C/P
Facilitate audits and investigations from initiation to resolution, including advising auditors of pertinent information received.	Ongoing	S/G/C
Review reports and audits of expenses of the chancellor and presidents.	Annually	S/P
Review significant results of internal audit work performed.	Quarterly	C
Review the internal auditor's report of audit activity at least annually.	Annually	S/C/P
Review reports on the internal audit function's quality assurance and improvement program to monitor and ensure compliance with the IIA <i>Standards</i> .	Annually	S/C/P
<i>Responsibilities for External Audit Activities</i>		
Review results of the Comptroller's audits of financial statements and other matters.	Quarterly	S/C
Meet with the Comptroller or State auditors upon request.	As Needed	S/C
Review significant results of any external auditors or regulators.	As Needed	C
<i>Responsibilities for Management's Control Activities</i>		
Review and evaluate management's assessment of risk and fraud, assuring internal controls are in place to mitigate significant risks.	Annually	S/C/G/P
Reiterate to the Board, management, and staff their responsibility for preventing, detecting, and reporting fraud, waste, and abuse.	Annually	S/G/C
Promptly notify the Comptroller of the Treasury of any indications of fraud.	As Needed	S/G/C
Review with management and general counsel any legal matters (including pending litigation) that may have a material impact on the financial statements, and any material reports or inquiries from regulatory or governmental agencies.	As Needed	S/C
Review the Board's policies regarding employee conduct to ensure they are available to all employees, easy to understand and implement, enforced and provide a confidential means of reporting violations.	As Needed	G/C
Review the Board's policy regarding conflict of interest to ensure that it is clearly defined and comprehensive and conflicts are adequately resolved and documented.	As Needed	G/C
<i>Responsibilities for Internal Audit Personnel and Resources</i>		
Employ a qualified internal auditor (CAE) reporting directly to the audit committee and Board, removable only for cause by a majority vote of the Board.	Ongoing	S/C/P
Review CAE's administrative reporting relationship to assure independence and adequate budget and staff resources to perform duties effectively.	Annually	C
Review and approve appointment, compensation, reassignment, or dismissal of CAE.	Annually	S/C/P
Review and approve compensation or termination of system office internal auditors.	Annually	C/P
Review compensation of campus internal auditors. Review and approve termination of campus internal auditors.	Annually	S/C/P
Legend:		
S – State Statute	P – TBR Internal Audit Policy, 4-01-05-00	
C – TBR Audit Committee Charter	G – Guidance for Audit Committees by Comptroller 154	

*Tennessee Board of Regents
Audit Committee Meeting – August 29, 2023
Summary of International Standards for the Professional Practice
of Internal Auditing (Standards)*

Attribute Standards (1100 – 1300)

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 Mission of Internal Audit and the mandatory elements of the International Professional Practices Framework (the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the *Standards*, and the Definition of Internal Auditing). The chief audit executive must periodically review the internal audit charter and present it to senior management and the board for approval.

1010 – Recognition of the Definition of Internal Auditing, the Code of Ethics, and the Standards in the Internal Audit Charter

The mandatory nature of the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the Standards, and the Definition of Internal Auditing must be recognized in the internal audit charter. The chief audit executive should discuss the Mission of Internal Audit and the mandatory elements of the International Professional Practices Framework with senior management and the board.

1100 – Independence and Objectivity

The internal audit activity must be independent, and internal auditors must be objective in performing their work.

1110 – Organizational Independence

The chief audit executive must report to a level within the organization that allows the internal audit activity to fulfill its responsibilities. The chief audit executive must confirm to the board, at least annually, the organizational independence of the internal audit activity.

1111 – Direct Interaction with the Board

The chief audit executive must communicate and interact directly with the board.

1112 – Chief Audit Executive Roles Beyond Internal Auditing

Where the chief audit executive has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards must be in place to limit impairments to independence or objectivity.

1120 – Individual Objectivity

Internal auditors must have an impartial, unbiased attitude and avoid any conflict of interest.

1130 – Impairment to Independence or Objectivity

If independence or objectivity is impaired in fact or appearance, the details of the impairment must be disclosed to appropriate parties. The nature of the disclosure will depend upon the impairment.

1200 – Proficiency and Due Professional Care

Engagements must be performed with proficiency and due professional care.

1210 – Proficiency

Internal auditors must possess the knowledge, skills, and other competencies needed to perform their individual responsibilities. The internal audit activity collectively must possess or obtain the knowledge, skills, and other competencies needed to perform its responsibilities.

1220 – Due Professional Care

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

1230 – Continuing Professional Development

Internal auditors must enhance their knowledge, skills, and other competencies through continuing professional development.

1300 – Quality Assurance and Improvement Program

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

1310 – Requirements of the Quality Assurance and Improvement Program

The quality assurance and improvement program must include both internal and external assessments.

