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**TENNESSEE BOARD OF REGENTS**  
*Committee on Audit*

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**AGENDA**  
**May 29, 2024**

- I. INFORMATIONAL REPORTING (Mike Batson)**
- a. Highlights of Audit Findings and Recommendations**
  - b. Audit Reports and Reviews**
  - c. System-wide Internal Audit Updates**
  - d. University Updates**
- II. ACTION ITEMS (Mike Batson)**
- a. Review of Revisions to Fiscal Year 2024 Internal Audit Plans**
  - b. Review of Internal Audit Charters**
  - c. Review of System-wide Internal Audit Budget for FY 2025**
- III. 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/may-29-2024-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](#).*

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BOARD TRANSMITTAL

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MEETING: Committee on Audit

SUBJECT: Highlights of Audit Findings and Recommendations

DATE: May 29, 2024

PRESENTER: Mike Batson

ACTION REQUIRED: Informational Report

STAFF'S  
RECOMMENDATION: Accept Report

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The following items will be discussed with the Audit Committee:

Miscellaneous External Reviews  
Federal Audits  
Internal Audits  
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 March 31, 2024. 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 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	3/31/2024	1	11/18/2022		Action Completed
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			1/17/2023		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	8/31/2024	4	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. 10/2/2023 - The newly appointed Interim VP Business and Finance is making additional changes to the policy and will complete the revisions during the Spring 2024 policy review cycle. 2/29/2024 - Policy delayed to Summer 2024 policy review cycle to add other changes in the process that occurred in January 2024.	In Progress
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			1/17/2023	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. 3/17/24-Discussed with SCO. Significant turnover had delayed the review. SCO will submit files to the alternate SCO for review.	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	Business and Finance	8/15/2023	4/1/2024	2	5/31/2023	5/31/23 - Requested anticipated completion date. 6/7/23 - Met w/VP of Business & Finance explaining urgency of AR matter. VP was reminded that I will be including an AR audit on my next year fiscal plan. 7/26/23 - Email from Bursar indicates that they are still in the testing state. The goal for them is to move toward billing through Banner instead of sending manual letters/notices. 9/27/23 - Met w/VP. New Bursar has been hired. She said work is continuing on this recommendation. She requested a revised completion date of 12/1/23. 10/19/23 - Met w/ new Bursar & Dir of Acctng to discuss importance of A/R recommendations. 12/7/23 - Met to discuss status of A/R. Bursar, Dir of Acct planning trip to another college to discuss that college's procedures, reports, etc. for managing A/R. 1/24/24 - Met with VP and she requested that the due date be moved out to 4/1/24. RSCC has visited with another college and won't be making an onsite visit. 3/1/24 - Meeting is anticipated to be rescheduled for March.	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
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	Business and Finance	9/15/2023	4/1/2024	2	5/31/2023	5/31/23 - Requested anticipated completion date. 6/7/23 - Met w/VP of Business & Finance explaining urgency of AR matter. VP was reminded that I will be including an AR audit on my next year fiscal plan. 7/26/23 - Email from Bursar indicates that they are still in the testing state. The goal for them is to move toward billing through Banner instead of sending manual letters/notices. 9/27/23 - Met w/VP. New Bursar has been hired. She said work is continuing on this recommendation. She requested a revised completion date of 12/1/23. 10/19/23 - Met w/ new Bursar & Dir of Acctng to discuss importance of A/R recommendations. 12/7/23 - Met to discuss status of A/R. Bursar, Dir of Acct planning trip to another college to discuss that college's procedures, reports, etc. for managing A/R. 1/24/24 - Met with VP and she requested that the due date be moved out to 4/1/24. RSCC has visited with another college and won't be making an onsite visit. 3/1/24 - Meeting is anticipated to be rescheduled for March.	In Progress
STCC	6/17/2021	Audit resources allocated to safeguarding of assets will be increased.	Internal Audit	Business and Finance	3/30/2023	2/28/2024	7	8/1/2023	1/31/2024 This program is being reviewed during the month of February 2024 and the report will be issued in March 2024.	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	3/30/2024	5	9/3/2023	1/31/2024 Request for documentation has been issued to each director and the report is scheduled to be completed in February 2024.	In Progress
ChSCC	12/21/2023	NACHA 2023 2 of 2: Conduct disaster recovery testing and revise the college's plan to include lessons learned and NIST best practices.	Vice-President - Technology	Technology	6/30/2024			3/28/2024	3/28/2024 - Tabletop exercise scheduled for April 26.	Not Yet Due
VSCC	9/25/2023	The expenditure report for September 2020 could not be located and is not included on the Volunteer State CARES Act webpage. Management should prepare a report for this quarter.	Business and Finance	Business and Finance	6/30/2024					Not Yet Due
VSCC	9/25/2023	The June 2022 report should contain explanatory notes to clarify expenses within the reporting categories.	Business and Finance	Business and Finance	6/30/2024					Not Yet Due
VSCC	9/25/2023	The HEERF quarterly reports should utilize the proper naming convention established by the U.S. Department of Education.	Business and Finance	Business and Finance	6/30/2024					Not Yet Due
VSCC	9/25/2023	The HEERF reports should include quarterly expenses rather than cumulative amounts. Management should restate any reports of cumulative expenses to reports of quarterly expenses.	Business and Finance	Business and Finance	6/30/2024					Not Yet Due
VSCC	9/25/2023	The amount of EFA payments to students per the HEERF report reconciles, but does not agree, to the amounts posted on the college website. Likewise, there is a difference in the number of students both qualifying and receiving HEERF payments that is posted on the website and the college records. Management should review these items and provide any necessary adjustments.	Business and Finance	Business and Finance	6/30/2024					Not Yet Due
VSCC	9/25/2023	Beginning June 2022, the HEERF reports should contain a link to the annual report information on the U.S. Department of Education portal.	Business and Finance	Business and Finance	6/30/2024					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 Hohenwald	6/23/2023	CoSCC-TCAT Hohenwald Veteran's Affairs-06232023 Improve Data Security	School Certifying Official	Policy and Strategy	8/31/2023					Action Completed
TCAT Hohenwald	6/23/2023	CoSCC-TCAT Hohenwald Veteran's Affairs-06232023 Improve Management Oversight	School Certifying Official	Policy and Strategy	8/31/2023					Action Completed
TCAT McKenzie	8/7/2023	The TCAT should establish a review process by a supervisor or other employee independent of the Veterans Affairs specialist to ensure completeness of student files and to reduce risk of inaccuracies of data entered into VA Once/Enrollment Manager. During periods when a second reviewer is unavailable, the SCO should consider utilizing self-review techniques, such as a checklist, to assist in ensuring data submitted to the VA is accurate.	School Certifying Official	Policy and Strategy	2/7/2024					Action Completed
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	5/31/2024	1	9/19/2023		Action Completed
TCAT Chattanooga	10/25/2023	TCAT Massage Therapy Tips 4 of 6: TCAT Management should review TBR Guideline A-030: Instructional Projects Exhibit A and consider adopting the stipulation for no direct payment or tipping for services of students or instructors.	Interim Vice President - Technical College	Business and Finance	1/31/2024			1/9/2024		Action Completed
TCAT Chattanooga	10/25/2023	TCAT Massage Therapy Tips 5 of 6: If a no tip policy is enacted, Management should consider signage concerning tips and how program donations can be made through the Chattanooga State Community College Foundation.	Interim Vice President - Technical College	Business and Finance	3/31/2024			3/1/2024		Action Completed
TCAT Chattanooga	10/25/2023	TCAT Massage Therapy Tips 6 of 6: TCAT Client Service Agreement liability language should be updated to reflect the current TBR Instructional Projects Guideline language or adopt the service agreement example provided within the guideline.	Interim Vice President - Technical College	Business and Finance	3/31/2024			2/28/2024		In Progress
TCAT Chattanooga	10/25/2023	TCAT Massage Therapy Tips 2 of 6: TCAT Management and the Massage Therapy Instructors should explore options through the college's class fee and purchasing processes to ensure instructors are not responsible for collecting or paying any money for the CPR Trainer.	Interim Vice President - Technical College	Business and Finance	9/1/2024			10/25/2023	10/25/2023 - A campus taskforce is being formed to evaluate CPR Training provided on campus. 3/1/2024 - Other campus processes created greater expense for TCAT students. TCAT will use a 3rd party agency with payments made directly to the agency. Options will continue to be explored.	In Progress
TCAT Oneida/Huntsville	10/25/2023	The TCAT should establish a review process by a supervisor or other employee independent of the Veterans Affairs specialist to ensure completeness of student files and to reduce risk of inaccuracies of data entered into VA Once/Enrollment Manager. During periods when a second reviewer is unavailable, the SCO should consider utilizing self-review techniques, such as a checklist, to assist in ensuring data submitted to the VA is accurate.	President	Policy and Strategy	6/30/2024					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
CISCC	8/3/2023	CISCC FY 2022 & 2021- Finding 1 of 1 College staff did not prepare timely bank reconciliations.	VP of Finance and Operations	Business and Finance	2/3/2024	4/30/2024		2/2/2024	2/2/24-Follow-up report issued. Corrective actions have not been implemented.	In Progress
STCC	10/22/2020	STCC FY 2019 & 2018 - Finding 1 of 1 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	Policy and Strategy	4/30/2021	12/30/2023	4	4/20/2021	12/13/2023 Corrective actions have not been fully implemented.	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	2/28/2024	2	1/31/2024	1/31/2024 Follow-up report is being reviewed and new procedures and policies have been put in place.	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.  Sixteen of seventeen areas have been corrected.	Chief Information Officer	Business and Finance	12/31/2022	5/31/2024	2	8/10/2022	5/3/2024	In Progress
ClSCC	6/1/2023	ClSCC Information Security Review: Cleveland 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.  One of six areas has been corrected.	Chief Information Officer	Business and Finance	1/31/2024			12/1/2023	4/16/2024	In Progress
STCC	12/15/2023	STCC ITGCR: Southwest Tennessee 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.  Four of ten areas have been corrected.	Chief Information Officer	Business and Finance	3/31/2024			2/8/2024	5/1/2024	In Progress
VSCC	6/10/2022	VSCC ITGCR: Volunteer State Community College did not provide adequate internal controls in six areas. Ineffective internal controls increase the likelihood of errors, data loss, and unauthorized access to college information. The details of this finding are confidential pursuant to Section 10-7-504(i), <i>Tennessee Code Annotated</i> . Details will be provided to the Board during Audit Committee Executive Session.  Five of six areas have been corrected.	Chief Information Officer	Business and Finance	12/31/2022			8/10/2022	7/5/2023	In Progress
TBR System Office and TCATs	12/21/2023	TBR System Office and TCATs ITGCR: The TBR System Office and TCATs did not provide adequate internal controls in seven areas. Ineffective internal controls increase the likelihood of errors, data loss, and unauthorized access to college information. The details of this finding are confidential pursuant to Section 10-7-504(i), <i>Tennessee Code Annotated</i> . Details will be provided to the Board during Audit Committee Executive Session.	Chief Information Officer	Business and Finance	9/30/2024					Not Yet Due

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BOARD TRANSMITTAL

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MEETING: Committee on Audit

SUBJECT: Audit Reports and Reviews

DATE: May 29, 2024

PRESENTER: Mike Batson

ACTION REQUIRED: Informational Report

STAFF'S  
RECOMMENDATION: Accept Report

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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 January 1, 2024 to March 31, 2024.

- Chattanooga State Community College
  - National Association of Student Financial Aid Administrators
  - Standard of Excellence Review
- Roane State Community College
  - THEC
  - Veterans Affairs Review
- Volunteer State Community College
  - THEC
  - Veterans Affairs Supervisory Review
- TCAT Nashville
  - TSAC
  - Financial Aid Program Review



## Federal Audits

The Audit Committee will review executive summaries for the federal audit reports issued before March 31, 2024.

- Columbia State Community College
  - Department of Veterans Affairs
  - Compliance Survey
- Roane State Community College
  - Department of Labor
  - WORC Enhanced Desk Monitoring Review
- Volunteer State Community College
  - Department of Veterans Affairs
  - Compliance Survey

## Internal Audit

The Audit Committee will receive executive summaries for the internal audit reports issued from January 1, 2024, to March 31, 2024, as well as reports issued after March 31, 2024, which contain information considered to be time-sensitive for the Audit Committee's consideration. Below is a listing of the internal audit and investigation reports completed during the reporting period, grouped by type of review. Highlights from these reports were reviewed in agenda item I.a.

