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

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**AGENDA**  
**May 28, 2025**

- 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 2025 Internal Audit Plans**
  - b. Review of Internal Audit Charters**
  - c. Review of System-wide Internal Audit Budget for FY 2026**
  
- 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-2025-committee-chairs-personnel-compensation-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 28, 2025

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:

Recommendation/Finding Logs  
Miscellaneous External Reviews  
Federal Audits  
Internal Audits

STATUS SUMMARY FOR PREVIOUSLY REPORTED FINDINGS

Comptroller's Audit Reports - Following is a summary on the status of previously reported Comptroller's Office findings. 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, 2025. Campus auditors conduct follow up procedures to determine if management has taken adequate corrective action and include their conclusions on the summary log. A follow-up report may be issued by the campus auditor if adequate corrective action has not been taken by management.

TBR SWIA - Status Report on Internal Audit Recommendations- Community Colleges (Reports sorted by Status, Institution, Report Release Date)										
Institution	Report Release Date	Recommendation	Responsible Staff	TBR Vice Chancellor Area	Date Management's Actions to be Implemented	Revised Date Management's Actions to be Implemented	# of Changes to Date Management's Actions to be Implemented	Initial Date of Internal Audit Follow-up	Notes and Dates	Status
ChSCC	12/19/2024	High School Equivalency Documentation 1 of 2: Documentation scanning issues resulting in accessibility of documents stored in the Banner Document Management System (BDMS) be evaluated and resolved so that all student information records are retained in accordance with ChSCC and TBR policies.	Vice President - Student Affairs	Student Success	3/31/2025			4/26/2025		Action Completed
ChSCC	12/19/2024	High School Equivalency Documentation 2 of 2: Completion of notifications to the appropriate federal and state agencies concerning the college's findings of inappropriately received financial aid.	Vice President - Student Affairs	Student Success	3/31/2025			2/20/2025		Action Completed
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	9/30/2024	1	1/17/2023		Action Completed
SWTCC	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	2/10/2025	5	9/3/2023		Action Completed
SWTCC	8/26/2024	Employees should follow SWTCC's current Credit Card Procedures by signing the credit card access logs when p-cards are checked in/out to show accountability and separation of duties between the custodian of the purchase cards and employees receiving the p-cards for purchases.	Procurement	Business and Finance	8/26/2024	8/26/2024		8/26/2024		Action Completed
SWTCC	10/11/2024	Campus leadership should ensure appropriate employees receive CSA training to develop awareness of their responsibilities for reporting crimes that were witnessed by or reported to them, and ensure that the training and participants are documented. Proper documentation provides assurance of Clery Act compliance in the event an audit or investigation by the U.S. Department of Education.	Police Services /HR	Business and Finance	10/21/2024			4/28/2025		Action Completed
SWTCC	10/11/2024	The daily crime logs should be reviewed periodically to ensure all logs are on file and are completed to include dispositions of each reported incident. Completeness of daily crime logs would further support the annual crime statistics data reported on the Annual Security Report.	Police Services	Business and Finance	10/21/2024			4/28/2025		Action Completed
SWTCC	10/11/2024	All reported crimes should be included on the Annual Security Report statistics, even if the result of the investigations were "unfounded" and subsequently withheld from the crime statistics, as required by the Clery Act.	Police Services	Business and Finance	10/21/2024			4/28/2025		Action Completed
SWTCC	1/6/2025	Campus leadership should implement a formalized process to ensure all athletic coaches, assistant coaches, and exempt employees complete an annual Statement of Disclosure of Interest Form (Disclosure). Additionally, a monitoring and tracking system should be established to ensure timely submission.	Athletics/HR	Business and Finance	6/15/2025					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 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	8/31/2024	1	8/8/2024		Action Completed
TCAT Shelbyville	6/21/2024	Two students were noted as having been sent letters on the weekend on 10/15/23 and during the holiday break on 12/30/23. A recommendation was made to ensure the letters were dated and sent during the week.	President SCO	Policy and Strategy	12/30/2024	6/30/2024	1	12/1/2024		Action Completed
TCAT Livingston	6/28/2024	Two students were noted as having been sent letters of contact for collections on the weekend, 7/15/23 and 10/15/23. A recommendation was made to ensure the letters were dated and sent during the week.	President Coordinator of Business & Finance	Policy and Strategy	3/31/2025					In Progress
TCAT Livingston	6/28/2024	Letters for four students were noted as having been sent with less than 30-day intervals between letters of contact as noted in TBR Guideline B-010. A recommendation was made to process all accounts receivable collection letters on the same day each month to ensure each student is given the full 30 days for each notification.	President Coordinator of Business & Finance	Policy and Strategy	3/31/2025					In Progress
TCAT Hartsville	2/20/2025	Letters for all five students were noted as having been sent with less than 30-day intervals between letters of contact as noted in TBR Guideline B-010. A recommendation was made to establish accounts receivable collection procedures that adhere to the guideline, including ensuring that letters of contact are sent at thirty-day intervals. An example was provided to process letters on the same day each month.	President, Vice President, Office Manager, Business Coordinator	Policy and Strategy	6/30/2025					Not Yet Due
TCAT Northwest	2/19/2025	One student was noted as having been sent a collection letter dated for the weekend of December 10, 2022. A recommendation was made to ensure the letters were dated and sent during the business week.	President, Vice President, Financial Support Associate, Student Support Specialist	Policy and Strategy	6/30/2025					Not Yet Due
TCAT Morristown	2/21/2025	TBR Guideline B-010, II.C. states, "A minimum of three billings or letters of contact shall be sent by the institution at thirty-day intervals once an account becomes delinquent." The third letter for all five students tested was sent over 30 days after the second. A recommendation was made to establish accounts receivable collection procedures that adhere to the guideline, including ensuring that letters of contact are sent at thirty-day intervals. An example was provided to process letters on the same day each month.	President, Vice President, Business Office Coordinator	Policy and Strategy	6/30/2025					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		Action Completed
RSCC	10/22/2024	FY22 Report - As noted in the prior three audits, the college did not perform adequate collection procedures for accounts receivable	VP of Business & Finance	Vice Chancellor for Business & Finance	12/2/2024			10/31/2024		Action Completed
RSCC	10/22/2024	FY23 Report - As noted in the prior four audits, the college did not perform adequate collection procedures for accounts receivable	VP of Business & Finance	Vice Chancellor for Business & Finance	12/2/2024			10/31/2024		Action Completed