1311 – Internal Assessments

Internal assessments must include:

- *Ongoing monitoring of the performance of the internal audit activity; and*
- *Periodic self-assessments or assessments by other persons within the organization with sufficient knowledge of internal audit practices.*

1312 - External Assessments

External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organization. The chief audit executive must discuss with the board:

- *The form and frequency of external assessment.*
- *The qualifications and independence of the external assessor or assessment team, including any potential conflict of interest.*

1320 – Reporting on the Quality Assurance and Improvement Program

The chief audit executive must communicate the results of the quality assurance and improvement program to senior management and the board. Disclosure should include:

- *The scope and frequency of both the internal and external assessments.*
- *The qualifications and independence of the assessor(s) or assessment team, including potential conflicts of interest.*
- *Conclusions of assessors.*
- *Corrective action plans.*

1321 – Use of “Conforms with the International Standards for the Professional Practice of Internal Auditing”

Indicating that the internal audit activity conforms with the International Standards for the Professional Practice of Internal Auditing is appropriate only if supported by the results of the quality assurance and improvement program.

1322 – Disclosure of Nonconformance

When nonconformance with the Code of Ethics or the Standards impacts the overall scope or operation of the internal audit activity, the chief audit executive must disclose the nonconformance and the impact to senior management and the board.

Performance Standards (2000 – 2600)

2000 – Managing the Internal Audit Activity

The chief audit executive must effectively manage the internal audit activity to ensure it adds value to the organization.

2010 – Planning

The chief audit executive must establish a risk-based plan to determine the priorities of the internal audit activity, consistent with the organization’s goals.

2020 – Communication and Approval

The chief audit executive must communicate the internal audit activity’s plans and resource requirements, including significant interim changes, to senior management and the board for review and approval. The chief audit executive must also communicate the impact of resource limitations.

2030 – Resource Management

The chief audit executive must ensure that internal audit resources are appropriate, sufficient, and effectively deployed to achieve the approved plan.

2040 – Policies and Procedures

The chief audit executive must establish policies and procedures to guide the internal audit activity.

2050 – Coordination and Reliance

The chief audit executive should 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.

2060 – Reporting to Senior Management and the Board

The chief audit executive must report periodically to senior management and the board on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan and on its conformance with the Code of Ethics and Standards. Reporting must also include significant risk and control issues, including fraud risks, governance issues, and other matters that require attention of senior management and/or the board.

2070 – External Service Provider and Organizational Responsibility for Internal Auditing
When an external service provider serves as the internal audit activity, the provider must make the organization aware that the organization has the responsibility for maintaining an effective internal audit activity.

2100 – Nature of Work

The internal audit activity must evaluate and contribute to the improvement of organization's governance, risk management, and control processes using a systematic, disciplined, and risk-based approach. Internal audit credibility and value are enhanced when auditors are proactive, and their evaluations offer new insights and consider future impact.

2110 – Governance

The internal audit activity must assess and make appropriate recommendations to improve the organization's governance process for:

- *Making strategic and operational decisions.*
- *Overseeing risk management and control.*
- *Promoting appropriate ethics and values within the organization;*
- *Ensuring effective organizational performance management and accountability;*
- *Communicating risk and control information to appropriate areas of the organization; and*
- *Coordinating the activities of and communicating information among the board, external and internal auditors, other assurance providers, and management.*

2120 – Risk Management

The internal audit activity must evaluate the effectiveness and contribute to the improvement of risk management processes.

2130 – Control

The internal audit activity must assist the organization in maintaining effective controls by evaluating their effectiveness and efficiency and by promoting continuous improvement.

2200 – Engagement Planning

Internal auditors must develop and document a plan for each engagement, including the engagement's objectives, scope, timing, and resource allocations. The plan must consider the organization's strategies, objectives, and risks relevant to the engagement.

2201 – Planning Considerations

In planning the engagement, internal auditors must consider:

- *The strategies and objectives of the activity being reviewed and the means by which*

the activity controls its performance.

- *The significant risks to the activity's objectives, resources, and operations and the means by which the potential impact of risk is kept to an acceptable level.*
- *The adequacy and effectiveness of the activity's governance, risk management, and control processes compared to a relevant framework or model.*
- *The opportunities for making significant improvements to the activity's governance, risk management, and control processes.*

2210 – Engagement Objectives

Objectives must be established for each engagement.

2220 – Engagement Scope

The established scope must be sufficient to achieve the objectives of the engagement.

2230 – Engagement Resource Allocation

Internal auditors must determine appropriate and sufficient resources to achieve engagement objectives based on an evaluation of the nature and complexity of each engagement, time constraints, and available resources.

2240 – Engagement Work Program

Internal auditors must develop and document work programs that achieve the engagement objectives.

2300 – Performing the Engagement

Internal auditors must identify, analyze, evaluate, and document sufficient information to achieve the engagement's objectives.

2310 – Identifying Information

Internal auditors must identify sufficient, reliable, relevant, and useful information to achieve the engagement's objectives.

2320 – Analysis and Evaluation

Internal auditors must base conclusions and engagement results on appropriate analyses and evaluations.

2330 – Documenting Information

Internal auditors must document sufficient, reliable, relevant, and useful information to support the engagement results and conclusions.

2340 – Engagement Supervision

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

2400 – Communicating Results

Internal auditors must communicate the results of engagements.