### Internal Audit Reports for Informational Purposes- Financial Management

CISCC	NACHA Audit	Page 21
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### Internal Audit Reports for Informational Purposes- Student Services

TCAT Athens	Veterans Affairs Benefits Certification	Page 23
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### Internal Audit Reports for Informational Purposes- Institutional Support

PSCC	Faculty Credentials Fall 2023	Page 25
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### Internal Audit Reports for Informational Purposes- Follow-up

CISCC	Follow-up to the State Audit Report for FY 2022 and 2021	Page 27
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STCC	Follow-up to the Review of Federal Work Study Program	Page 29
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### Internal Audit Reports for Informational Purposes- Investigations

STCC	INV 24-01: Theft Inside the Cafeteria	Page 32
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TCAT Crossville	INV 24-05: Cosmetology Funds	Page 34
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**Tennessee Board of Regents  
Audit Committee  
May 29, 2024**

***Miscellaneous External  
Reviews***

**Chattanooga State Community College**  
**National Association of Student Financial Aid Administrators (NASFAA)**  
**Standard of Excellence Review – Page 1 of 2**  
**September 21, 2023**  
**Executive Summary**

<b>Introduction</b>	<p>A National Association of Student Financial Aid Administrators (NASFAA) Standards of Excellence Peer Review team visited Chattanooga State Community College during September 18-21, 2023.</p> <p>NASFAA’s Standards of Excellence Review Program (SOE) offers reviews of postsecondary education institutions by qualified and experienced financial aid professionals. These reviews provide a professional and consistent means of assessing an institution’s financial aid administration.</p>
<b>Objectives</b>	<p>The visit was a result of an invitation by ChSCC to provide an assessment of the Financial Aid Office (FAO) operations and to identify any compliance concerns that need management attention.</p> <p>The SOE peer review team conducted a preliminary review of documents provided by the institution to assess institutional strengths and weaknesses and identify issues unique to the institution. The review included a number of steps, including, but not limited to, the use of assessment tools developed by NASFAA, assessment of Title IV compliance, identifying good institutional practices, reviewing institutional operations, and financial aid delivery. The reviewers also examined systems and records and interviewed staff and administrators.</p> <p>In this report, the 2022-23 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>

**Chattanooga State Community College**  
**National Association of Student Financial Aid Administrators (NASFAA)**  
**Standard of Excellence Review – Page 2 of 2**  
**September 21, 2023**  
**Executive Summary**

<b>Results</b>	<p>The review noted the cyber security attack in May 2023 and stated that the school’s response was swift and efficient to minimize the potential effects of the breach. The report noted that the attack was disruptive and impacted the school’s preparation for the review.</p> <p>The report noted a number of strengths that enhance student service and overall Title IV program operations. The review also noted compliance errors and opportunities to improve financial aid operations.</p> <p>The review identified 23 compliance exceptions in four areas and provided suggested corrective actions. The review also provided 32 recommendations (non-regulatory guidance) in seven areas to enhance financial aid delivery.</p> <p>The review provided a list of resources where ChSCC can find financial aid management tools to assist in correcting some of the compliance exceptions and implementing some of the recommendations noted in the report.</p>
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**Roane State Community College  
Tennessee Higher Education Commission (THEC)  
Veterans Affairs Review  
November 15, 2023  
Executive Summary**

<b>Introduction</b>	The Tennessee State Approving Agency (SAA) conducted an on-site U.S. Department of Veterans Affairs (VA) Risk Based Survey (RBS) for Roane State Community College on November 7, 2023.
<b>Summary of Findings</b>	During the review of student records, it was discovered the tuition and fee charges submitted to the VA for payment for student A were incorrect (Spring 2023 term). The student file review also revealed student B and student C reduced training time after the enrollment term began (Student B-Spring 2022, Fall 2022; Student C-Spring 2023).The SCO correctly reported the reduction in training time to the VA, however, the SCO failed to report the reduction in the associated tuition and fees for the remaining credit hours to the VA. Referrals for these discrepancies were submitted to the VA for potential corrective action.
<b>Findings Impacting Approval</b>	There are no findings impacting approval.

**Volunteer State Community College  
Tennessee Higher Education Commission (THEC)  
Veterans Affairs Review  
October 23, 2023  
Executive Summary**

<b>Introduction</b>	The Tennessee State Approving Agency (TN-SAA) conducted an on-site U.S. Department of Veterans Affairs (VA)- Supervisory Visit for Volunteer State Community College on October 13, 2023.
<b>Summary of Findings</b>	The TN-SAA conducted an on-site supervisory visit on October 13, 2023. Present for the visit were the Manager of Adult Learners and Veterans Affairs and the Coordinator of Adult Learners and Veterans Affairs. During the supervisory visit, three beneficiary files were reviewed. The records were well organized and contained a majority of the requested documentation. During the review it was discovered military transcripts for two of the beneficiaries had not been obtained and evaluated for potential credit.
<b>Findings Impacting Approval</b>	There are no findings impacting approval.

**Tennessee College of Applied Technology – Nashville**  
**Tennessee Student Assistance Corporation (TSAC)**  
**Financial Aid Program Review**  
**January 17, 2024**  
**Executive Summary**

<b>Introduction</b>	<p>The Tennessee Student Assistance Corporation (TSAC) conducted a review from December 4-6, 2023. The review consisted of a thorough examination of the institution’s procedures for administering state financial aid programs and a sample of student records. Administrative procedures for the application process, verification of student eligibility, disbursement of aid, appeals, and annual reconciliation were reviewed.</p>
<b>Warnings and Findings</b>	<p>There were two warnings and four findings detailed in the report. The report required TCAT Nashville to provide a response to TSAC addressing the deficiencies noted and to perform the required actions as noted in the review. In addition, the institution must provide a written response to prove how the internal policies were updated to resolve the issues noted in the report.</p> <p>The report included a total institutional liability of \$845 related to three TSAC programs. The institution will not receive future grant or scholarship payments until the monies indicated are refunded, the review issues resolved, and the review response is received and approved by THEC.</p> <p>The report noted that all requirements described must be completed and returned to THEC by February 17, 2024.</p>

**Tennessee Board of Regents  
Audit Committee  
March 29, 2024**

***Federal Audit Reports***



**Columbia State Community College**  
**U.S. Department of Veterans Affairs**  
**Compliance Survey**  
**January 16, 2024**  
**Executive Summary**

<b>Introduction</b>	<p>The U.S. Department of Veterans Affairs completed a Compliance Survey at Columbia State Community College. 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) § 3693 administered by VA.</p> <p>The Compliance Survey was conducted onsite at Columbia State Community College (referred to throughout as the ETI) by an Education Compliance Survey Specialist. The official notification of the survey was delivered via email on December 28, 2023. An entrance briefing was held on January 12, 2024 and an exit briefing was held on January 12, 2024 with ETI officials.</p>
<b>Discrepancies</b>	<p>No discrepancies were found within areas of review enumerated in VA Form 22-1934.</p>

**Roane State Community College**  
**U.S. Department of Labor**  
**WORC Enhanced Desk Monitoring Review**  
**February 1, 2024**  
**Executive Summary**

<p><b>Introduction</b></p>	<p>During November 6, through 10, 2023, the U.S. Department of Labor, Employment and Training Administration (ETA), Atlanta Regional Office conducted an enhanced desk monitoring review of the Workforce Opportunities for Rural Communities (WORC) grant administered by Roane State Community College (RSCC). The exit conference was conducted on January 19, 2024. The grant period reviewed included September 30, 2021 – November 10, 2023.</p>
<p><b>Purpose</b></p>	<p>The purpose of ETA’s review was to measure progress, evaluate the management of the grant, the quality of program services, and the grant’s performance to determine if the program has been operating in compliance with the grant agreement and in a manner that will ensure achievement of the stated goals and outcomes. In particular, the review assessed whether the grant is operating in accordance with the Workforce Innovation and Opportunity Act (WIOA); 2 Code of Federal Regulations (CFR) 200, Uniform Administrative Requirements (Uniform Guidance); and DOL Exceptions to 2 CFR Part 200.</p>
<p><b>Finding/ Area of Concern/ Promising Practices</b></p>	<p><b>Finding:</b> Low Grant Expenditures-The college had spent 57% of available grant funds with eight months remaining. This was due to a delayed start-up of the grant in September 2021.</p> <p><b>Area of Concern:</b> Earned credentials not provided to participants. -For two participants, the Certificate of Completion/Continuing Education Unit was provided only to the employer, and not the participant.</p> <p><b>Promising Practices:</b> The report noted five Promising Practices: The Brewing and Distilling Consortium; re-established a Human Resources Alliance; building a 10-Course Banking Training Curriculum; RSCC’s Partnership with the Tennessee Bar Association; and the Leader College of Distinction Designation.</p> <p>Please note that the review did not cover any area outside the defined scope. Although no material issues came to the reviewer’s attention, there is no assurance that other issues may exist.</p> <p><b>Response:</b> The college provided responses to the Finding and Areas of Concern, and the agency accepted the responses and closed the audit.</p>

**Volunteer State Community College**  
**U.S. Department of Veterans Affairs**  
**Compliance Survey**  
**January 16, 2024**  
**Executive Summary**

<b>Introduction</b>	<p>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) § 3693 administered by VA.</p> <p>A routine Compliance Survey was conducted onsite at Volunteer State Community College (VSCC) by the VA Education Compliance Survey Specialist. The official notification of the survey was delivered via email to the VSCC Manager of Adult Learners and Veterans Affairs on December 22, 2023. An entrance briefing was held on January 9, 2024 and an exit briefing was held on January 9, 2024 with VSCC officials.</p>
<b>Discrepancies</b>	<p>No discrepancies were found within areas of review enumerated in VA Form 22-1934.</p>

**Tennessee Board of Regents  
Audit Committee  
May 29, 2024**

***Internal Audit Reports  
Financial Management***

**Cleveland State Community College**  
**NACHA Security Audit**  
**December 2023**  
**January 31, 2024**  
**Executive Summary**

<b>Key Staff Personnel</b>	Vice President of Finance & Operations	<b>Internal Auditor</b>	Denise Callais, Director Internal Audit
<b>Introduction</b>	<p>National Automated Clearing House Association (NACHA) is a not-for-profit association that oversees the Automated Clearing House (ACH) Network, an electronic payment network. NACHA provides the legal foundation for the ACH Network through the development and enforcement of the <i>NACHA Operating Rules &amp; Guidelines</i> which establish a set of requirements in order to provide a minimum amount of protection for WEB entries. WEB entries are internet- initiated entries that NACHA defines as “a debit entry to a Consumer Account initiated by an Originator pursuant to an authorization that is obtained from the Receiver via the Internet.”</p> <p><i>NACHA Operating Rules &amp; Guidelines</i> obligate Originators to:</p> <ul style="list-style-type: none"> <li>• Obtain the consumer’s written authorization prior to initiating a debit entry</li> <li>• Mitigate risks associated with Internet-based payments by: <ul style="list-style-type: none"> <li>○ Authenticating the identity of the Receiver</li> <li>○ Employing a fraudulent transaction detection system</li> <li>○ Establishing secure Internet sessions</li> <li>○ Verifying the Receiving Depository Financial Institution’s routing number</li> <li>○ Reviewing security control procedures</li> </ul> </li> </ul>		
<b>Objectives</b>	<p>The objectives of the audit were to determine the college’s compliance with <i>NACHA Operating Rules &amp; Guidelines</i> for WEB entries related to:</p> <ul style="list-style-type: none"> <li>• Authorization requirements</li> <li>• Formatting requirements</li> <li>• Risk management requirements to adequately protect consumer financial information</li> </ul>		
<b>Scope</b>	<p>This examination was made in accordance with <i>International Standards for the Professional Practice of Internal Auditing</i>, and accordingly included reviews of the applicable policies and procedures, inquiries of College employees, and other auditing procedures as considered necessary in the circumstances.</p>		
<b>Findings</b>	<p>No findings arose from this Internal Audit engagement.</p>		
<b>Conclusion</b>	<p>CLSCC complies with the authorization, formatting, and risk management requirements of the <i>NACHA Operating Rules &amp; Guidelines</i>.</p>		

**Tennessee Board of Regents  
Audit Committee  
May 29, 2024**

***Internal Audit Reports  
Student Services***

**Tennessee College of Applied Technology - Athens**  
**Veterans Affairs Benefit Certification**  
**January 30, 2024**  
**Executive Summary**

<b>Key Staff Personnel</b>	School Certifying Official	<b>Internal Auditor</b>	Kimberly Clingan Director, Internal Audit Chattanooga State Community College
<b>Introduction</b>	<p>The Servicemen’s Readjustment Act of 1944, commonly known as the GI Bill, provides funding for the education of veterans and their dependents. The funding provided under chapters 30, 31, 33, 35 and 1606 of the GI Bill may include tuition and fees, books and supplies, and housing stipends. To obtain these benefits, an eligible veteran must notify the college’s Veteran’s Affairs (VA) Office that he/she (or the dependent of a veteran) wishes to receive veteran’s education benefits under the GI bill and obtain a Certificate of Eligibility (COE) from the U.S. Department of Veterans Affairs. An Annual Reporting Fee (ARF) is paid to the college on a calendar year basis (38 USC 3684(c)) to reimburse some expenses of certifying veteran’s education information and must be used for approved Veteran Affairs support activities.</p>		
<b>Objectives</b>	<p>The objectives of the audit were:</p> <ul style="list-style-type: none"> <li>• To determine whether internal controls provide reasonable assurance that veterans and/or dependents were appropriately certified including enrollment amendments.</li> <li>• To determine the accuracy and review of data entered for students with veteran’s benefits.</li> <li>• To determine proper tracking of Notice of Indebtedness (NOI) letters to ensure the college has remitted payment to the Department of Veterans Affairs.</li> <li>• To determine receipt and proper accounting of the Annual Reporting Fee (ARF).</li> </ul>		
<b>Scope</b>	<p>The audit examined Veterans Affairs Benefit Certification processes for Spring 2022 through Spring 2023 for the Tennessee College of Applied Technology (TCAT) – Athens.</p>		
<b>Conclusion</b>	<p>TCAT - Athens VA processes are well defined and provide adequate internal controls for maintaining compliance with U.S. Department of Veterans Affairs education benefit requirements.</p>		
<b>Recommendations</b>	<p>None</p>		

**Tennessee Board of Regents  
Audit Committee  
May 29, 2024**

***Internal Audit Reports  
Institutional Support***



**Pellissippi State Community College  
Faculty Credentials  
Fall Semester 2023  
January 12, 2024  
Executive Summary**

<b>Key Staff Personnel</b>	President & Vice President of Academic Affairs	<b>Internal Auditor</b>	Interim Director, Internal Audit
<b>Introduction</b>	The President of Pellissippi State Community College requested the audit of faculty credentials. This is an annual audit to ensure that all full-time and part-time faculty hired by Pellissippi State meet the requirements of the college's accrediting agency. The ability to provide all required documents in a timely fashion continues to be an area of concern as documented in the college's risk assessment for instruction and academic support.		
<b>Objectives</b>	To determine whether the requirements necessary for compliance with Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) criteria were being met; to determine whether the documentation maintained by the Pellissippi State Community College was sufficient to document compliance with the criteria; and to recommend improvements if any are necessary.		
<b>Conclusion</b>	While there has been a noticeable improvement, management still needs to stress the importance of submitting all documentation within a reasonable time frame. Based on conversations with the President and Vice President of Academic Affairs, management is better aware of the issues and will continue to make every effort to avoid them in the future.		
<b>Recommendations</b>	There were no formal audit recommendations related to this audit.		