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
DSCC	12/18/2024	DSCC ITGCR: Dyersburg State Community College did not provide adequate internal controls in one area. Ineffective internal controls increase the likelihood of errors, data loss, and unauthorized access to college information. The details of this finding are confidential pursuant to Section 10-7-504(i), <i>Tennessee Code Annotated</i> . Details will be provided to the Board during Audit Committee Executive Session.	Chief Information Officer	Business and Finance	1/31/2025			4/15/2025		Action Completed
MSCC	5/10/2024	MSCC ITGCR: Motlow State Community College did not provide adequate internal controls in nine areas. Ineffective internal controls increase the likelihood of errors, data loss, and unauthorized access to college information. The details of this finding are confidential pursuant to Section 10-7-504(i), <i>Tennessee Code Annotated</i> . Details will be provided to the Board during Audit Committee Executive Session.  Four of nine areas have been corrected.	Chief Information Officer	Business and Finance	12/31/2024	12/31/2025	2	7/11/2024	4/23/2025	In Progress
NaSCC	10/31/2024	NaSCC ITGCR: Nashville 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.  Three of six areas have been corrected.	Chief Information Officer	Business and Finance	3/30/2025	8/30/2025	1	1/24/2025	4/24/2025	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.  Four of seven areas have been corrected.	Chief Information Officer	Business and Finance	9/30/2024	12/31/2024	1	8/8/2024	1/16/2025	In Progress
TCAT Memphis	1/31/2025	TCAT Memphis ITGCR: TCAT Memphis did not provide adequate internal controls in nine areas. Ineffective internal controls increase the likelihood of errors, data loss, and unauthorized access to college information. The details of this finding are confidential pursuant to Section 10-7-504(i), <i>Tennessee Code Annotated</i> . Details will be provided to the Board during Audit Committee Executive Session.  One of nine areas have been corrected.	Chief Information Officer	Business and Finance	6/30/2025			4/15/2025		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
TCAT Crump	1/31/2025	TCAT Crump ITGCR: TCAT Crump did not provide adequate internal controls in three 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	6/30/2025					Not Yet Due

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BOARD TRANSMITTAL

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MEETING: Committee on Audit

SUBJECT: Audit Reports and Reviews

DATE: May 28, 2025

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, 2025, to March 31, 2025.

TCAT Athens  
– THEC  
TSAC Financial Aid Program Review

**Federal Audits**

The Audit Committee will review executive summaries for the federal audit reports issued before March 31, 2025.

Roane State Community College  
– US Department of Veterans Affairs  
Compliance Survey

TCAT Morristown  
– US Department of Veterans Affairs  
Compliance Survey

## **Internal Audit**

The Audit Committee will receive executive summaries for the internal audit reports issued from January 1, 2025, to March 31, 2025, as well as reports issued after March 31, 2025, 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**

CoSCC	Technology Access Fee for FY 2023 and 2024	Page 17
PSCC	Faculty Credential Audit	Page 18
SWTCC	Follow-up to the Review of Medical Programs with Special Admission Processes	Page 19
WSCC	NACHA Operating Rules	Page 20
TCAT Hartsville	Internal Controls Audit	Page 22
TCAT Morristown	Internal Controls Audit	Page 23
TCAT Northwest	Internal Controls Audit	Page 24

\*Limited Official Use Only reports for TCAT Crump- Information Security Audit and TCAT Memphis- Information Security Audit will be shared in Audit Committee Executive Session.

**Tennessee Board of Regents  
Audit Committee  
May 28, 2025**

***Miscellaneous External  
Reviews***

**Tennessee College of Applied Technology (TCAT) - Athens**  
**Tennessee Higher Education Commission (THEC) – Tennessee Student Assistance Corporation (TSAC)**  
**Financial Aid Program Review**  
**October 31, 2024**  
**Executive Summary**

<b>Introduction</b>	<p>TSAC Compliance Officers completed a review at TCAT Athens September 9-September 11, 2024, for academic year 2023-2024.</p> <p>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> <p>TSAC received and approved the responses from TCAT Athens.</p>
<b>Results</b>	<p><b>I. Failure to Adhere to the Tennessee Board of Regents (TBR) Residency Policy</b></p> <p>A. Warning:</p> <p>The institution failed to follow the TBR Residency policy to determine Tennessee residency for students awarded state financial aid. Students were coded on SGASTDN with residency statuses that indicate they are not Tennessee residents. However, each one did have Tennessee addresses listed on SPAIDEN.</p> <p>B. Required Action:</p> <p>The institution must attempt to determine whether the identified students were Tennessee residents. If it is determined the students did not meet the TBR residency policy, up to \$2,463.30 in DEG funds, \$5,333.00 in Wilder-Naifeh funds, \$2,001.00 in TSAA funds, and \$669.00 in TN Promise funds must be returned to TSAC, and institutional funding must be used to hold the students financially harmless to correct the error. If the conflicting information is resolved, the institution must provide TSAC with the documentation obtained to ensure the students were residents according to the policy.</p> <p><b>Management's Response:</b></p> <p>The Tennessee College of Applied Technology Athens received training on EVEA/TN Residency Verification. The Office of Student Services will effectively determine EVEA/TN residence for applicants according to the TBR Residency Policy. Once the EVEA Banner checklist item has been satisfied, along with all other mandatory requirements, it will be marked as received in the student's checklist and the student application assigned the appropriate decision code. In addition, Banner disbursement rules will use the EVEA/TN residency code to verify students meet TBR Residency requirements for all state grant programs before disbursing funds to student accounts. In the event a disbursement error occurs, the financial aid office will work with the student services office and the student to resolve EVEA/TN residency status and eligibility issues and update student eligibility in FAST as necessary.</p>

For the dual enrollment-students cited in the warning, it appears that Banner was missing the high school information on SOAHSC. The institution has updated SOAHSC to document that all students were attending a TN high school and met the TN residency requirements for the Dual Enrollment Grant.