2410 – Criteria for Communicating

Communications must include the engagement’s objectives, scope, and results.

2420 – Quality of Communications

Communications must be accurate, objective, clear, concise, constructive, complete, and timely.

2421 – Errors and Omissions

If a final communication contains a significant error or omission, the chief audit executive must communicate corrected information to all parties who received the original communication.

2430 – Use of “Conducted in Conformance with the International Standards for the Professional Practice of Internal Auditing”

Indicating that engagements are “conducted in conformance with the International Standards for the Professional Practice of Internal Auditing” is appropriate only if supported by the results of the quality assurance and improvement program.

2431 – Engagement Disclosure of Nonconformance

When nonconformance with the Code of Ethics or the Standards impacts a specific engagement, communication of the results must disclose the:

- *Principle(s) or rule(s) of conduct of the Code of Ethics or Standard(s) with which full conformance was not achieved.*
- *Reason(s) for nonconformance.*
- *Impact of nonconformance on the engagement and the communicated engagement results.*

2440 – Disseminating Results

The chief audit executive must communicate results to the appropriate parties.

2450 – Overall Opinions

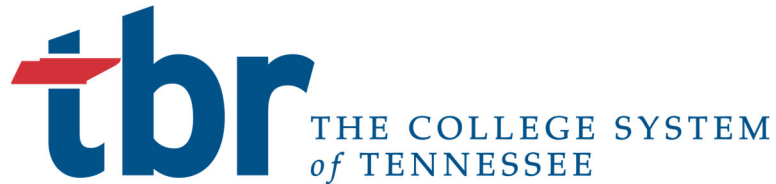
When an overall opinion is issued, it must take into account the strategies, objectives, and risks of the organization; and the expectations of senior management, the board, and other stakeholders. The overall opinion must be supported by sufficient, reliable, relevant, and useful information.

2500 – Monitoring Progress

The chief audit executive must establish and maintain a system to monitor the disposition of results communicated to management.

2600 – Communicating the Acceptance of Risks

When the chief audit executive concludes that management has accepted a level of risk that may be unacceptable to the organization, the chief audit executive must discuss the matter with senior management. If the chief audit executive determines that the matter has not been resolved, the chief audit executive must communicate the matter to the board.



BOARD TRANSMITTAL

MEETING: Committee on Audit

SUBJECT: Consideration of Conflict of Interest Management Plan

DATE: August 29, 2023

PRESENTER: Mike Batson

ACTION REQUIRED: Roll Call Vote

STAFF'S
RECOMMENDATION: Approve

This Conflict of Interest Management Plan addresses a conflict of interest identified by Regent Layah Garton, who was appointed on August 4, 2023, to be the Student Regent through July 30, 2024.

Conflict of Interest Management Plan

This Conflict of Interest Management Plan addresses a conflict of interest identified by Regent Layah Garton, who was appointed on August 4, 2023, to be the Student Regent through July 30, 2024.

Background

Upon appointment, Regent Garton promptly returned a Disclosure Form dated August 7, 2023, which identified that Volunteer State Community College is a customer of First Place Trophy, a business owned by Regent Garton's parents. Under Section 1.A. of TBR Policy 1.02.03.30, Conflict of Interest Policy for Regents, the Board considers a conflict of interest to exist when a Regent or immediate family member, which includes a mother or father, has a direct or indirect financial interest in a transaction involving a college or the TBR System. Section III of TBR Policy 1.02.03.20, Code of Ethics for Members of the Tennessee Board of Regents, provides that disclosed conflicts of interest shall be evaluated by the Board or a duly appointed committee.

Brian Lapps, General Counsel, spoke to Regent Garton, who reported that she is not an owner of First Place Trophy, has no financial interest in First Place Trophy, and has never been a paid employee of First Place Trophy. Thus, Vol State's customer relationship with First Place Trophy does not violate Tennessee Code Annotate § 49-8-203(g). In addition, Chair Miles Burdine reviewed Vol State's purchasing history with First Place Trophy. There has been a longstanding customer relationship, but Vol State's annual spending with First Place Trophy is relatively small and does not create any appearance of impropriety.

Evaluation and Disposition

This matter having been referred to the Audit Committee for evaluation and disposition, the Audit Committee takes the following actions.

1. The Audit Committee finds that (a) Regent Garton is to be commended for promptly identifying and reporting the conflict of interest; (b) there is very little chance the Board will consider any matter that might directly or indirectly benefit First Place Trophy; (b) Regent Garton's parents' business relationship with Vol State does not create an appearance of impropriety or adversely affect Regent Garton's service on the Board; and (d) the conflict of interest can properly be managed.
2. The Audit Committee adopts the following Conflict of Interest Management Plan.
 - a. Regent Garton is reminded to remain aware of her obligation to abide by the Conflict of Interest Policy for Regents and the Code of Ethics for Members of the Tennessee Board of Regents and to avoid taking any action that might appear designed to create financial gain for First Place Trophy.
 - b. Consistent with Board policies, Regent Garton should not attempt to exert any influence on Vol State's business relationship with First Place Trophy.