**Tennessee Board of Regents  
Audit Committee  
May 29, 2024**

***Internal Audit Reports  
Follow-up***

**Cleveland State Community College**  
**Follow-up to the State Audit Finding – Page 1 of 2**  
**For the Years Ended June 30, 2022, and June 30, 2021**  
**February 2, 2024**  
**Executive Summary**

<b>Key Staff Personnel</b>	Vice President of Finance & Operations	<b>Internal Auditor</b>	Denise R. Callais, CPA Director of Internal Audit
<b>Introduction</b>	Cleveland State Community College’s Financial and Compliance audit for the years ended June 30, 2022, and June 30, 2021 contained one finding. As required, Internal Audit has performed a follow-up review of actions taken in response to the finding.		
<b>Objectives</b>	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 biennial audit report for the fiscal years ended June 30, 2022, and June 30, 2021.		
<b>State Audit’s Finding</b>	College staff did not prepare timely bank reconciliations.		
<b>Management Response</b>	<p>We concur with the finding and recommendation. We agree with the auditors’ comments, and the following actions will be taken to reduce the risks.</p> <p>(1) The Finance Office will prepare bank reconciliations monthly with no unreconciled differences between the college’s general ledger and bank account balances. The Finance Office has set a written expectation that bank reconciliations will be completed within the required 30 days.</p> <p>(2) Finance Office staff will utilize additional methods to ensure efficiency and accuracy.</p> <p>(3) Additional staff will be dedicated to helping ensure the timely completion of the reconciliation process.</p> <p>(4) Management will review all bank reconciliations and batch reports prior to being filed to ensure that they are signed and dated.</p>		
<b>Current Status</b>	All bank reconciliations reviewed by Internal Audit were signed as reviewed by the Vice President of Finance on August 2, 2023. There were numerous reconciling items and inadequate supporting documentation. A report used in preparing the reconciliations reflects an out-of-balance condition from June 2022 through June 2023. If bank reconciliations have been performed since the month ending June 30, 2023, they were not provided to Internal Audit. The Tennessee Board of Regents has facilitated the arrangement of temporary assistance in reviewing the FY 2023 reconciliations, completing any outstanding reconciliations, and continuing to manage future reconciliations as necessary.		
<b>Conclusion</b>	Based on the results of tests performed, management has not taken adequate actions to address the audit finding, implement effective corrective actions, or mitigate the risks associated with not reconciling the bank statements timely.		
<b>Recommendation</b>	The college should implement the action plan they previously developed and continue efforts to fill vacant positions with qualified individuals to support the Vice President of Finance & Operations.		
<b>Management’s Comments</b>	We concur with the audit conclusion and have implemented these actions:		

**Cleveland State Community College**  
**Follow-up to the State Audit Finding – Page 2 of 2**  
**For the Years Ended June 30, 2022, and June 30, 2021**  
**February 2, 2024**  
**Executive Summary**

<b>Cont. Management's Comments</b>	(1) Entered into a dual service agreement for dedicated assistance, ensuring a comprehensive approach to resolving the outstanding bank reconciliations. (2) Realigned the department and hired additional accounting professionals.
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**Southwest Tennessee Community College**  
**Follow-up to the Review of the Federal Work Study Program – Page 1 of 2**  
**Whitehaven Center**  
**January 12, 2024**  
**Executive Summary**

<b>Key Staff Person:</b>	Financial Aid Specialist	<b>Auditor:</b>	Charlotte Johnson, Director
<b>Introduction</b>	<p>Internal Audit for Southwest Tennessee Community College (STCC) issued a <i>Review of the Federal Work Study Program Whitehaven Center</i> report for the Fall 2019 semester on April 20, 2022. That review was conducted as a result of additional issues noted specific to the Whitehaven Center during the previous review of the STCC Federal Work Study program in 2019. During the initial review, Internal Audit noted that twenty-eight departments on campus employed Federal Work Study (FWS) students. STCC has seven campuses or centers. However, the Whitehaven Center employed 19 Work Study students, which was 29.2% of all students employed for the quarter. The Whitehaven Center has 7.17% of total employees. A special review was conducted to ensure all 19 Work Study students were in compliance with Federal Work Study program regulations. The review resulted in two recommendations being issued for the Whitehaven Center.</p> <p>An <i>Additional Follow-up to the Special Reviews of the Federal Work Study Program</i> report was issued, December 13, 2023. The payroll records for all Federal Work Study Students working during the Spring 2023 semester, were reviewed to determine if students worked during scheduled class hours. Twenty-three percent of students tested for this period worked during a scheduled class. No students at the Whitehaven Center worked during a scheduled class.</p>		
<b>Objective</b>	<p>The objective of the review was to determine whether adequate corrective actions have now been taken to address the two recommendations for the Whitehaven Center to be in compliance with the Federal Work Study program.</p>		
<b>Scope</b>	<p>The review included a review of the payroll records for the Whitehaven Center FWS student employees for the Fall 2023 semester. The review was conducted in accordance with the <i>International Standards for the Professional Practice of Internal Auditing</i>, issued by the Institute of Internal Auditing, and included tests of the records and other procedures considered necessary to achieve the audit objective.</p>		
<b>Prior Results</b>	<p>The STCC Federal Work Study Manual states, “Each department is expected to request only the number of student workers needed for the academic year.” The employing department is expected to provide meaningful work and provide each student with enough working hours to earn his or her entire award. All Federal Work Study positions must have a job description. The STCC Federal Work Study Program Manual states, “All Federal Work Study Students must be supervised at all times.”</p> <p>Individual documentation for each student was not provided, only summaries of general job descriptions. The director stated, “All students perform all duties.” Individual supervisor names for each student were not provided. The requested reply stated, “All Whitehaven Center Work Study students report to the Center Director.”</p>		

**Southwest Tennessee Community College**  
**Follow-up to the Review of the Federal Work Study Program – Page 1 of 2**  
**Whitehaven Center**  
**January 12, 2024**  
**Executive Summary**

<p><b>Recommendation #1</b></p>	<p>Management should ensure documentation is on file and current for student employees. Each individual student employed in a Federal Work Study position should have an individual job description with:</p> <ul style="list-style-type: none"> <li>• Name of the position; department, or office in which the work study student will be employed</li> <li>• Location where the student will perform his/her duties</li> <li>• Name of the student’s supervisor</li> <li>• Purpose/role of the position within the organization</li> <li>• Duties and responsibilities associated with the position and how they relate to the purpose/role</li> </ul>
<p><b>Management Response</b></p>	<p>We concur with this recommendation. The Financial Aid Office, in partnership with several other campus offices (Human Resources, Information Technology, etc.), has worked to redesign the Federal Work Study process. This new process requires hiring managers to submit a position description, which is posted on Cornerstone, TBR’s applicant tracking system. Students will apply through this system, which is where the college posts its current job openings (faculty/staff, full-time/part-time, etc.). The department will ensure that the individual job description form prompts hiring managers to address each of the items in the bulleted list above. This review of the process/paperwork will be completed by May 31, 2022.</p>
<p><b>Recommendation #2</b></p>	<p>Management should ensure Federal Work Study students are supervised during their work hours by a Center employee who can verify the hours were worked. Documentation should be maintained of all FWS hours.</p>
<p><b>Management Response</b></p>	<p>We concur with this recommendation. This recommendation has been expanded to apply to all sites and locations at which FWS students may work. The department is working with Payroll and Information Technology to create an Application Program Interface to pull student information (class schedules) into the college’s time reporting platform-Kronos. As a workaround and to ensure that a college employee can verify the hours students work, the department has implemented a paper-based time reporting structure. Supervisors must review and verify the hours worked by students. This documentation must be received and reviewed by the department prior to entry into Kronos. This process meets the actions recommended here. However, as noted, the department will continue to work with campus partners to better leverage the college’s technology platforms to streamline this process. It is anticipated that this second stage of development will be completed by July 31, 2022.</p>
<p><b>Results of Current Review</b></p>	<p>The Whitehaven Center employed six Federal Work Study students for the Fall 2023 semester. All six students had job descriptions containing the required documentation. Each student was assigned a Center supervisor to supervise their work and the supervisors provided documentation verifying the FWS hours worked.</p>

**Tennessee Board of Regents  
Audit Committee  
May 29, 2024**

***Internal Audit Reports  
Investigations***

**Southwest Tennessee Community College**  
**Investigation 24-01 Theft Inside the Cafeteria – Page 1 of 2**  
**February 14, 2024**  
**Executive Summary**

<b>Key Staff Person:</b> Temporary Food Service Staff	<b>Auditor:</b> Charlotte Johnson, Director of Internal Audit
<b>Description of Incident</b>	Southwest Tennessee Community College (STCC), Police Services/Public Safety department received allegations that employees were taking food and money from the Macon Road Cafeteria on a daily basis. According to the allegations, this had been happening for some time. Police Services and Internal Audit jointly investigated these allegations.
<b>Objective</b>	The primary objective of this review was to determine if the allegations were substantiated and to recommend improvements in procedures as needed.
<b>Scope</b>	This investigation included a review of security camera footage and daily cafeteria cash reports. Interviews were conducted with all cafeteria employees. The review focused on activities between June 1 <sup>st</sup> and July 5 <sup>th</sup> , 2023.
<b>Results</b>	<p>Review of footage from the security camera located behind the cafeteria loading dock found two incidents of cafeteria employees loading items in their personal cars.</p> <p>The cafeteria employees were interviewed by the Associate Police Director and the Director of Internal Audit. They gave examples which included times they had placed items from the cafeteria in their personal cars:</p> <ul style="list-style-type: none"> <li>• unsold food at the end of the day,</li> <li>• samples given to cafeteria employees by vendors for review as possible menu items,</li> <li>• non-ordered items left by vendors in error, when the vendor did not want to return to retrieve the items,</li> <li>• leftover food that is donated to charities, or</li> <li>• items placed in employee’s car for delivery to other Southwest locations.</li> </ul> <p>At the end of each day, a summary report of the daily activity is printed out from the cash register. The report and cash are taken to the manager’s office. Petty cash of \$100 is counted by two people who vary among three individuals with the title of Temporary Food Service Staff and the cash is placed in a safe. Two individuals then review the remaining cash, credit card receipts and the daily report to see if there are any overages or shortages. The cash is then taken to the cashier’s office. The cashier and cafeteria staff sign a report confirming the cash submitted for deposit. All cash is removed from the cash register.</p> <p>On September 5, 2023, the Director of Internal Audit and Executive Director of Fiscal Operations reviewed the cash summary report for June 1, 2023, to July 5, 2023. No cash shortage was identified on any of the reports.</p>



**Southwest Tennessee Community College**  
**Investigation 24-01 Theft Inside the Cafeteria – Page 2 of 2**  
**February 14, 2024**  
**Executive Summary**

<p style="text-align: center;"><b>Conclusion</b></p>	<p>The allegation regarding items being removed from the cafeteria was partially substantiated and cafeteria staff gave adequate reasons for their removal of items.</p> <p>The allegation regarding cash collection could not be substantiated. The Director of Internal Audit reviewed the controls used in the process for cash collection and reconciliation and verified there were no shortages. All cash reconciliation reports had verified deposit slips attached.</p>
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**TCAT Crossville**  
**Cosmetology Complaint Investigation**  
**For the Period July 1, 2022 – June 30, 2023**  
**February 2, 2024**  
**Executive Summary**

<b>President</b>	Mr. Cliff Wightman	<b>Internal Auditor</b>	Helen Vose, TCAT Internal Auditor
<b>Background</b>	The Office of System Wide Internal Audit received notice of a complaint from the Tennessee Board of Cosmetology and Barber Examiners regarding irregularities at the TCAT Crossville campus. The complaint alleged that an instructor in the TCAT Crossville Cosmetology program takes money from TCAT Cosmetology clients and destroys any related paperwork. The complaint further alleged that both the instructor in the first complaint and a second instructor have their own clients come to the TCAT for cosmetology services and use school resources to provide services but keep the payment for personal gain. The complaint was filed in January 2023 and alleged that the incident occurred on August 19, 2022.		
<b>Objectives</b>	The internal audit engagement focused on identifying internal control weaknesses that could impact revenue recognition regarding cash receipting for Live Work projects for the fiscal year ended June 30, 2023; to determine compliance with institutional and Tennessee Board of Regents policies regarding cash receipting and deposits; and to search for any inconsistencies with TBR policy regarding daily collections, deposits and reconciliations to banking and Banner records; and provide recommendations to correct control weaknesses.		
<b>Scope</b>	The audit scope reviewed cosmetology accounts during the academic year 2022 – 2023. 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.		
<b>Recommendations</b>	<p>The review revealed several areas for improvement:</p> <ul style="list-style-type: none"> <li>(1) Revise the sign in sheet to include a column to designate the client was not charged.</li> <li>(2) Ensure all clients, including walk-ins, sign in and note if they receive service.</li> <li>(3) A pre-numbered receipt book should be maintained by the cashier and the receipt number noted on the reconciliation spreadsheet along with the service listing.</li> <li>(4) Ensure the business office is aware a deposit is made once a week or when funds reach \$500.</li> </ul>		
<b>Conclusion</b>	The review of the complaint from the Tennessee Board of Cosmetology and Barber Examiners regarding the receipting process for the Tennessee Colleges of Applied Technology-Crossville for the period July 1, 2022, through June 30, 2023, revealed several areas for improvement regarding receipting and recording of funds, but the review could not conclude funds were inappropriately taken by the instructors. Additionally, there were no significant deficiencies in internal controls, and the procedures were generally in compliance with TBR receipting practices.		

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BOARD TRANSMITTAL

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MEETING: Committee on Audit

SUBJECT: System-wide Internal Audit Updates

DATE: May 29, 2024

PRESENTER: Mike Batson

ACTION REQUIRED: Informational Report

STAFF'S  
RECOMMENDATION: Accept Report

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Mike Batson will give brief updates for the following items:

- Open Internal Auditor Positions Update
- CISCC Director of Internal Audit Retirement
- TBR Internal Audit Salary Study
- Management's Risk Assessment Update
- Internal Audit April Training Recap

## **TBR Internal Audit Salary Study 2024**

The System-wide Chief Audit Executive and the Associate Vice Chancellor for Human Resources and Payroll Services contacted Performance Point, a salary consulting firm, to perform an analysis of the community college internal audit positions to ensure competitive salary ranges and uniformity among the internal audit pay ranges at the 13 community colleges.