The institution received documentation from two of the other three students to establish TN residency cited in the warning. Their status has been updated in Banner.

The institution has made attempts to verify TN residency for the other student cited in the warning but has been unable to obtain documentation to establish the student was a TN resident according to policy. The institution has returned ineligible funds to TSAC and awarded institutional scholarships to hold the student financially harmless. Copies of RSIAREV and the FAST Adjustments are included with our response.

## **II. Award Errors**

### **A. Finding:**

A recipient of TCAT Reconnect was not awarded during a term during which they were eligible. They were certified as if their tuition and fees had been covered by gift aid.

### **B. Required Action:**

Since the audit, the institution was approved for a retroactive payment request for the student, so the student has now been awarded. No action is required for the incorrect WN award.

The institution must assure TSAC it will review, update, and monitor its awarding process and procedures to ensure eligibility is completed in accordance with state regulations.

### **Management's Response:**

With the exception of the Summer Header term, the institution will follow the best practice of using the Banner Batch Awarding process as it has been written to calculate the last dollar award amount based on tuition and fees less gift aid for the term. The Batch Awarding process will normally be run and reviewed weekly until disbursement each term. Thereafter monthly until the end of the term to look for and correct awards due to late or changed awards.

The process will also be run a final time prior to completing reconciliation for the term. For the Summer Header term awarding, since the certification rosters for summer header term are not available from FAST until after July 1st and the summer term begins in May, the Batch Awarding process is not available. Summer Header awards are done manually using the Summer Header Reconnect/Promise report. Financial Aid personnel review this report to determine potentially eligible students and manually insert awards on RPAAWRD. These processes have been reviewed with all financial aid staff.



**Tennessee Board of Regents  
Audit Committee  
May 28, 2025**

***Federal Audit Reports***

**Roane State Community College**  
**U.S. Department of Veterans Affairs**  
**Compliance Survey**  
**February 14, 2025**  
**Executive Summary**

<b>Introduction</b>	<p>The U.S. Department of Veterans Affairs completed a Compliance Survey at Roane 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 Roane State Community College (referred to throughout as the ETI) by an Education Compliance Survey Specialist. An entrance briefing and exit briefing were held on February 5, 2025, with ETI officials.</p>
<b>Discrepancy</b>	<p>No discrepancies were found within areas of review enumerated in VA Form 22-1934.</p>

**TCAT Morristown  
U.S. Department of Veterans Affairs  
Compliance Survey  
March 19, 2025  
Executive Summary**

<b>Introduction</b>	<p>The U.S. Department of Veterans Affairs completed a Compliance Survey at TCAT Morristown. 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 TCAT Morristown (referred to throughout as the ETI) by an Education Compliance Survey Specialist. An entrance briefing and exit briefing were held on March 5, 2025, with ETI officials.</p>
<b>Discrepancy</b>	<p>No discrepancies were found within areas of review enumerated in VA Form 22-1934.</p>

**Tennessee Board of Regents  
Audit Committee  
May 28, 2025**

***Internal Audit Reports***

**Columbia State Community College**  
**Technology Access Fee Audit**  
**Fiscal Years 2023 & 2024**  
**January 31, 2025**  
**Executive Summary**

<b>Key Staff Personnel</b>	VP Finance and Administration AVP Business Services VP Academic Affairs AVP Information Technology	<b>Internal Auditor</b>	Leah Adeliyi, Director of Internal Audit
<b>Introduction</b>	A limited-scope audit of Columbia State Community College’s Technology Access Fee (TAF) was performed by Internal Audit in accordance with the annual audit plan. The purpose of the TAF fee is to provide direct student benefit, for items such as new and improved high technology laboratories and classrooms, appropriate network and software, computer or other hardware, and technological improvements that enhance instruction.		
<b>Objectives</b>	The audit objective is to determine whether the college has adequate internal controls established over fund expenditures, including compliance with Tennessee Board of Regents and institutional policies.		
<b>Scope</b>	The scope of the engagement included examination of TAF expenditures for fiscal years 2023 & 2024. Audit procedures were performed to determine if permissible business activities that provided direct student benefit were incurred and received appropriate approval.		
<b>Observations</b>	This report contains no observations.		
<b>Conclusion</b>	The audit revealed the college’s internal controls over the fund expenditures were adequate, and the funds were expended in accordance with policy.		

**Pellissippi State Community College  
Faculty Credentials  
Fall Semester 2024  
January 24, 2025  
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 Pellissippi State Community College was sufficient to document compliance with the criteria; and to recommend improvements if any are necessary.		
<b>Conclusion</b>	Even though this audit yielded no findings, the College needs to continue its efforts to obtain transcripts on time for all faculty hired. Internal Audit met with the President, Vice President of Academic Affairs, and the Executive Director of Human Resources and reiterated the significance of submitting all documentation on time. Management will continue to make every effort to ensure they are submitted timely in the future.		
<b>Recommendations</b>	There were no formal audit recommendations related to this audit.		

**Southwest Tennessee Community College**  
**Follow-up Review of Medical Programs with Special Admission Processes Audit**  
**For the Audit Period of FY 2024 - 2025**  
**Executive Summary**

<b>Key Staff Person:</b>	Vice President of Academic Affairs	<b>Auditor:</b>	Director of Internal Audit
<b>Introduction</b>	Internal audit conducted a follow-up review of Southwest Tennessee Community College's (SWTCC) <i>Medical Programs with Special Admissions Process</i> audit report issued on September 29, 2022. The medical programs provide students with preparedness to help meet entry-level needs of employers of the health care community. Each year, students are selected to participate in the medical programs based on prerequisite admission requirements.		
<b>Objectives</b>	The purpose of the audit was to determine if management has implemented corrective actions addressing the recommendation for creating a system to collect required student data using an Argos report to ensure all students meeting admission requirements are offered entry into the respective medical programs.		
<b>Scope</b>	Recent Argos reports from fiscal years 2024-2025 were reviewed to determine that students with the highest index scores are the students that were admitted into the programs. The audit was conducted in accordance with the <i>Global Internal Audit Standards</i> issued by <i>The Institute of Internal Auditors</i> .		
<b>Conclusion</b>	The review found that management has taken corrective actions for the recommendation. Argos query reports are used to help identify the most qualified applicants for the institution's medical programs, where applicable.		

**Walters State Community College**  
**Compliance with NACHA Operating Rules – Page 1 of 2**  
**February 27, 2025**  
**Executive Summary**

<b>Key Staff Personnel</b>	IET Director of Infrastructure and Chief Information Security Officer; Business Office Director of Financial Services; Cashier Office Director of Student Accounts and Revenue	<b>Internal Auditor</b>	Mark A. Ortlieb, CPA
<b>Introduction</b>	The National Automated Clearing House Association (NACHA) has recommended methods to address unique risk issues inherent to the Internet payment environment through requirements for added security. An annual audit is required to help ensure protection by security practices including adequate levels of: 1) physical security to protect against theft, tampering, or damage, 2) personnel and access controls to protect against unauthorized access and use, and 3) network security to ensure secure capture, transmission, storage, distribution, and destruction. This audit fulfills those requirements.		
<b>Objectives</b>	<p>The primary objective is to conduct an annual data security audit to ensure that Receivers' financial information is protected by security practices and procedures that ensure that the financial information that the Originator obtains from Receivers is protected by commercially reasonable security practices. Procedures related to the annual data security audit are as follows:</p> <ol style="list-style-type: none"> <li>1. Evaluate the College's compliance with the NACHA authorization requirements.</li> <li>2. Determine if security practices and procedures comply with NACHA's risk management requirements and adequate to protect consumer financial information.</li> <li>3. Determine if risk management practices and procedures are in compliance with NACHA requirements and are adequate to protect consumer financial information.</li> <li>4. Make recommendations for correcting deficiencies or improving operations.</li> </ol>		
<b>Scope</b>	<p>This audit was focused on Information and Educational Technologies systems, Budgeting and Business Services' sending of data files for the direct deposit of employees' payroll, federal tax payments, employee expense reimbursements and vendor invoices to First Horizon Bank, and the Cashier Office's sending of data files for the direct deposit of students' financial aid and institutional refunds to First Horizon Bank.</p> <p>This audit was conducted in conformance with the <i>Global Internal Audit Standards</i> issued by The Institute of Internal Auditors and included tests</p>		



**Walters State Community College**  
**Compliance with NACHA Operating Rules – Page 2 of 2**  
**February 27, 2025**  
**Executive Summary**

<b>Cont. Scope</b>	of records and other procedures considered necessary to achieve the objectives.
<b>Findings</b>	No findings arose from this Internal Audit engagement.
<b>Conclusion</b>	WSCC complies with the <i>NACHA Operating Rules and Guidelines</i> .

**TCAT Hartsville**  
**Internal Audit Report on Controls**  
**For the Fiscal Year July 1, 2022, to June 30, 2023**  
**Executive Summary**

<b>Key Staff Personnel</b>	President Vice-President Fiscal Coordinator Office Manager	<b>TCAT Internal Auditor</b>	Helen Vose, CIA, CFE
<b>Purpose and Objectives</b>	<p>To assess the adequacy of management's system of internal controls. Transactions were tested on a sample basis and other audit procedures were performed on controls in the following areas:</p> <ul style="list-style-type: none"> <li>• Cash Receipting</li> <li>• Cash Deposits</li> <li>• Accounts Receivable</li> <li>• Federal &amp; State Financial Aid – Student Award Process</li> </ul>		
<b>Scope</b>	<p>The audit was conducted in accordance with the <i>Global Internal Audit Standards</i>, issued by the Institute of Internal Auditors and included tests of the accounting records and such other auditing procedures considered necessary for the fiscal year July 1, 2022, to June 30, 2023.</p>		
<b>Conclusion</b>	<p>Based on observations, discussions with management, and the test work performed in the areas listed above for the period covered, management's systems of internal controls appear generally adequate. Management has established controls to ensure there is adequate segregation of duties between the cash receipting and deposit processes, and the cash is reconciled daily to deposits. Student accounts receivable are recorded and reconciled promptly, the aging is performed monthly, and notices of delinquent accounts are sent in a timely manner, except as noted below. The coordination between Financial Aid and the Business Office appears to be in place to ensure students that have dropped or have been terminated are identified and refunds processed as necessary. The process of ensuring the student is awarded accurately and is aware of all the resources for financial aid is adequate. The audit did not reveal significant issues of noncompliance with TBR and institutional policies or Federal laws, which could result in significant deficiencies in operations. However, one recommendation was noted.</p>		
<b>Recommendations and Observations</b>	<p>Letters for all five students were noted as having been sent with less than 30-day intervals between letters of contact as noted in TBR Guideline B-010. A recommendation was made to establish accounts receivable collection procedures that adhere to the guideline, including ensuring that letters of contact are sent at thirty-day intervals. An example was provided to process letters on the same day each month.</p>		

**TCAT Morristown**  
**Internal Audit Report on Controls**  
**For the Fiscal Year July 1, 2023 - June 30, 2024**  
**Executive Summary**