The consultants researched the approved common job description, current pay ranges, and incumbent salaries at the 13 colleges. They compared the information to several data sources for comparative market data. The data sources included comparable auditor salaries at Tennessee public universities and the Tennessee Comptroller of the Treasury. Data sources also included auditor salaries from salary databases Economic Research Institute (ERI) and CompAnalyst as well as the auditor salary database from the Association of College and University Auditors (ACUA).

The study found that Accountant and Auditor positions are on the U.S. Department of Labor, Employment and Training Administration's list of "Bright Outlook" positions. These are occupations that are expected to grow rapidly in the next several years and will have large numbers of openings. This data confirms the current experience that several community colleges have had when recruiting auditor positions.

The consultants matched the Auditor jobs to the market based on the content of the job description and not just the title. The consultants analyzed the data source information to arrive at a weighted average salary. This weighted average salary was then computed based on the three grand divisions of Tennessee, East, Middle, and West.

The final objective was to assign the Internal Audit position to a pay grade at each college within the college's salary structure that is based on the results of the market analysis. The midpoint of each range is based on the market analysis, adjusted for each geographic region.

After the pay grades at each college have been identified, the consultants will work with each college to review the incumbent's background and experience to calculate a targeted pay rate within the new range.

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BOARD TRANSMITTAL

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MEETING: Committee on Audit

SUBJECT: University Updates

DATE: May 29, 2024

PRESENTER: Mike Batson

ACTION REQUIRED: Informational Report

STAFF'S  
RECOMMENDATION: Accept Report

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

**Summary of Recent Activities**

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

**FINANCIAL AND COMPLIANCE AUDITS – NO FINDINGS**

- Middle Tennessee State University
  - FYE June 30, 2023
- Tennessee State University- Foundation
  - FYE June 30, 2022
- Tennessee Technological University
  - FYE June 30, 2023

**FINANCIAL AND COMPLIANCE AUDITS –FINDINGS**

- Austin Peay State University
  - FYE June 30, 2023
- East Tennessee State University
  - FYE June 30, 2023
- Tennessee State University
  - FYE June 30, 2022
- University of Memphis
  - FYE June 30, 2023

**Tennessee Board of Regents  
Audit Committee  
May 29, 2024**

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

Institution	For the Year Ended	Auditor's Opinion on Financial Statements	Report on Internal Control	Report on Compliance	Findings
Austin Peay State University	June 30, 2023	Unmodified Opinion	One finding was identified as a material weakness and two findings were identified as significant deficiencies	No instances of noncompliance required to be reported	3

**Finding 1 – Foundation management did not have adequate controls to ensure donor-restricted gifts and related activities were accurately reported in the financial statements**

Foundation management did not have adequate controls to ensure donor-restricted gifts and related activities were reported in the appropriate category of net position. All transfers and other additions activities of \$3,524,669 and one endowment pledge of \$1,428,576 were reported in the incorrect net position category.

**Recommendation** - Management should design and implement internal controls to ensure donor-restricted gifts are accurately reported in the financial statements. Management should update year-end checklists and procedures to include posting the entries to move all gifts, transfers, and other additions required to be retained in perpetuity from expendable to nonexpendable net position as necessary. These checklists and procedures would assist management with the onboarding process during significant turnover. To ensure entries are assigned to the proper purpose and classification of either expendable or nonexpendable net position, management should review the backup worksheets used to allocate and assign net position for the financial statements.

**Management's Comment** – We concur with the finding. Management has updated the year-end checklist to include a review of foundation gifts to categorize purpose and classification correctly. The distinction should be made that no funds were improperly spent, and the financial statement net balances were accurate. Management is exploring software solutions to support the operations of endowment record keeping.

**Finding 2 – Austin Peay State University did not have adequate procedures to prevent, or to detect and correct, errors in enrollment reporting**

The university did not have adequate procedures to prevent, or to detect and correct, errors in enrollment reporting. We found that for 10 of 26 Pell recipients and Direct Loan borrowers tested (38.5%), the registrar's office incorrectly reported high-risk enrollment reporting data elements to the National Student Loan Data System (NSLDS), the U.S. Department of Education's central database for federal student.

**Recommendation** -The registrar should revise procedures to ensure that the registrar's office uploads and submits the correct information to NSLDS. The registrar should ensure staff are adequately trained on the requirements for reporting status changes to ensure accurate reporting. Furthermore, the registrar should ensure that the university staff's computer processes are operating effectively and should establish a process to verify statuses in NSLDS.

**Management's Comment** – We concur with the finding. NSLDS review procedures will be created in the Office of the Registrar to ensure proper reporting occurs and verification is completed in a timely manner. These procedures will be documented by the end of fiscal year 2024 and periodically reviewed afterward. New procedures, such as reporting graduation twice, have been implemented since the conclusion of the audit. In addition to new procedures, the Registrar will implement cross-training requirements so at least three individuals may report and update information with NSLDS anytime.

**Finding 3 – Austin Peay State University did not post quarterly reports to the institution's website in compliance with federal guidance for the Higher Education Emergency Relief Fund**

The university did not have an effective system of internal controls to ensure that the university posted federal quarterly reports for the Higher Education Emergency Relief Fund (HEERF) to the institution's website within ten calendar days after the end of the quarter, as required by federal guidance. We noted that the university posted 3 of 4 quarterly reports between 8 and 99 days after the required time.

**Recommendation** - Management should design and implement an effective system of internal controls, including written policies and procedures for all federal agency reporting. In addition, management should consider establishing a reporting notification system for federal grants to ensure timely reporting.

**Management's Comment** – We concur with the finding. Upon becoming aware of the absence of the fiscal year 2023 reports on the website, our accounting staff promptly rectified the oversight. Furthermore, it is pertinent to note that the HEERF grants will conclude in June 2024, thereby relieving the university of the obligation to continually update the website with new reports. We are reviewing software solutions to support the Grants Office for reporting and compliance.



<b>Institution</b>	<b>For the Year Ended</b>	<b>Auditor's Opinion on Financial Statements</b>	<b>Report on Internal Control</b>	<b>Report on Compliance</b>	<b>Findings</b>
East Tennessee State University	June 30, 2023	Unmodified Opinion	One finding was identified as a material weakness	No instances of noncompliance required to be reported	1

**Finding 1 – Management needs to improve financial statement preparation and review procedures to prevent errors in its financial statements**

East Tennessee State University’s (ETSU) procedures for preparing and reviewing its financial statements and the accompanying notes to the financial statements were not adequate to ensure the accuracy, proper classification, and disclosure of information.

**Recommendation** - The Chief Financial Officer should ensure that staff members accounting for university transactions and preparing the statements have adequate knowledge of reporting requirements to perform their responsibilities and that they perform their duties with appropriate care and attention. The financial statement review process should be thorough enough to detect misstatements such as the ones described above. Management should ensure staff preparing bank reconciliations are adequately trained. Management should also ensure that staff prepare necessary ledger adjustments at year-end to reflect bank and LGIP transactions not yet reported in the general ledger. Management should carefully review the bank reconciliations and any necessary entries to ensure cash balances are fairly stated.

**Management’s Comment** – ETSU concurs with the finding and recommendation. Management believes this is an isolated incident due to recent turnover in staffing. Management has implemented procedures to train current staff on daily and year-end processes. Both internal and external training measures are being used to ensure all staff have adequate knowledge of reporting requirements to perform their responsibilities and more than one employee can complete most tasks. Standard operating procedures are being documented for all functions to ensure business continuity. Management also added control activities to mitigate the risk of financial statement errors, including adding additional documentation requirements for bank reconciliations, and additional review steps for the financial statements and notes. Automation measures for bank reconciliations are being developed with the implementation of the new ERP system. Management recognizes that some of these financial statement errors outlined in this report were not material errors; however, management will work to implement procedures to improve all errors.

Institution	For the Year Ended	Auditor's Opinion on Financial Statements	Report on Internal Control	Report on Compliance	Findings
Tennessee State University	June 30, 2022	Unmodified Opinion	Three findings were identified as material weaknesses, five findings were identified as significant deficiencies	No instances of noncompliance required to be reported	9

**Finding 1 – TSU management lacks appropriate oversight, allowing a breakdown of controls that created an error-prone environment that has resulted in errors in the financial statements, inadequate daily operations, and deficiencies in oversight of federal programs**

Management lacks sufficient controls, oversight, or knowledge over several key areas in their accounting ledger and related systems. These specific weaknesses create an environment prone to errors and untimely identification of errors, and cause enormous complexity in the audit trail for even simple activities for both management and the audit team.

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

**Management's Comment** – We do not concur. As this finding is essentially a summary of the following findings, we refer you to our comments for findings 2-9.

As noted in finding #1, the issue of "Backdating" entries is not valid. State audit required management to explicitly sign off that all audit adjustments were entered. We understood that to mean the entries were required to be back dated for Banner to agree to audited financial statements for prior period issues. We also followed the approach that represents best practices and that was recommended by Ellucian Banner consultants.

We disagree with the part of the finding that relates to bank reconciliations. That finding is explained in detail in finding #2 in this report. TSU made the audit entries communicated by State Audit. The timing of the audit and the entries caused multiple reconciliations to be performed.

Regarding the issue of management's mishandling of routine activities recorded in the accounting system's general ledger, that is not the case. The response to finding #3 explains the TSU response in detail.

**Auditor's Comment-**

We have reviewed management's comments. We also refer the reader to our comments for findings 2-9. With regard to backdating entries, we did not request or require management to post the entries to prior periods.

**Finding 2 – As noted in the prior five audits, management has continued to disregard basic financial controls by not sufficiently performing bank reconciliations, and management has recorded unsupported financial transactions to improperly eliminate differences in the reconciliations**

The university and its foundation continued to fail to perform reconciliations timely and completely. Both entities reperfomed the reconciliations for each month multiple times; the reconciliations were not prepared and reviewed timely, and the final versions still included unreconciled differences. To eliminate the unreconciled differences, the university posted several large entries to the accounting system without appropriate supporting documentation, and the foundation adjusted the value of reconciling items without explanation or justification for the adjustments.

**Recommendation** - Properly preparing and reviewing bank reconciliations in a timely manner is a basic control that management must not ignore. Furthermore, the ledger should accurately reflect the separate bank accounts and activity.

The Vice President of Business and Finance and the Controller must ensure staff identify unreconciled bank reconciliation items to determine if cash has been misappropriated or errors exist with bank transactions. Each month, soon after receiving the bank statements but no later than 30 days after the end of the month, Business Office personnel and foundation personnel should prepare and review bank account reconciliations for each bank statement. The board should further update bank reconciliation policies to require the university's Business Office personnel and foundation personnel to perform all reconciliations within 30 days for all months. Once those policies are modified, management must ensure staff follow them consistently and are properly trained to complete the reconciliations.

Management should perform separate reconciliations for each bank account and must ensure transactions are recorded in the general ledger and in the correct accounts, recorded to the proper entity, and properly supported. Each month, management must investigate and correct the unresolved differences between cash per the bank and cash per the accounting records. Management should close prior periods timely after year-end and have a policy or system control to close months from additional entries. This ensures that the fiscal years and months continue to agree with prepared reconciliations and other reports and maintains the financial activity for management and external oversight.

**Management's Comment** – We do not concur. Management disputes this finding as it is incorrect. Financial controls have been implemented to ensure that bank reconciliations are performed timely and accurately.

TSU policies regarding bank reconciliations were changed to incorporate the best practices as recommended to TSU by the Comptroller's Office, of reconciling bank statements within 30 days of the month end, and within 45 days of the year end. Additionally, the TSU Board of Trustees passed a resolution in November 2022 pertaining to this 30-day practice.

We received the audited financial statements, The Financial and Compliance Audit Report, late in the fiscal year, which contained the audited beginning balances from the Comptroller's Office.

TSU hired an accountant in January 2022, with the specific responsibility of correcting procedures regarding bank reconciliations and preparing bank reconciliations timely and accurately. In addition,

TSU invested in specialized software and adequate competent staff and implemented the successful change of practice to record all cash transactions daily, which yielded success by the end of FY22.

For the months of January through May of 2022, bank statements were reconciled within the thirty-day period on average, thereby meeting the TSU goal. For the month of June 2022, bank statements were reconciled within 42 days, thereby meeting the TSU goal. Management was able to put department personnel as well as processes into place to review cash transactions daily and ensure that the appropriate entries are made timely. Therefore, management did not disregard or ignore basic financial controls as it pertains to bank reconciliations.

Management believes a solid basis was established to meet both policy and the expectations to sufficiently perform bank reconciliations going forward.

Management has not recorded unsupported financial transactions. State Audit is perhaps referencing items from prior years where differences were identified and reconciled. Management was not able to successfully identify all the differences when catching up and reconciling all prior year cash transactions. However, any minor net unreconciled difference from these transactions in prior years was vastly immaterial to the financial statements.

Management does close prior periods timely after year-end and will continue to do so. Management has also established a system control to close months from additional entries so as to ensure that prior fiscal years and months agree with prepared reconciliations.

Management is confident that the persistent efforts made to establish a system to ensure sufficient bank reconciliations are done in a timely manner and that the ledger accurately reflects all cash transactions have been successful.

Management will continue to perform separate bank reconciliations for the Foundation and the University. Management has purposely established a separate Zero Balance Account (ZBA) bank account for payroll and a separate bank account for merchant transactions to facilitate performing the reconciliation of cash. It was not intended and is not feasible or necessary to establish a separate general ledger system for the merchant transactions.

Management has confirmed that all months to date subsequent to FY22 have been reconciled no later than 30 days after the end of the month. These reconciliations do not have any material unreconciled differences, if any differences at all.

**Auditor's Comment-**

We have reviewed management's comments and determined adjustment to the finding was not warranted. Management did not provide evidence that the facts in the finding are inaccurate. In addition, management's comments are conflicting. Management's comments to finding 1 stated that management posted entries to prior periods; however, management's comments to this finding state that management closed prior periods timely after year-end. Management also stated they did not record unsupported financial transactions; however, they then state that they were not able to identify all the differences that were recorded. Management stated the bank reconciliations for the second half of the fiscal year were prepared within 30 days; however, as evidenced by the reperformance of bank reconciliations, the initial reconciliations were not accurately prepared.