<b>Key Staff Personnel</b>	President Vice President Business Office Coordinator	<b>TCAT Internal Auditor</b>	Helen Vose, CIA, CFE
<b>Purpose and Objectives</b>	<p>To assess the adequacy of management's system of internal controls. Transactions were tested on a sample basis and other audit procedures were performed on controls in the following areas:</p> <ul style="list-style-type: none"> <li>• Cash Receipting</li> <li>• Cash Deposits</li> <li>• Accounts Receivable</li> <li>• Federal &amp; State Financial Aid – Student Award Process</li> </ul>		
<b>Scope</b>	<p>The audit was conducted in accordance with the <i>Global Internal Audit Standards</i>, issued by the Institute of Internal Auditors and included tests of the accounting records and such other auditing procedures considered necessary for the fiscal year July 1, 2023, to June 30, 2024.</p>		
<b>Conclusion</b>	<p>Based on observations, discussions with management, and the test work performed in the areas listed above for the period covered, management's systems of internal controls appear generally adequate. Management has established controls to ensure there is adequate segregation of duties between the cash receipting and deposit processes, and the cash is reconciled daily to deposits. Student accounts receivable are recorded and reconciled promptly, the aging is performed monthly, and notices of delinquent accounts are sent in a timely manner, except as noted below. The coordination between Financial Aid and the Business Office appears to be in place to ensure students that have dropped or have been terminated are identified and refunds processed as necessary. The process of ensuring the student is awarded accurately and is aware of all the resources for financial aid is adequate. The audit did not reveal significant issues of noncompliance with TBR and institutional policies, or Federal laws, which could result in significant deficiencies in operations. However, one recommendation was noted.</p>		
<b>Recommendation</b>	<p>TBR Guideline B-010, II.C. states, "A minimum of three billings or letters of contact shall be sent by the institution at thirty-day intervals once an account becomes delinquent." The third letter for all five students tested was sent over 30 days after the second. A recommendation was made to establish accounts receivable collection procedures that adhere to the guideline, including ensuring that letters of contact are sent at thirty-day intervals. An example was provided to process letters on the same day each month.</p>		

**TCAT Northwest**  
**Internal Audit Report on Controls**  
**For the Fiscal Year July 1, 2022, to June 30, 2023**  
**Executive Summary**

<b>Key Staff Personnel</b>	President VP of Student Affairs Financial Support Associate 7 Student Support Specialist/AR	<b>TCAT Internal Auditor</b>	Helen Vose, CIA, CFE
<b>Purpose and Objectives</b>	<p>To assess the adequacy of management's system of internal controls. Transactions were tested on a sample basis and other audit procedures were performed on controls in the following areas:</p> <ul style="list-style-type: none"> <li>• Cash Receipting</li> <li>• Cash Deposits</li> <li>• Accounts Receivable</li> <li>• Federal &amp; State Financial Aid – Student Award Process</li> </ul>		
<b>Scope</b>	<p>The audit was conducted in accordance with the <i>Global Internal Audit Standards</i>, issued by the Institute of Internal Auditors and included tests of the accounting records and such other auditing procedures considered necessary for the fiscal year July 1, 2022, to June 30, 2023.</p>		
<b>Conclusion</b>	<p>Based on observations, discussions with management, and the test work performed in the areas listed above for the period covered, management's systems of internal controls appear generally adequate. Management has established controls to ensure there is adequate segregation of duties between the cash receipting and deposit processes, and the cash is reconciled daily to deposits. Student account receivables are recorded and reconciled promptly, the aging is performed monthly, and notices of delinquent accounts are sent in a timely manner except as noted below. The coordination between Financial Aid and the Business Office appears to be in place to ensure students that have dropped or have been terminated are identified and refunds processed as necessary. The process of ensuring the student is awarded accurately and is aware of all the resources for financial aid is adequate. The audit did not reveal significant issues of noncompliance with TBR and institutional policies, or Federal laws, which could result in significant deficiencies in operations. However, one recommendation and one observation were noted.</p>		
<b>Recommendation and Observation</b>	<p>One student was noted as having been sent a collection letter dated for the weekend of December 10, 2022. A recommendation was made to ensure the letters were dated and sent during the business week.</p> <p>An observation was noted that one check on June 20, 2023, was not logged when received, but was appropriately contained in the deposit.</p>		

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BOARD TRANSMITTAL

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MEETING: Committee on Audit

SUBJECT: System-wide Internal Audit Updates

DATE: May 28, 2025

PRESENTER: Mike Batson

ACTION REQUIRED: Informational Report

STAFF'S  
RECOMMENDATION: Accept Report

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Mike Batson will give brief updates on the following items:

- Update on Open Campus Auditor Positions
- Fraudulent Student Applications

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BOARD TRANSMITTAL

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MEETING: Committee on Audit

SUBJECT: University Updates

DATE: May 28, 2025

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**

Austin Peay State University  
— FYE June 30, 2024

East Tennessee State University  
— FYE June 30, 2024

Middle Tennessee State University  
— FYE June 30, 2024

Tennessee Technological University  
— FYE June 30, 2024

University of Memphis  
— FYE June 30, 2024

**FINANCIAL AND COMPLIANCE AUDITS –FINDINGS**

Tennessee State University  
— FYE June 30, 2023

Tennessee State University- Foundation  
— FYE June 30, 2023

**Tennessee Board of Regents  
Audit Committee  
May 28, 2025**

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

<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>
Tennessee State University	June 30, 2023	Unmodified Opinion	Four findings were identified as material weaknesses, eleven findings were identified as significant deficiencies	One instance of noncompliance was required to be reported	15

**Finding 1 – As noted in the prior audit, Tennessee State University 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, which contributed to subsequent cash flow deficits**

**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 its physical assets and 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 its staff accountable. The Vice President of Business and Finance should ensure staff who are preparing or reviewing the ledger, other key systems, and the financial statements have adequate knowledge of accounting and reporting requirements to properly fulfill their responsibilities.

**Management's Comment** – We concur. Tennessee State University's current management fully recognizes the significance of the audit findings regarding the control breakdowns that have adversely affected the accuracy of financial reporting, the efficiency of daily operations, and the oversight of federal programs. We are approaching these findings and recommendations with the utmost seriousness and a deep commitment to rectification. We have already initiated or are planning to implement a range of corrective measures in consultation with external third-party consultants and organizations. These include but are not limited to strengthening governance structures and processes to ensure effective oversight and accountability, enhancing our internal control systems, developing/updating policies and procedures, investing in the training of our accounting staff, hiring qualified and experienced personnel for key positions, and implementing improvements to the financial system.

Through these comprehensive initiatives, our overarching goal is to restore and enhance the integrity of our financial systems and operational processes. We will closely monitor the progress of these initiatives, ensuring regular updates and transparent reporting to state governance and other relevant regulatory bodies, thereby reinforcing our commitment to accountability and transparency.

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



**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 each month. Once those policies are modified, management must ensure staff follow them consistently and are properly trained to complete 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 concur. TSU's current management acknowledges the audit finding for fiscal year 2023 regarding untimely and incomplete bank reconciliations. We are fully committed to strengthening our financial controls and are currently implementing corrective measures. These efforts include enhanced monitoring, targeted staff training, and accountability protocols to ensure that all unreconciled items are addressed promptly and that reconciliations are consistently completed in accordance with policy and best practices. TSU management is also dedicated to actively improving the bank reconciliation process to ensure greater accuracy and efficiency. We are committed to completing bank reconciliations for the university and foundation within 30 days after the end of each month. Our procedures include restrictions on making entries after the month-end close, the establishment of clear deadlines, and the implementation of documentation requirements to prevent unsupported adjustments. Additionally, discrepancies are reviewed and investigated, and system controls have been refined to prevent unauthorized entries.

The Vice President of Business and Finance, along with the Controller—whose duties are currently being handled by the Associate Vice President of Financial Services due to existing vacancies—plays a crucial role in promoting a systematic bank reconciliation process. This involves actively identifying any unreconciled items to prevent cash misappropriation or inaccuracies in bank transactions, thereby ensuring transparency, accuracy, and accountability in TSU's financial operations.

Additionally, as part of the monthly review process, management will ensure that all transactions are accurately recorded in the general ledger, posted to the appropriate accounts and entities, and supported by adequate documentation. In accordance with our policy, any discrepancies between bank balances and accounting records will be investigated and resolved within a 30-day reconciliation period. While these reconciling items have historically been investigated and resolved, TSU acknowledges that resolutions have not always been timely. However, since fiscal year 2023, TSU has made considerable progress in improving its reconciliation process.

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

**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 of the statements and the notes to mitigate the risk of errors; ensure staff preparing and reviewing the financial statements have adequate knowledge of governmental accounting and reporting requirements to properly perform their work; and ensure that financial statement balances are properly reconciled with underlying supporting documentation.

**Management's Comment** – We concur. TSU and the foundation's current management acknowledge the ongoing deficiencies highlighted in the audit findings and are committed to taking corrective measures to improve financial controls and enhance the accuracy of financial reporting. To achieve these goals, we have implemented several processes and financial controls designed to enhance both the accuracy and timeliness of our financial statements.

Ensuring adequate staffing for the preparation and timely submission of accurate financial statements is our top priority. Building a strong team will lead to ongoing improvements in financial controls, helping to reduce errors. As of fiscal year 2025, TSU has secured external support from third-party consultants and organizations, including the Tennessee Board of Regents (TBR) and the Tennessee Higher Education Commission (THEC), to enhance its financial processes. Our transformation efforts also include hiring individuals with the appropriate experience and skill sets, strengthening accountability structures, and improving system automation and functionality.

TSU management also recognizes the importance of effective oversight, enforcement, communication, and collaboration among all personnel involved in accounting functions. As a first step, we are collaborating with external consultants to update our business and finance policies and procedures. As an integral part of this effort, we will clearly define roles and responsibilities related to the regular reconciliation of accounts, the preparation and review of financial statements, and support for financial audits.

TSU management is committed to delivering comprehensive training tailored to the specific needs of each staff member, aligning with their roles and responsibilities. TSU management plans to commence training no later than July 2025, with the goal of ensuring accurate classification and proper disclosure of the information presented in the financial statements and accompanying notes.

Regarding oversight, the Vice President for Business and Finance, along with the Controller (or individuals currently serving in these roles for TSU and the foundation), will conduct reviews of the financial statements and notes to verify their accuracy. TSU management recognizes that verifying financial reports is essential for informed decision-making within the university and the foundation, as well as for maintaining stakeholder trust.

**Finding 4 – Tennessee State University management did not have adequate controls over ledgers, grants, and subledgers and did not perform reconciliations**

**Recommendation** - TSU management should implement a review process for all assigned codes to verify the proper accounts and impact. Management should implement reconciliations holistically for grant activity and ledger and subledger activity. Management should perform the reconciliations

routinely, within 30 days of month's end. When staff and management prepare and review reconciliations, they should document their name and the date of review. Management should immediately investigate unreconciled differences in the reconciliation.

**Management's Comment** – We concur. TSU's current management acknowledges the audit finding concerning the absence of reconciliations for accounts and grants receivable during the audit period, which led to errors in the financial statements. Management is committed to enhancing financial controls and ensuring that best practices are adhered to in all areas of financial management. We understand that the timely and accurate reconciliation of receivables is essential for maintaining the integrity of financial reporting and internal controls. In response to this finding, management is adopting a comprehensive and systematic approach to reconciling financial activities such as grants receivable, accounts receivable, residential life revenue, and transactions recorded in the ledger and subledgers.

Each reconciliation will include a documented sign-off, clearly indicating who performed and reviewed the reconciliation, along with the respective dates. Any unreconciled differences will be promptly investigated and resolved to ensure the accuracy and integrity of TSU's financial records. Additionally, management is implementing a review process for all assigned codes to verify the correct accounts and their impact.

**Finding 5 – As noted in the prior audit, Tennessee State University did not appropriately charge fees for some courses and did not charge student fees in accordance with the approved rates**

**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 the board-approved published fee rates are accurately entered into the system and that fees have been properly waived. The review process should include confirming that students have the correct charges on their accounts. Furthermore, management should consider centralizing duties for creating courses to make the controls more effective or only allowing certain staff access to apply waivers.

**Management's Comment** – We concur. TSU management has undertaken a series of measures to ensure that staff members accurately charge tuition and fees for all courses in accordance with the board-approved fee rates. The Bursar is tasked with developing the fee rules in the system and conducting multiple tests on the calculations. Additionally, the Assistant Bursar conducts an independent audit of fees for a separate sample of students. This validation process ensures that all tuition and fees are accurately applied to student accounts. Since these corrective measures were implemented, no issues have been reported for fall 2024 or spring 2025.