We will review the bank reconciliations in the subsequent audit to determine if management's efforts have sufficiently corrected the issues noted in this finding.

**Finding 3 – As noted in the prior seven audits, management allowed controls to break down, resulting in errors in the financial statements**

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

As noted in the prior seven audits, Tennessee State University's and the university foundation's procedures for preparing and reviewing its financial statements and the accompanying notes to the financial statements did not ensure the accuracy, proper classification, and disclosure of information. In the years since we initially reported this finding, efforts to implement controls, train staff, and redefine staff duties have failed, and management has continued to make reporting errors associated with the university and the foundation.

In response to the most recent prior audit finding, management stated that they had addressed staff shortages and continued building, training, and retaining a qualified finance team. Because the university added new staff and provided additional training during or after the fiscal year, not enough time has elapsed to see the full effect of these changes. Management may need to make additional changes to address the errors noted in the current year's audit.

**Recommendation** - As stewards of the university's assets, university management must address identified deficiencies and correct pervasive issues. The Vice President of Business and Finance should ensure improved communication and cooperation between all staff with accounting responsibilities and should ensure staff timely complete the information necessary to compile and review the financial statements and notes. The Vice President of Business and Finance should ensure all staff are properly trained and should institute procedures that ensure the accuracy, proper classification, and disclosure of information presented in the financial statements and the accompanying notes. These procedures should address the preparation of the financial statements and the notes, as well as the subsequent review process. Management should perform adequate reviews on the statements and the notes to mitigate the risk of errors. Management should ensure staff preparing and reviewing the financial statements have adequate knowledge of governmental accounting and reporting requirements to properly perform their responsibilities.

**Management's Comment** – We do not concur in totality. Management disputes this overall finding as it relates largely to reclassifications. We have implemented significant financial controls that increase the accuracy and timeliness of the financial statements. This included hiring additional personnel to handle financial statement preparation, student receivables, and general ledger transactions.

Maintaining such a team ensures that the specific errors referenced in this audit finding continue to be eliminated. Adequate staffing to address financial statement preparation and submission remains a high priority. Management continues to build, train, and retain a qualified finance team.

Finally, the continued delay in finalizing the audit of the prior year's financial statements continues to increase the difficulty of preparing the subsequent year's financial statements. Management maintains its commitment to strengthen internal procedures and staffing.

**Auditor's Comment-**

We have reviewed management's comments. We have not adjusted the finding since management's comments do not dispute the errors reported in the finding. Although management's comments provide details of their efforts to improve controls, as stated previously in the finding and in management's comments, not enough time has elapsed to see the full effect of these changes. We will review the

financial statements in the subsequent audit to determine if management's efforts have sufficiently corrected the breakdown of controls related to financial reporting.

**Finding 4 – The university has not properly reported costs associated with construction projects**

Management has not developed procedures to ensure the university records capital projects in accordance with generally accepted accounting principles. Our test work revealed that 16 of 32 projects (50%) should have been capitalized or expensed before or during fiscal year 2022.

**Recommendation** - Management should develop procedures to review all capital project expenditures to determine which ones are non-capitalizable and should be expensed in the period the cost is incurred. In addition, management should develop procedures to ensure capital assets are transferred from projects in progress to the proper capital asset category and should begin recognizing depreciation when the asset is placed into service.

**Management's Comment** – We do not concur. We agree that various construction projects were not moved from construction in progress in a timely manner, this issue is already included in Finding 3 and does not warrant being a separate finding. Although state audit never detected or addressed the issue in prior years (2019, 2020, 2021), had they done so, this issue could have been avoided. Construction projects are properly accounted for in the financial statements. State audit went back to prior years which had been audited and closed.

Management will continue to develop and implement procedures that review all capital project expenditures and determine which projects are capitalized or expensed in the proper period. Accounting personnel meet with Facilities Management at least quarterly and reviews the status of construction projects in process. As projects are completed and placed in service, projects are transferred from construction in process to the proper capital asset category and depreciation recognized.

**Auditor's Comment-**

We have reviewed management's comments. We have not adjusted the finding since the facts of the finding remain undisputed.

**Finding 5 – The university did not appropriately charge tuition for some courses and did not charge student fees in accordance with the approved fee chart**

The university did not properly apply tuition and maintenance fees for some courses, resulting in either undercharging or overcharging students. In addition, online undergraduate students were charged fees that did not agree with the board-approved published fee charts.

**Recommendation** - Management should ensure that all staff involved in creating courses and entering tuition and fees in the accounting system have been adequately trained. Management should establish a documented review process to ensure that courses have the proper fee waiver assignment and that the board-approved published fee rates are accurately entered into the system. The review process should include confirming that charges are correctly applied to students. Management should consider centralizing course creation to make the controls more effective or only allowing certain staff access to change the fee waiver status.

**Management's Comment** – We concur. We have promptly taken measures to ensure that tuition and fees are charged for all courses. The IT department has restricted access to the tuition waiver setting to key personnel only. Moving forward, we aim to have board-approved rates programmed and reviewed in a timely manner. The Bursar's Office is also working with the IT department to develop a report to assist in reviewing tuition and fees before publication each semester.

**Finding 6 – The university did not adequately support or identify student withdrawal dates and types**

The university did not have adequate policies and procedures to ensure dates and types of student withdrawals from the university were accurate. Our test work revealed that for 7 of 31 students tested, the university assigned incorrect withdrawal dates or types, did not accurately calculate and apply refunds, or did not have sufficient documentation to determine the correct withdrawal date and type.

**Recommendation** - TSU management must ensure that withdrawal dates and types are accurate and adequately supported. TSU management should have a process to ensure instructors are sufficiently trained to know the importance of documenting the last date of attendance and have a routine procedure in place to remind instructors about reporting students' last date of attendance during the term. Management should ensure the Records Office has proper training and written policies to identify the proper withdrawal types and dates applicable to a student and the appropriate documentation to retain in support of the withdrawal. The accounting system should be appropriately set up to adjust charges and fees based on the applied withdrawal dates and type. The Records Office should communicate all student withdrawals to the Bursar's Office to ensure the accounts are updated appropriately and to the Financial Aid Office to calculate any required return of financial aid. The university should have a documented policy to cover the withdrawal process and should include specific situations when purging students and making manual deletions are appropriate.

**Management's Comment** – We do not concur. We dispute this finding because TSU supports and identifies withdrawal dates and types. The academic calendar has withdrawal dates that pertain to the last day a student may withdraw from class. Students also are sent emails reminding them of the withdrawal dates. The website of the Office of the Bursar contains all the required information for Dropped Courses and Withdrawal of Fees. It shows the students the prorated costs of housing and meal plans directly on the webpage.

Similarly, information regarding medical withdrawals is shared with the student and is on the TSU website. This website of the Division of Student Affairs contains a withdrawal form which includes all the information required for a medical withdrawal along with the required documentation. The refund policy upon withdrawal is also explained to the student.

TSU management continues to ensure that withdrawal dates and types are accurate and adequately supported and that faculty communicates procedures to appropriately update student accounts upon withdrawal. Moreover, the Records Office sends email messages using the University's email distribution system or Exchange to remind faculty of attendance reporting deadlines and procedures. The Office of Academic Affairs sends follow-up emails to the Deans and to the respective faculty on missing attendance.

**Auditor's Comment**

We have reviewed management's comments. We have not adjusted the finding since management did not provide evidence or support for the withdrawal dates and withdrawal types for the individual students identified in this finding.

**Finding 7 – As noted in the prior five audits, university personnel did not perform adequate collection procedures for accounts receivable**

Our review of the university's accounts receivable collection procedures revealed that the university did not consistently perform timely collection procedures and collection agency assignments in adherence with policy.

**Recommendation** - Management should ensure that staff perform collection efforts timely in accordance with policy and that the tracking system documents when staff send billing and collection letters. Management should provide oversight and review of the collection process to ensure that staff complete each step properly.

When the university has exhausted its collection efforts and adequately documented those efforts, management should submit the receivables for write-off. After the write-off of accounts receivable is approved by the Commissioner of Finance and Administration and the Comptroller of the Treasury, management should remove them from the accounting records, thus reducing the amount of gross receivables reported in the notes to the financial statements.

**Management's Comment** – We do not concur. TSU's collection process of accounts receivables have substantially improved. In addition to designating personnel to specifically handle accounts receivables, we increased our collection efforts as well as the amount of receivables that came in to the university. And collection procedures were better defined.

This report is being issued twenty-one months after the June 30, 2022, year end, it is important to note that during this period, TSU improved its communication to students and enhanced receivables collections overall. Determinations were made regarding uncollectable accounts. We submitted a request to write off 1,496 uncollectible student accounts, totaling \$5,457,369. This request was approved by the state Comptroller's Office.

State Audit commended TSU on the improvements. During the 2023 fiscal year, in May 2023, the Bursar's Office has hired a Collections Manager to provide dedicated leadership in this area. The team has also expanded with three new Collections Coordinator roles focused on maximizing results. Securing the right candidates for these vital positions remains a top priority. We are committed to a thorough recruitment process that results in coordinators who excel at driving progress, building collaboration, and getting work done. As we move quickly, we will not sacrifice quality hiring standards. The office looks forward to welcoming talented, dedicated coordinators who will strengthen our team and help us achieve our goals in the years to come.

While a new Collections system planned for the February 2024 rollout has been briefly delayed due to technical needs, it will now launch before the end of the 2024 Spring semester. This system will automate notifications and agency assignments to increase efficiency. With these enhancements to staffing, technology, and processes, the Bursar's Office will be equipped to continue successful collection efforts, building on the results achieved in FY23. The University remains committed to continuous improvement in collections and is confident these steps will yield both better experiences and outcomes.

**Auditor's Comment**

We have reviewed management's comments. We have not adjusted the finding since management's comments do not dispute the errors reported in our finding. We will review the sufficiency of any new collection controls in the subsequent audit to determine if management's efforts have resolved this finding.

**Finding 8 – The university did not discharge student debt within federal guidance or their internal policy, and scholarship determinations and award calculations were not adequately documented in compliance with federal guidance for Higher Education Emergency Relief Funds**

Tennessee State University management did not discharge debt in compliance with federal guidance or the university's internal guidance. Based on the work performed during our audit, we noted that TSU did not establish an adequate control structure for the institutional funds or HBCU portions of the



HEERF award to ensure compliance with these federal guidelines. This noncompliance resulted in questioned costs between \$17,514,433 and \$23,374,124.

**Recommendation** - Executive leadership should provide appropriate guidance and oversight when devising how to expend resources for a federal program, especially new programs with quickly evolving guidance and multiple programs providing similar types of funding. This should include the creation of documented policies, procedures, and controls for the implementation of those funds and the federal authority underpinning the procedures. Management should also document reviews by employees knowledgeable of the guidance and policy throughout the implementation process for comparing the implementation with federal guidance and university policy. Furthermore, management should properly apply payments to the appropriate term on student accounts to ensure accuracy in term balances. Management should also regularly monitor expenditures under federal awards to ensure there are available funds remaining. Finally, management should appropriately identify which expenditures are transferred between different portions of federal funds to allow appropriate oversight and to ensure compliance with federal guidelines under the new funding source.

**Management's Comment –**

CFDA 84.425F

We do not concur with this finding. This was an internal transfer between two HEERF accounts, from the institutional HEERF to the HBCU HEERF. Management made a correcting entry to record the scholarships under the correct federal award number. The full amount has not been drawn via G5 and the university has until June 30, 2023, to spend the funding and close out the CARES Act funding. When final reports are submitted to the awarding agency, all costs will be reported in the correct fund and award. This is simply an adjusting entry and by no means rises to the level of a finding.

CFDA 84.425J

We do not concur with this finding. In reference to the questioned costs in 84.425J, we believe the auditors are unsubstantiated in reporting this as such. Per federal regulations (2 CFR 200.84), questioned costs are expenses that are questioned by the auditor because of an audit finding. A questioned cost 1) may result from a violation or possible violation of a state or federal, regulation, or terms and conditions of a federal award, 2) may not be supported by adequate documentation, or 3) may appear unreasonable (does not reflect the actions that a prudent person would take in the circumstances). Neither of these conditions relate to the transactions included herein.

We have not violated any regulation; in fact, we remained in constant contact with the U.S. Department of Education to ensure that we were administering the funds in accordance with USDOE regulations. The auditors are inaccurate by issuing a finding that TSU did not discharge student debt within federal guidance. We are doing exactly as instructed by USDOE in assisting our students and allowing them to continue their education. We have provided all documentation available to explain our rationale and the decisions our President and the cabinet were making in a very fluid environment, which included a Pandemic Task Force.

It is unfortunate that the auditors concluded that TSU did not have an adequate control structure for the institutional funds or the HBCU portion of the HEERF funds. In the auditors' analysis, reference was made to only one letter sent to students, which is being referred to as a press release. This report based the analysis only on the August 4, 2021, letter to students. TSU provided several emails and letters to students regarding funding to pay off their balances. Grants were distributed to students in accordance with the HEERF guidelines and were based on the amount owed. Assistance to students was based on the amount owed up to a maximum of \$10,000. This was shown to the auditors.

Requests were made by the auditors for documentation, policies, and procedures that are not required per the federal standards for the single audit. Again, we remained in contact with USDOE, the

Management and Program Analyst with the Emergency Response Unit for the United States Department of Education.

We followed the directions of USDOE very carefully and we believe costs (scholarship amounts) are reasonable and are within the definition of costs of attendance as defined in section 472 of the Higher Education Act of 1965. We further believe that our Financial Aid Officers, who work day in and day out with our students and are trained and certified to administer financial aid funding to our students through Title IV programs, are the best suited in our university to award this funding. For these reasons, we believe these costs are allowable, in total, related to 84.425J.

Moreover, when the auditor brought it to the attention of TSU that a policy was required before student debt could be discharged and that we did not follow federal policies or internal policies, we immediately notified the management and program specialist for the district that includes Tennessee. She directly informed us that per the guidance no such policy was required. In fact, these funds operate in the same manner as other grants the university had received.

The management representative for USDOE HEERF requested the notifications that were sent to students and the list of students whose debt was discharged, the amount of the debt, and how the amount was calculated. We provided to the USDOE Management and Program Specialist the list of 4,576 students whose debt was discharged in the amount totaling \$15,188,327. This is the exact same information that we provided to the State Auditors. The USDOE Management and Program Specialist reviewed the documentation outlined above and indicated that “Regarding the \$15 million as questioned costs, I have reviewed documentation requested and provided. Your account is in good standing with paying off student balances in the manner documented” as referenced in her communication on February 22, 2023.

TSU discharged student debt within federal guidelines, as shown by the communication from the USDOE. TSU did not and was not required to have an internal policy that differed from the federal guidance. Though TSU has proper documentation, federal guidance did not require the specific documentation referenced in the auditor’s statement. TSU has maintained records in compliance with federal guidance for HEERF and USDOE has confirmed this.

#### **Auditor’s Comment**

We have reviewed management’s comments specific to their nonconurrence with our finding and with the basis of questioned costs.

Our finding, including questioned costs, is based on management’s inability to provide documentation of clear policies, procedures, or controls related to their spending of HEERF I, II, and III. We communicated with USDOE’s Office of the General Counsel, who confirmed that “Institutions must document how each award was distributed to students under HEERF I, II, and III. The obligation for a grantee to ‘maintain records on how grants were distributed to students, how the amount of each grant was calculated, and any instructions or directions given to students about the grants’ is subsumed under the general recordkeeping requirements of 2 CFR § 200.334. Absent such records, a grantee would fail to demonstrate that the award amounts were ‘reasonable and necessary’ in accordance with 2 CFR § 200.404.” We also confirmed that the general recordkeeping requirements of 2 CFR 200.334 apply to all HEERF grants, including grant awards made under Assistance Listing Number 84.425J, Historically Black Colleges and Universities.

We stand by the finding given that management has not provided documentation sufficient to support their assertions. Our duty is to report the matter to the federal grantor for ultimate consideration.

**Finding 9 – The university did not provide adequate internal controls in one specific area**

The university did not design and monitor effective internal controls in one specific area. Pursuant to Standard 6.63 of the U.S. Government Accountability Office's *Government Auditing Standards*, we omitted details from this finding because they are confidential under provisions of Section 10-7-504(i), *Tennessee Code Annotated*.

**Recommendation** - Management should remedy the condition by promptly developing and consistently implementing internal controls. Management should implement effective controls to ensure compliance with applicable requirements, assign staff to be responsible for ongoing monitoring of the risks and mitigating controls, and take action if deficiencies occur.

**Management's Comment** – We do not concur. The TSU office of Business and Finance has implemented internal controls to ensure the process is operating effectively.

**Auditor's Comment-**

We have reviewed management's comments, and the facts remain as documented for the period covered. We will review the sufficiency of any new controls in the subsequent audit.

<b>Institution</b>	<b>For the Year Ended</b>	<b>Auditor's Opinion on Financial Statements</b>	<b>Report on Internal Control</b>	<b>Report on Compliance</b>	<b>Findings</b>
University of Memphis	June 30, 2023	Unmodified Opinion	One finding was identified as a significant deficiency	No instances of noncompliance required to be reported	1

**Finding 1 – The University of Memphis Office of Student Financial Aid and Scholarships did not adequately monitor the eligibility of Title IV financial aid recipients**

In our review of 12,290 students receiving Title IV student financial assistance at the University of Memphis, 20 students received excess financial aid based on their eligibility, resulting in overpayments totaling \$33,353.

**Recommendation** - The Office of Financial Aid and Scholarships management should ensure that staff and student advisors properly confirm the eligibility of Title IV recipients prior to disbursement of Title IV funds. Controls should be in place to monitor enrollment changes, recipients' enrollment in eligible programs, adherence to annual and aggregate loan limits, and satisfactory academic progress.

**Management's Comment** – We concur with the finding and recommendation. Management will be conducting additional training with staff responsible for making awards to confirm Title IV aid eligibility and ensure aid amounts do not exceed limits. Reports will be modified to help better identify and correct potential issues that may arise through human error. Finally, additional staff will be charged with monitoring the updated reports to ensure issues are promptly resolved. These actions should create a multi-layered system of controls minimizing the likelihood of non-compliance.

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BOARD TRANSMITTAL

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MEETING: Committee on Audit

SUBJECT: Review of Revisions to Fiscal Year 2024 Audit Plans

DATE: May 29, 2024

PRESENTER: Mike Batson

ACTION REQUIRED: Roll-Call Vote

STAFF'S  
RECOMMENDATION: Approve

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

A summary of significant revisions to the plans from July 1, 2023 to March 31, 2024 is attached, followed by the revised plan for each of the audit offices.

Revised plans for the following institutions are not included due to vacancies in the Director of Internal Audit position at each institution:

Columbia State Community College  
Jackson State Community College  
Motlow State Community College  
Southwest Tennessee Community College

System-wide Internal Audit is working with these colleges to cover critical audit areas.

An audit plan for Dyersburg State Community College (DSCC) is included due to the hiring of a part-time auditor to provide audit coverage for DSCC.

**Tennessee Board of Regents  
Summary of Revisions  
Fiscal Year 2024 Audit Plans**

**Overview of Significant Revisions:** Below are revisions to the audit plans created in July 2023, reflecting changes which occurred from July 1, 2023, to March 31, 2024. Changes in audit priorities result in most revisions to audit plans. Investigations and special projects occur and sometimes replace risk-based or other planned audits. However, time budgets may also be increased or decreased depending on circumstances encountered during an audit and the time needed to achieve the audit objectives.

<b>Institution</b>	<b>Significant Revisions to Audit Plans Since July 1, 2023</b>
ChSCC	Added TCAT Auto Service Deficiency Consultation and Comp Time Processes.
DSCC	Plan added for the FY due to part-time auditor position being acquired by DSCC. Two audits, Risk Assessment, Unscheduled Investigations placeholder, and General Consultation are included on the plan.
NaSCC	Removed Campus Safety and Security.
NeSCC	Added Job Placement Reporting Consultation, INV-NESCC-24-1, and INV-NESCC-24-2. Removed Grant Development and Student Accounts.
RSCC	Added INV-RSCC-22-01. Removed Grants and Campus Safety and Security. Significantly increased hours for CARES Act (HEERF).
TBR-IA	Added HEERF-DSCC, HEERF-JSCC, and HEERF-MSCC. Removed VA Audit-TCAT and Review of TCCTE.
TBR-INV	Added INV-TBR-24-01, INV-TBR-24-02, INV-TBR-24-03, and INV-TBR-24-04.
TBR-TCAT	Added Risk Assessment and INV-TBR-24-05.

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

Area	Type	Audit	Risk Factor	Estimated Audit Start Date	Original Hours Planned	Revised to Original			FN	Planned to Actual		Completion Date	Current Status
						Revised Plan	Change in Hours	Change in Percentage		Actual Hours	Variance		
IS	C	Management Advisory Services	5.0	Jul-23	110.0	80.0	-30.0	-27%	1	65.0	15.0		In Progress
FM	F	State Audit Assist/Follow-up	5.0	Jul-23	60.0	15.0	-45.0	-75%	3	8.0	7.0		In Progress
IS	F	Follow up Reviews	5.0	Jul-23	70.0	70.0	0.0	0%		50.0	20.0		In Progress
IS	I	Unscheduled Investigations	5.0	Jul-23	100.0	40.0	-60.0	-60%	3	0.0	40.0		Scheduled
IS	I	Developing Investigations-Assist TBR	5.0	Jul-23	15.0	15.0	0.0	0%		8.0	7.0		In Progress
IS	I	INV-2023-01	5.0	Sep-22	15.0	15.0	0.0	0%		22.0	-7.0	Nov-23	Completed
IS	I	INV-2023-04	5.0	Dec-22	15.0	15.0	0.0	0%		22.0	-7.0	Nov-23	Completed
IS	I	INV-2023-06	5.0	May-23	30.0	30.0	0.0	0%		34.0	-4.0	Oct-23	Completed
IS	M	Enterprise Risk Assessment -FY2023	5.0	Apr-23	10.0	10.0	0.0	0%		11.0	-1.0	Aug-23	Completed
IS	M	Enterprise Risk Assessment -FY 2024	5.0	Jan-24	35.0	35.0	0.0	0%		5.0	30.0		In Progress
FM	S	YE Procedures FYE 2023	5.0	Jun-23	10.0	10.0	0.0	0%		10.0	0.0	Aug-23	Completed
FM	S	YE Procedures FYE 2024	5.0	Jun-24	15.0	15.0	0.0	0%		0.0	15.0		Scheduled
SS	R	CCTA Element Audit	5.0	Apr-24	100.0	100.0	0.0	0%		0.0	100.0		Scheduled
FM	R	HEERF	5.0	Jun-23	75.0	100.0	25.0	33%	3	50.0	50.0		In Progress
SS	R	TCAT-Athens Veteran's Benefit Certification	5.0	Feb-23	40.0	40.0	0.0	0%		50.0	-10.0	Jan-24	Completed
AT	S	Basketball Tournament Event Processes	5.0	Jan-23	20.0	20.0	0.0	0%		12.0	8.0	Nov-23	Completed
IT	S	IAR-NACHA-2023	5.0	Oct-23	70.0	70.0	0.0	0%		70.0	0.0	Dec-23	Completed
IA	S	Faculty Credentials	5.0	Apr-24	50.0	50.0	0.0	0%		2.0	48.0		Scheduled
IA	C	TCAT Timeclock Hours Reporting	3.4	Feb-24	100.0	50.0	-50.0	-50%	4	5.0	45.0		Scheduled
IT	C	Sensitive Equipment Student Loaner Processes	3.3	Jun-24	90.0	50.0	-40.0	-44%	4	0.0	50.0		Scheduled
IA	C	Follow-up to DOT report for CDL Program	3.2	Sep-23	20.0	30.0	10.0	50%	2	25.0	5.0		In Progress
IA	C	TCAT Auto Service Deficiency Consult	5.0	Aug-23	0.0	40.0	40.0	100%	1	40.0	0.0	Sep-23	Completed
IS	S	Comp Time / Over Time Processes	5.0	Feb-24	0.0	150.0	150.0	100%	3	100.0	50.0		In Progress
<b>Total Planned Audit Hours:</b>					<b>1050.0</b>	<b>1050.0</b>	<b>0.0</b>			<b>589.0</b>	<b>461.0</b>		

**Functional Areas:**

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

**Audit Types:**

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

**Status:**

Scheduled  
In Progress  
Completed  
Removed

FN1 Reduced general consulting hours to add specific consulting project.  
FN2 Additional hours added to attend follow-up meetings with the Vice President - TCAT and Examiner.  
FN3 Reduced Unscheduled Investigations and State Audit Follow-up to add hours or audit requests with a high priority.  
FN4 Projects changed to a consultation as new processes in these areas have been initiated during the year.

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

Area	Type	Audit	Risk Factor	Estimated Audit Start Date	Original Hours Planned	Revised Plan	Revised to Original		FN	Planned to Actual		Completion Date	Current Status
							Change in Hours	Change in Percentage		Actual Hours	Variance		
IS	C	Management Advisory Services <small>(including SACSCOC 10-yr review)</small>	5.0	Jul-23	100.0	180.0	80.0	80%		180.0	0.0		In Progress
IS	I	Unscheduled Investigations	5.0	Jul-23	90.0	90.0	0.0	0%		50.0	40.0		In Progress
FM	R	CARES Act/HEERF <small>(Higher Ed Emergency Relief Fund)</small>	5.0	Jul-23	50.0	50.0	0.0	0%		70.0	-20.0		In Progress
IS	F	Follow-up to State Audit finding	5.0	Aug-23	100.0	100.0	0.0	0%		140.0	-40.0	Jan-24	Completed
IS	A	Campus Safety and Physical Security	4.5	May-24	40.0	40.0	0.0	0%		0.0	40.0		Scheduled
IS	A	Building Security/Key Control	5.0	May-24	60.0	50.0	-10.0	-17%		0.0	50.0		Scheduled
FM	R	NACHA 2023 Audit	5.0	Nov-23	90.0	90.0	0.0	0%		100.0	-10.0	Jan-24	Completed
FM	A	Bank Reconciliations	5.0	Jun-24	200.0	200.0	0.0	0%		0.0	200.0		Scheduled
SS	S	VA Audit 2023-24	5.0	Feb-24	90.0	90.0	0.0	0%		2.0	88.0		In Progress
FM	M	Accounts Payable (1099s)	4.5	Mar-24	180.0	110.0	-70.0	-39%		30.0	80.0		In Progress
FM	S	YE Procedures FYE 2024, including cash counts	5.0	Jun-24	15.0	15.0	0.0	0%		0.0	15.0		Scheduled
<b>Total Planned Audit Hours:</b>					<b>1015.0</b>	<b>1015.0</b>	<b>0.0</b>			<b>572.0</b>	<b>443.0</b>		

**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



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

<b>Risk</b>	<b>Audit</b>	<b>Area</b>	<b>Type</b>	<b>Hours Planned</b>	<b>Audit Start Date</b>
	Year End Bank Confirmations	FM	S	45.0	Jun-24
	General Consultation	IS	C	75.0	Jul-23
	Risk Assessment	IS	M	70.0	Jan-24
	Unscheduled Investigations	IS	I	75.0	Jul-23
	HEERF Funding/Cares Act*	FM	R	0.0	Oct-23

**Total: 265.0**

\*Audit is being completed by the TBR Director of Internal Audit.