In the course creation process, the Assistant Vice President of Admissions and Records is responsible for entering courses into the Banner inventory after they receive final approval in *Curriculumlog*. The academic unit must confirm and/or add to the inventory the courses that will be offered in a specific semester. The Assistant Bursar is responsible for distributing a master list of Course Reference Numbers (CRNs) to the deans and chairs of the colleges for their review. This process ensures that all course fees are accurate. The deans then confirm the correct course fees and submit requests to amend any inaccuracies. Additionally, to strengthen internal controls, access to the fee waiver checkmark is restricted to the Assistant Bursar, the Assistant Vice President of Academic Affairs, the Assistant Vice President of Admission and Records, and the Associate Registrar.

**Finding 6 – As noted in the prior audit, Tennessee State University did not adequately support or identify student withdrawal dates and types**

**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 students' attendance, and management should 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. Management should appropriately set up the accounting system 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 staff update the accounts appropriately, and to the Financial Aid Office to calculate any required return of financial aid. TSU 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 concur. TSU reaffirms its commitment to providing accurate and timely reporting of student withdrawals, which is essential for determining the appropriate refund amounts to be returned both to students and to state and federal financial grantors. To enhance the effectiveness of this process, the university's Enrollment Management Office hired a Data Analyst on March 1, 2024. This individual's primary responsibility is to manage and oversee the enrollment reporting processes

Additionally, the Registrar's Office has also reviewed and updated its procedures for withdrawals in collaboration with an external consultant. To ensure clarity and successful implementation of the withdrawal process updates, we have prioritized comprehensive communication and training. On February 4, 2025, a training session was conducted with external consultants who facilitated discussions and presented real-world scenarios to illustrate both official and unofficial withdrawal procedures. This interactive approach helped staff gain confidence in managing these processes.

On January 29, 2025, key personnel, including the Registrar, Associate Registrar, and Data Analyst, participated in essential Baseline Banner NSC Setup training. This session provided them with the necessary skills to navigate the complexities of the enrollment reporting system effectively. By combining this targeted training with regular staff meetings, the Registrar's Office remains committed to ensuring that all team members are prepared to uphold the university's dedication to accurate reporting and strong student support.

**Finding 7 – As noted in the prior six audits, Tennessee State University personnel did not perform adequate collection procedures for accounts receivable**

**Recommendation** - Management should ensure that staff perform collection efforts timely in accordance with policy and that the tracking system documents when staff send delinquency letters and when they refer accounts to collection agencies. Management should oversee and review the collection process to ensure that staff complete each step properly.

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

TSU should enforce its policy by not allowing students with unpaid balances to remain enrolled or re-enroll in subsequent terms. Management should also consider reevaluating the account balance threshold and establishing appropriate cutoff dates.

**Management's Comment** – We concur. In June 2023, TSU hired a dedicated Collection Manager to improve the collection process. The university began utilizing new collection software in June 2024, which offers several key features. This system monitors student account balances during registration and automatically communicates with students by providing payment plans and sending reminders about outstanding balances.

Starting in Maymester 2025, the current TSU administration has announced that students who do not meet their payment deadlines will have their classes dropped before the first day of classes. For students who register during the late registration period and do not clear their balances, classes will be removed by the 14-day census date. The balance threshold for this policy is set at \$200 unless modified by TSU's President or their designee.

Students enrolled in payment plans who do not pay their semester balance by the end of the semester will be placed in a pre-collection account within the system. The system will send three final notice emails, spaced 30 days apart, before referring the accounts to a collection agency. If no payment is received after these three emails, the account will be sent to the first collection agency. If payment remains outstanding for nine months, the account will then be transferred to a secondary collection agency. These agencies specialize in recovering debts and employ various strategies to engage with debtors. Additionally, they report delinquent accounts to credit bureaus, which significantly enhances the effectiveness of their collection efforts. This reporting can impact individuals' credit scores, creating a greater sense of urgency to address outstanding debts.

If an account is in default with the second agency for nine months, it will be returned to TSU for write-off. The Bursar's Office will compile a list of students' names, account balances, and the ages of the accounts. This list will be submitted to the state for approval. Once the state grants approval, the account balances will be cleared.

The Collection Manager and Assistant Bursar continuously monitor the system to ensure accuracy across all platforms. Since implementing corrective measures, we have collected over \$3.6 million to date, which includes \$2.6 million from the single entity addressed in the finding.

**Finding 8 – The Tennessee State University Foundation did not comply with asset allocation requirements or limits on the amount a single investment manager can manage for each investment class, as defined in investment policies**

**Recommendation** - Management should work directly with the Investment Committee and the Investment Consultants to ensure that all necessary individuals are aware of the requirements set out in the Investment Policy Statements and that these policies are updated as necessary. Additional requirements for the Title III Fund should be considered during this process. Furthermore, management should ensure that the entire portfolio risk is within the allowable range, the investment mix is designed according to the policies, and a single investment manager does not exceed limits.

**Management's Comment** – We concur in part. The foundation acknowledges the finding and is taking steps to address noncompliance with asset allocation and investment manager limits outlined in its investment policy. Management will work directly with the Investment Committee and Investment Consultants to ensure that all relevant individuals are aware of the requirements set forth in the Investment Policy Statement (IPS) and that policies are updated as needed, including consideration of additional requirements for the Title III Fund.

The foundation is also enhancing its monitoring procedures by implementing more frequent reviews and rebalancing. This will help to ensure that the overall portfolio risk remains within allowable ranges, that the investment mix aligns with policy guidelines, and that no single investment manager exceeds the established limits.

While the foundation acknowledges the broader findings, further due diligence and consultation with the Investment Manager indicate that some of the reported asset allocation violations may be erroneous. As previously mentioned, the foundation is taking steps to address non-compliance; however, there are extenuating circumstances regarding the timeline required to remedy the Non- Traditional Investments violation. Exiting early from a portion of the Non-Traditional Funds would trigger significant early redemption fees of approximately \$85,000; incurring fees to this magnitude would not be the most financially prudent path forward for the foundation.