**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  
Revised April 2024

Area	Type	Audit	Risk Factor	Estimated Audit Start Date	Original Hours Planned	Revised Plan	Revised to Original		FN	Planned to Actual		Completion Date	Current Status
							Change in Hours	Change in Percentage		Actual Hours	Variance		
IS	C	Internal Control Awareness	3.0	Oct-23	150.0	150.0	0.0	0%		90.0	60.0		In Progress
IS	R	CCTA	3.4	TBD	150.0	150.0	0.0	0%		0.0	150.0		Scheduled
FM	R	President's Expenses Audit	3.2	Aug-23	150.0	150.0	0.0	0%		150.0	0.0	Oct-23	Completed
IS	C	Consulting Activities	3.0	As Needed	100.0	100.0	0.0	0%		60.0	40.0		In Progress
IS	M	Management Risk Assessment	3.5	Mar-24	100.0	100.0	0.0	0%		15.0	85.0		Scheduled
IT	R	TBR IS Audit	3.7	Mar-24	100.0	100.0	0.0	0%		2.0	98.0		Scheduled
FM	A	Travel Expenses	3.2	Feb-24	150.0	150.0	0.0	0%		22.5	127.5		Scheduled
PP	A	Campus Safety and Security	3.3	Jan-24	150.0	0.0	-150.0	-100%	1	0.0	0.0		Removed
<b>Total Planned Audit Hours:</b>					<b>1050.0</b>	<b>900.0</b>	<b>-150.0</b>			<b>339.5</b>	<b>560.5</b>		

**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 removed due to time constraint. Auditor was taking extended family medical leaves in February and March.

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

Area	Type	Audit	Risk Factor	Estimated Audit Start Date	Original Hours Planned	Revised Plan	Revised to Original		FN	Planned to Actual		Completion Date	Current Status
							Change in Hours	Change in Percentage		Actual Hours	Variance		
SS	R	Complete College Tennessee Act Element	5.0	Apr-24	100.0	100.0	0.0	0%		0.0	100.0		Scheduled
IS	S	Apprenticeships Consultation	5.0	Aug-24	100.0	76.5	-23.5	-24%		76.5	0.0	Oct-23	Completed
IA	S	Attendance Reporting	5.0	Jul-24	100.0	123.5	23.5	24%		111.0	12.5		In Progress
FM	S	HEERF III Student Distributions	5.0	Jul-24	20.0	20.0	0.0	0%		22.5	-2.5	Nov-23	Completed
IA	A	Faculty Credentials	3.6	Oct-24	100.0	100.0	0.0	0%		73.0	27.0		In Progress
IS	A	Grant Development	3.6	Feb-24	90.0	0.0	-90.0	-100%		0.0	0.0		Removed
FM	A	Student Accounts	3.4	Dec-24	90.0	0.0	-90.0	-100%		0.0	0.0		Removed
IS	C	Job Placement Reporting Consultation	5.0	Oct-24	0.0	150.0	150.0	100%		96.5	53.5		In Progress
IS	I	Developing Investigations-Assist TBR	5.0	Jul-24	50.0	35.0	-15.0	-30%	1	35.0	0.0		In Progress
IS	I	Unscheduled Investigations	5.0	Jul-24	50.0	0.0	-50.0	-100%	1	0.0	0.0		Removed
IS	I	NeSCC 24-1	5.0	Jan-24	0.0	62.5	62.5	100%		62.5	0.0	Mar-24	Completed
IS	I	NeSCC 24-2	5.0	Jul-24	0.0	65.0	65.0	100%		57.5	7.5		In Progress
FM	R	State Audit Assistance - Year End	5.0	May-24	30.0	30.0	0.0	0%		0.0	30.0		Scheduled
IS	S	Special Requests and Projects	5.0	Jul-24	100.0	100.0	0.0	0%		88.0	12.0		In Progress
IS	F	Other Audit Follow-Up	5.0	Jul-24	60.0	27.5	-32.5	-54%	1	27.5	0.0		In Progress
IS	M	Risk Assessment	5.0	Jul-24	50.0	50.0	0.0	0%		5.0	45.0		In Progress
IS	C	Management Advisory Services	5.0	Jul-24	100.0	100.0	0.0	0%		90.5	9.5		In Progress
<b>Total Planned Audit Hours:</b>					<b>1040.0</b>	<b>1040.0</b>	<b>0.0</b>			<b>745.5</b>	<b>294.5</b>		

**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 Remaining hours distributed to Investigations NeSCC 24-1 & NeSCC 24-2

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

Area	Type	Audit	Risk Factor	Estimated Audit Start Date	Original Hours Planned	Revised Plan	Revised to Original		FN	Planned to Actual		Completion Date	Current Status
							Change in Hours	Change in Percentage		Actual Hours	Variance		
FM	R	Year End Inventory & Cash Counts	5.0	Jun-24	22.5	22.5	0.0	0%		4.0	18.5		In Progress
FM	R	Audit Follow Up	5.0	Jul-23	30.0	30.0	0.0	0%		0.0	30.0		Scheduled
IS	R	Funding Formula	5.0	Feb-24	112.5	112.5	0.0	0%		0.0	112.5		Scheduled
IS	M	Risk Assessment	5.0	Nov-23	52.5	52.5	0.0	0%		4.5	48.0		In Progress
IA	S	Faculty Credentials	5.0	Oct-23	150.0	150.0	0.0	0%		149.0	1.0	Feb-24	Completed
IA	S	Compliance Assist Review	5.0	Jan-24	37.5	37.5	0.0	0%		12.0	25.5		In Progress
AD	C	Advancement Management Advisory Services	5.0	Jul-23	22.5	22.5	0.0	0%		15.0	7.5		In Progress
FM	C	Finance Management Advisory Services, Consultation	5.0	Jul-23	37.5	45.0	7.5	20%		15.0	22.5		In Progress
FM	R	Cleveland State Presidnets Expense Audit	5.0	Aug-23	150.0	150.0	0.0	0%		146.0	4.0	Oct-23	Completed
IS	C	Institutional Support Management Advisory Services, Consultation	5.0	Jul-23	75.0	75.0	0.0	0%		32.0	43.0		In Progress
IT	C	IT Audit Management Advisory Service - Phishing Campaign & Building Security Review	5.0	Jul-23	150.0	150.0	0.0	0%		62.0	88.0		In Progress
IT	A	PaperCut Vulnerability Assessment	3.9	Mar-24	150.0	150.0	0.0	0%		62.5	87.5		In Progress
IS	I	Unscheduled Investigations and Special Requests	5.0	Jul-23	37.5	37.5	0.0	0%		0.0	37.5		Scheduled
IT	C	IT Audit Management Advisory Service - PCI & ACH Review	5.0	Jul-23	150.0	150.0	0.0	0%		53.0	97.0		In Progress
IS	I	Investigation - Use of Audio Production Equipment.	5.0	Jun-23	30	30	0.0	0%	1	30	0.0	Aug-23	Completed
IS	I	Investigation - Student Complaint/FERPA	5.0	Mar-24	30	30	0.0	0%	2	13.0	17.0		In Progress
IT	A	IT PS3 File Share Vulnerability	3.6	Apr-24	150.0	150.0	0.0	0%		76.5	73.5		In Progress
<b>Total Planned Audit Hours:</b>					<b>1387.5</b>	<b>1395.0</b>	<b>7.5</b>			<b>670.5</b>	<b>694.5</b>		

**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- On June , 1 2023 Internal Audit was asked to investigate the Video Production Equipment Inventory.  
 FN2- On March 28, 2024 Internal Audit was asked to investigate a student complaint as it related to FERPA/Student records

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

Area	Type	Audit	Risk Factor	Estimated Audit Start Date	Original Hours Planned	Revised Plan	Revised to Original		FN	Planned to Actual		Completion Date	Current Status
							Change in Hours	Change in Percentage		Actual Hours	Variance		
FM	R	Year End Cash Counts	5.0	May-23	35.0	35.0	0.0	0%		7.50	27.50		In Progress
IS	M	Enterprise Risk Assessment	5.0	Jan-24	75.0	50.0	-25.0	-33%	3	22.75	27.25		In Progress
FM	A	Grants	3.6	Nov-24	60.0	32.0	-28.0	-47%	5	32.00	0.00		Removed
FM	R	CARES Act (HERRF)	5.0	Jul-23	20.0	118.0	98.0	490%	2	77.25	40.75		In Progress
IS	A	Sick Leave Bank	4.3	Nov-24	45.0	65.0	20.0	44%		51.25	13.75		In Progress
FM	F	State Audit Follow-up	5.0	Feb-24	60.0	60.0	0.0	0%		20.00	40.00		In Progress
FM	F	IAR Audit Follow-up	5.0	Jul-23	80.0	40.0	-40.0	-50%	3		40.00		In Progress
FM	I	Unscheduled Investigations	5.0	Jul-23	90.0	25.0	-65.0	-72%	3	12.50	12.50		In Progress
IS	C	Management Advisory Services	5.0	Jul-23	142.0	142.0	0.0	0%		112.25	29.75		In Progress
AX	S	Foundation - Restricted Funds	4.7	Nov-23	40.0	40.0	0.0	0%		35.75	4.25		In Progress
IA	S	Nursing Program Review	4.9	Sep-23	30.0	30.0	0.0	0%		25.00	5.00		In Progress
IS	R	Campus Safety & Security	5.0	Sep-23	10.0	0.0	-10.0	-100%	5		0.00		Removed
AD	R	CCTA - Graduation	5.0	Oct-23	25.0	25.0	0.0	0%			25.00		In Progress
IS	R	QAR - Self Assessment and External	5.0	Jul-23	30.0	20.0	-10.0	-33%	3	19.50	0.50	Jul-23	Completed
IA	R	Release Time/Workload IAR Follow-up	4.5	Oct-23	30.0	30.0	0.0	0%			30.00		In Progress
FM	S	Adjuncts Having More than 1 Position at RSCC	4.5	Jul-23	38.0	38.0	0.0	0%		25.50	12.50		In Progress
IS	I	INV 22-01		Jul-23	0.0	35.0	35.0	100%		16.75	18.25		In Progress
IS	I	INV 23-01	5.0	Aug-23	5.0	5.0	0.0	0%		2.00	3.00		In Progress
IS	I	INV 23-02	5.0	Jul-23	100.0	100.0	0.0	0%		55.75	44.25		In Progress
FM	R	President's Expense Audit - NSCC	5.0	Aug-23	60.0	60.0	0.0	0%		62.00	-2.00	Oct-23	Completed
FM	F	Accounts Receivable - Follow-up from State Audit	5.0	Nov-23	75.0	100.0	25.0	33%	1,4	87.25	12.75		In Progress
<b>Total Planned Audit Hours:</b>					<b>1050.0</b>	<b>1050.0</b>	<b>0.0</b>			<b>665.00</b>	<b>385.00</b>		

**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 Start date revised because new Bursar recently hired  
 FN2 Hours increased because of difficulty separating institutional spending versus funds spent on student accounts  
 FN3 Decreased estimate of hours needed  
 FN4 Increased hours due to complexity of RSCC resolving finding  
 FN5 Removed due to other audits having higher priority

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

Area	Type	Audit	Risk Factor	Estimated Audit Start Date	Original Hours Planned	Revised Plan	Revised to Original		FN	Planned to Actual		Completion Date	Current Status
							Change in Hours	Change in Percentage		Actual Hours	Variance		
IS	R	CCTA Funding Formula	8.3	Jun-24	200.0	200.0	0.0	0%		0.0	200.0		Scheduled
FM	R	State Audit Year-End Work	5.0	May-24	40.0	40.0	0.0	0%		0.0	40.0		Scheduled
IS	F	Follow-Up Activities	5.0	Jul-23	60.0	60.0	0.0	0%		3.0	57.0		In Progress
IS	C	General Consultation	5.0	Jul-23	100.0	100.0	0.0	0%		67.5	32.5		In Progress
IS	P	IIA QAIP	5.0	Jul-23	75.0	75.0	0.0	0%		34.5	40.5		In Progress
IS	M	Management Risk Assessment	5.0	Feb-24	100.0	100.0	0.0	0%		7.0	93.0		In Progress
IS	I	Unscheduled Investigations	5.0	Jul-23	50.0	50.0	0.0	0%		0.0	50.0		Scheduled
IS	R	HEERF Reporting	5.0	Jul-23	100.0	100.0	0.0	0%		128.5	-28.5	Sep-23	Completed
FM	A	Payroll	4.6	Oct-23	180.0	450.0	270.0	150%	1	334.0	116.0		In Progress
<b>Total Planned Audit Hours:</b>					<b>905.0</b>	<b>1175.0</b>	<b>270.0</b>			<b>574.5</b>	<b>600.5</b>		

**Functional Areas:**

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

**Audit Types:**

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

**Status:**

Scheduled  
 In Progress  
 Completed  
 Removed

FN 1: Adjust for expanded audit planning and audit program modifications.

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

Area	Type	Audit	Risk Factor	Estimated Audit Start Date	Original Hours Planned	Revised Plan	Revised to Original		FN	Planned to Actual		Completion Date	Current Status
							Change in Hours	Change in Percentage		Actual Hours	Variance		
IS	C	Management Advisory Services/Consulting	5.0	Jul-23	50.0	50.0	0.0	0%		10.0	40.0		In Progress
FM	F	State Audit Assist/Follow-up	5.0	Sep-23	22.5	22.5	0.0	0%		8.0	14.5		In Progress
FM	R	WSCC Enterprise-wide Risk Assessment	5.0	May-24	22.5	22.5	0.0	0%		0.0	22.5		Scheduled
IS	M	WSCC IET and Fin Aid Risk Assessments	5.0	May-24	45.0	45.0	0.0	0%		0.0	45.0		Scheduled
SS	R	IAR-CCTA-T/B/A	5.0	Jan-24	105.0	105.0	0.0	0%		0.0	105.0		Scheduled
FM	S	YE Procedures FYE 2023	5.0	Jul-23	22.5	22.5	0.0	0%		22.5	0.0	Jul-23	Completed
FM	S	YE Procedures FYE 2024	5.0	Jun-24	22.5	22.5	0.0	0%		0.0	22.5		Scheduled
IT	S	IAR-NACHA	5.0	Jun-23	95.0	95.0	0.0	0%		95.0	0.0	Aug-23	Completed
IS	S	Unscheduled Investigations	5.0	Jul-23	97.5	97.5	0.0	0%		4.0	93.5		In Progress
FM	C	Business Continuity Planning	5.0	Jul-23	305.0	305.0	0.0	0%		268.5	36.5		In Progress
FM	P	Documentation of Workforce Training Operating Systems	5.0	Jul-23	82.5	82.5	0.0	0%		45.0	37.5		In Progress
FM	R	President's Expenses	5.0	Sep-23	90.0	90.0	0.0	0%		115.0	-25.0	Oct-23	Completed
IA	C	Faculty Workload Reports	4.8	Jul-23	45.0	45.0	0.0	0%		5.0	40.0		In Progress
IA	C	Department Chair Compensation Methodology	4.8	Aug-23	45.0	45.0	0.0	0%		5.0	40.0		In Progress
<b>Total Planned Audit Hours:</b>					<b>1050.0</b>	<b>1050.0</b>	<b>0.0</b>			<b>578.0</b>	<b>472.0</b>		

**Functional Areas:**

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

**Audit Types:**

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

**Status:**

Scheduled  
 In Progress  
 Completed  
 Removed

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

Area	Type	Audit	Risk Factor	Estimated Audit Start Date	Original Hours Planned	Revised Plan	Revised to Original		FN	Planned to Actual		Completion Date	Current Status
							Change in Hours	Change in Percentage		Actual Hours	Variance		
SS	R	VA Audit-TCAT-McKenzie		Aug-23	7.5	25	17.5	233%		25.00	0.00	Jul-23	Completed
SS	R	VA Audit-TCAT-TCAT TBD		Jan-24	75	0	-75	-100%	3	0.00	0.00		Removed
IS	R	External Quality Assurance Review		Jul-23	37.5	20	-17.5	-47%		20.00	0.00	23-Jul	Completed
FM	S	Tn eCampus		Dec-23	150	150	0	0%		0.00	150.00		Scheduled
IS	O	TBR Website Content Review		Sep-23	25	25	0	0%		19.50	5.50		In Progress
FM	S	Review of TCCTE		Jul-23	100	0	-100	-100%	1	0.00	0.00		Removed
IS	R	Unscheduled Audits/Audit Assistance		As needed	100	50	-50	-50%		0.00	50.00		Scheduled
FM	A	Review of Travel Claims		Feb-24	175	350	175	100%		301.00	49.00		In Progress
IS	C	General Consultation		As needed	350	100	-250	-71%		44.00	56.00		In Progress
FM	R	HEERF-DSCC		Jan-24	0.0	100.0	100.0	100%	2	87.75	12.25		In Progress
FM	R	HEERF-JSCC		Feb-24	0.0	100.0	100.0	100%	2	49.50	50.50		In Progress
FM	R	HEERF-MSCC		Feb-24	0.0	100.0	100.0	100%	2	7.50	92.50		In Progress
<b>Total Planned Audit Hours:</b>					<b>1020.0</b>	<b>1020.0</b>	<b>0.0</b>			<b>554.3</b>	<b>465.8</b>		

**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 TCCTE Review merged with Review of Travel
- FN2 Required Audit-No campus auditor
- FN3 Audit priorities changed due to open audit positions on campuses



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

Area	Type	Audit	Risk Factor	Estimated Audit Start Date	Original Hours Planned	Revised Plan	Revised to Original		FN	Planned to Actual		Completion Date	Current Status
							Change in Hours	Change in Percentage		Actual Hours	Variance		
IS	C	Consultation with Campus Auditors		23-Jul	125	50	-75	0%		8.5	41.5		In Progress
IS	P	Investigation Management		23-Jul	200	150	-50	0%		109.5	40.5		In Progress
FM	I	Unscheduled Investigations		23-Jul	400	0	-400	-100%		0	0		Scheduled
PP	I	INV TBR 21-05		21-Feb	40	20	-20	0%		0	20		Scheduled
FM	I	INV TBR 22-03		21-Sep	75	10	-65	0%		0	10		Scheduled
IA	I	INV TBR 23-02		22-Aug	5	3	-2	-40%		3	0	23-Jul	Completed
IA	I	INV TBR 23-03		22-Sep	37.5	37.5	0	0%		0	37.5		Scheduled
AT	I	INV TBR 23-04		22-Dec	75	75	0	0%		0	75		Scheduled
IS	I	INV TBR 23-06		23-Jan	607.5	607.5	0	0%		503.5	104		In Progress
FM	I	INV TBR 23-07		23-Mar	300	500	200	67%		403	97		In Progress
MC	I	INV TBR 23-08		23-Mar	75	75	0	0%		26	49		In Progress
IA	I	INV TBR 23-09		23-Mar	10	16	6	60%		16	0	23-Jul	Completed
IT	I	INV TBR 24-01		23-Jul	0	50	50	100%		24.5	25.5	24-Mar	Completed
IT	I	INV TBR 24-02		23-Aug	0	75	75	100%		27	48		In Progress
FM	I	INV TBR 24-03		23-Aug	0	16	16	100%		0	16		In Progress
AT	I	INV TBR 24-04		24-Jan	0	265	265	100%		141	124		In Progress
FM	I	INV TBR 24-05 *		23-Jan	0	0	0	0%		0	0	24-Feb	Completed
<b>Total Planned Audit Hours:</b>					<b>1950.0</b>	<b>1950.0</b>	<b>0.0</b>			<b>1262.0</b>	<b>688.0</b>		

\* Investigation completed by TCAT Auditor

**Functional Areas:**

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

**Audit Types:**

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

**Status:**

Scheduled  
 In Progress  
 Completed  
 Removed

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

Area	Type	Audit	Risk Factor	Estimated Audit Start Date	Original Hours Planned	Revised Plan	Revised to Original		FN	Planned to Actual		Completion Date	Current Status
							Change in Hours	Change in Percentage		Actual Hours	Variance		
IT	R	MSCC Information Security	5	Jan-24	150	150	0	0%		130.5	19.5		In Progress
IT	R	WSCC Information Security	5	Jan-24	150	150	0	0%		39.5	110.5		In Progress
IT	R	NaSCC Information Security	5	Mar-24	150	150	0	0%		0	150		Scheduled
IT	R	DSCC Information Systems	5	Jun-24	150	150	0	0%		0	150		Scheduled
IT	R	STCC Information Security	5	Apr-24	150	150	0	0%		119	31	Dec-23	Completed
IT	R	TCAT Information Security	5	May-24	150	200	50	33%	1	139.5	60.5	Dec-23	Completed
IT	R	TBR System Office Information Security	5	Jun-24	200	200	0	0%	1	273.5	-73.5	Dec-23	Completed
<b>Total Planned Audit Hours:</b>					<b>1100.0</b>	<b>1150.0</b>	<b>50.0</b>			<b>702.0</b>	<b>448.0</b>		

**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- TBR System Office and TCAT audits combined in one report.

TCAT  
Internal Audit Plan  
Fiscal Year Ending June 30, 2024  
Revised April 2024

Area	Type	Audit	Risk Factor	Estimated Audit Start Date	Original Hours Planned	Revised to Original			FN	Planned to Actual		Completion Date	Current Status
						Revised Plan	Change in Hours	Change in Percentage		Actual Hours	Variance		
FM	P	Consultation	NA	23-Jul	50	50	0	0%		44.5	5.5		In Progress
FM	P	Cosmetology Review Audit	NA	23-Jul	50	40	-10	-20%	3	40	0		Removed
FM	P	Oneida VA Audit	NA	23-Jul	25	25	0	0%		35	-10	23-Oct	Completed
FM	P	Audit Program	NA	23-Jul	25	25	0	0%		25.5	-0.5		In Progress
FM	A	TCAT Memphis Controls Review	3.9	23-Aug	150	75	-75	-50%		23.5	51.5		In Progress
FM	A	TCAT McMinnville Controls Review	3.1	23-Sep	75	75	0	0%		52	23		In Progress
FM	A	TCAT Elizabethton Controls Review	3.2	23-Oct	100	100	0	0%		25	75		In Progress
FM	A	TCAT Athens Controls Review	2.3	23-Nov	37.5	50.5	13	35%		35.5	15		In Progress
FM	A	TCAT Knoxville Controls Review	3.8	23-Dec	125	125	0	0%		47	78		In Progress
FM	A	TCAT Shelbyville Controls Review	3.4	24-Jan	75	75	0	0%	1	77.5	-2.5		In Progress
FM	A	TCAT Northwest Controls Review	3	24-Feb	125	125	0	0%		37.5	87.5		In Progress
FM	A	TCAT Jackson Controls Review	3.6	24-Mar	100	100	0	0%		28	72		In Progress
FM	A	TCAT Murfreesboro Controls Review	3.9	24-Apr	37.5	14.5	-23	-61%	2	14.5	0		Removed
FM	A	TCAT Livingston Controls Review	3	24-May	37.5	47.5	10	27%	1	49	-1.5		In Progress
FM	A	TCAT Hartsville Controls Review	2.6	24-Jun	37.5	47.5	10	27%		40	7.5		In Progress
FM	I	TBR-INV-24-05: Crossville Cosmetology Review	NA	23-Jul	0	37.5	37.5	100%		37.5	0	24-Feb	Completed
FM	R	Risk Assessment	NA	23-Dec	0	37.5	37.5	100%		4	33.5		In Progress
<b>Total Planned Audit Hours:</b>					<b>1050.0</b>	<b>1050.0</b>	<b>0.0</b>			<b>616.0</b>	<b>434.0</b>		

**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- This audit is in review

FN2- This audit has been deferred due to turnover in Financial Aid and Fiscal Services.

FN3- This audit has been removed since the issues have been addressed in the TCAT Crossville Cosmetology Investigation and other Cosmetology audits.

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BOARD TRANSMITTAL

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MEETING: Committee on Audit

SUBJECT: Review of Internal Audit Charters

DATE: May 29, 2024

PRESENTER: Mike Batson

ACTION REQUIRED: Roll Call Vote

STAFF'S  
RECOMMENDATION: Approve

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

**1000 - Purpose, Authority, and Responsibility**

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

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

The attached charter has been revised due to a change in internal auditor and is recommended for the committee's approval.

## Dyersburg State Community College

### **Internal Audit Charter**

#### **Introduction**

Dyersburg State Community College is an institution of the Tennessee Board of Regents (TBR) system. The system is governed by the Board of Regents, consisting of 19 members (the Board) as determined by state law. The TBR Audit Committee is a standing committee of the Board. In accordance with the "State of Tennessee Audit Committee Act of 2005," the System-wide Chief Audit Executive reports directly to the Audit Committee and the Board and oversees the internal audit operations. Dyersburg State Community College employs an internal auditor (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 Dyersburg State Community College's 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 Dyersburg State Community College accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. Internal audit assists Dyersburg State Community College's management in the effective discharge of their duties and responsibilities by evaluating activities through assurance and consulting services, recommending improvements, and providing other information designed to promote effective controls.

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

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

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

### **Audit Standards**

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

### **Authority and Scope**

Internal audit's review of operations may include the examination and evaluation of the effectiveness of all aspects of institutional operations at Dyersburg State Community College. In the course of its work, internal audit has complete and direct access to all Dyersburg State Community College personnel, records, physical property, and employee information related 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 Dyersburg State Community College expects of the employees normally accountable for them.

### **Organizational Status/Reporting Structure**

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

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

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, Dyersburg State Community College's administration, and the department under audit. In fulfilling their responsibilities, internal audit will:

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

- Assist with audits or perform certain agreed upon procedures for external parties. External parties include but are not limited to audit offices of federal and state governments and related agencies.
- Review management's risk assessment process and advise management on the reasonableness and propriety of the assessment.
- Promote and evaluate fraud prevention and identification programs and investigate allegations involving fraud, waste, and abuse.
- Demonstrate and promote appropriate ethics and values within the organization.
- Communicate activities and information among the board, internal auditors, external auditors, and the administration.

**Quality Assurance and Improvement**

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

**Periodic Review of Internal Audit Charter**

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.

Scott Cook  
 President (print name)

Scott Cook  
 President Signature

3/22/2024  
 Date

Angie Brown  
 Auditor (print name)

Angie Brown  
 Auditor Signature

3-14-24  
 Date



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BOARD TRANSMITTAL

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MEETING: Committee on Audit

SUBJECT: Review of System-wide Internal Audit Budget for Fiscal Year 2025

DATE: May 29, 2024

PRESENTER: Mike Batson

ACTION REQUIRED: Roll-Call Vote

STAFF'S  
RECOMMENDATION: Approve

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According to the *Audit Committee Charter*, the Audit Committee is responsible for ensuring “adequate resources in terms of staff and budget are provided to enable the department to effectively perform its responsibilities”. The committee will review the Fiscal Year 2025 budget for the Office of System-wide Internal Audit. The Fiscal Year 2024-2025 budget is presented on the following page.

**Tennessee Board of Regents  
Office of System-wide Internal Audit  
Proposed Budget for Fiscal Year 2024-2025**

	<u>FY 2025 Budget</u>		<u>FY 2024 Budget</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Salaries	661,008	67%	596,512	64%
Employee Benefits	252,053	26%	239,004	26%
<b>Total Salaries and Benefits</b>	<u>913,061</u>	<u>93%</u>	<u>835,516</u>	<u>90%</u>
Travel				
In State Travel	33,000	3%	29,000	3%
Out of State Travel	3,000	0%	3,000	0%
<b>Total Travel</b>	<u>36,000</u>	<u>3%</u>	<u>32,000</u>	<u>3%</u>
<b>Operating Expenses</b>	<u>37,500</u>	<u>4%</u>	<u>61,310</u>	<u>7%</u>
<b>Total Budget</b>	<u><u>986,561</u></u>	<u><u>100%</u></u>	<u><u>928,826</u></u>	<u><u>100%</u></u>

Notes:

Salaries and Benefits include 6 full-time staff positions for System-wide Internal Audit: Chief Audit Executive, Director of Internal Audit, Investigative Audit Manager, Information Systems Auditor, TCAT Internal Auditor IV, and Administrative Assistant III; and one part-time staff position: Investigative Auditor. This amount does not include COLA increases for FY 24-25. Funding for an additional Information Systems Auditor was requested by SWIA.

Travel categories include the costs for system office audit staff to travel in state for audits and investigations, meetings, and other business activities. Additional funds were requested for coverage of vacant college auditor positions. It also includes the costs of out of state travel for training/professional development.

Operating Expenses include the general operating costs for the system audit office such as copier lease, supplies, computer software, conference registrations, and instructors for group training.