It is also important to note that the audit violations being addressed for the fiscal year 2023 audit will not be a one-time issue. Rather, these violations will be noted again during the fiscal year 2024 and fiscal year 2025 audit periods due to the liquidation timeline required to avoid redemption fees.

**Finding 9 – Tennessee State University continued not to follow federal guidance for the Higher Education Emergency Relief Fund**

**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 creating documented policies, procedures, and controls for implementing those funds; these procedures should be guided by the corresponding federal authority. Management should also document reviews by knowledgeable employees throughout the implementation process to compare the implementation with federal guidance and university policy.

**Management's Comment** – We concur. Tennessee State University (TSU), through its legacy as an HBCU and land grant institution, remains committed to transforming lives and cultivating a diverse generation of leaders. To this end, TSU's goal is to ensure that the financial resources available not only assist students in achieving their educational objectives but also comply with the requirements set forth by funders at all levels, including federal, state, institutional, and community sources.

Since the initial findings, TSU has implemented a policy to govern scholarships, grants, and emergency funding. This policy delineates the procedures for assessing the total financial assistance available to eligible students and establishes a framework for evaluating their eligibility. It is also designed to ensure that our processes and applicants adhere to the criteria set forth by federal regulations and other relevant authorities. To provide oversight, the Director of Grants Accounting and the Associate Vice President for Financial Services will monitor and evaluate the implementation process throughout its life cycle, ensuring alignment with federal guidance and university policies. Additionally, the Vice President for Business and Finance will furnish written approval of the process.

Through these initiatives, TSU is committed to fostering a supportive educational environment by minimizing financial barriers and enabling students to focus on their academic and personal growth while still adhering to funder requirements.

**Finding 10 –The financial aid office did not adequately reconcile its direct loan records to the Direct Loan Servicing System's records, as required by federal regulations, and therefore could not resolve discrepancies timely**

**Recommendation** -The financial aid office and the business office should develop policies and procedures for the reconciliation process. The Director of Financial Aid should ensure that the required monthly reconciliations are prepared and documented based on instructions in the *Federal Student Aid Handbook* and yearly training documents. If any items in the School Account Statement do not agree with the institution's financial records, financial aid staff should investigate and resolve these

differences promptly. The Director of Financial Aid and a member of the business office should review the reconciliation each month and at award year-end to ensure its accuracy and completeness.

**Management's Comment** – We concur. TSU is actively working to strengthen our financial aid processes. The Financial Aid Office has revised its policies and procedures regarding reconciliations to ensure compliance with federal regulations. Our revised procedures outline a three-step process for monthly reconciliations. This process begins with the Loan Coordinator performing the initial reconciliation. The reconciliation will then be submitted to either the Assistant Director of Compliance or the Director of Financial Aid for further evaluation. Finally, the Director of Grants Accounting will conduct a comprehensive review. This structured approach ensures that the Financial Aid Office completes the reconciliation efficiently with oversight from three distinct parties. All documentation related to the completed tasks and an accuracy checklist with signatures will be maintained for future reference. If any items in the School Account Statement do not match our internal financial records, the financial aid staff will initiate an investigation and resolve the differences in a timely manner.

To advance our reconciliation objectives, we have initiated job postings for two key positions: the Loan Coordinator and the Assistant Director of Compliance. These roles are vital to driving our reconciliation efforts and ensuring effective management of financial aid processes. Our primary goal is to achieve full reconciliation of the 2023-2024 Direct Loans by March 1, 2025. Furthermore, we plan to commence monthly reconciliations for the 2024-2025 loan disbursements starting in February 2025 to ensure accuracy and compliance.

During the interim period, while we work to fill the Loan Coordinator and Assistant Director of Compliance positions, the Director of Financial Aid will actively oversee the reconciliation process. The Director will also receive initial support from an outside consultant to ensure that all reconciliation activities are conducted smoothly and meet compliance requirements. This collaborative approach fosters a more effective and accountable financial aid system within the University.

**Finding 11 – Tennessee State University did not have adequate procedures to ensure Title IV credits were refunded timely per federal guidelines**

**Recommendation** - TSU management should revise and adequately document procedures to ensure that credits on student accounts are refunded within 14 days of Title IV aid being disbursed. In addition, leadership should take necessary steps to ensure that staffing is adequate to ensure compliance. Finally, TSU management should establish additional review procedures to identify credits that have not been refunded and ensure refunds are processed timely.

**Management's Comment** – We concur. In response to this issue, the Financial Aid Office reactivated its automatic refund process for Spring 2025 as part of our pilot program aimed at enhancing our financial aid procedures and compliance with federal regulations. To support our efforts, TSU engaged outside consultants who conducted a comprehensive review of the current detail codes in use, methodically analyzing their effectiveness and identifying areas for improvement. The changes made are anticipated to enhance both the efficiency and clarity of the payment process, allowing for a more straightforward identification of non-refundable amounts, which in turn will facilitate the more efficient allocation of funds for necessary financial aid adjustments and ensure student accounts are refunded within 14 days of Title IV aid being disbursed.

In addition, TSU's Financial Aid Office is taking proactive measures to inform students when their financial aid packages become available, ensuring that they are kept in the loop about their funding status. This process is confirmed to be operating smoothly for Spring 2025, ensuring students receive timely updates. The Financial Aid Office and our outside consultant will also check the job scheduling system regularly to verify that these processes are being carried out as intended.

We plan to complete all initiatives related to this process by July 2025, well ahead of the processing for Fall 2025 refunds. This timeline will allow for the seamless integration of improvements and ensure that students benefit from the enhancements in the financial aid process moving forward.

TSU acknowledges the urgent need to fill the Accounting Manager position within the Bursar's office to adhere to university protocols and regulatory standards. This role is crucial for overseeing reconciliation processes, managing refund operations, and enhancing our financial practices for the future. The Accounting Manager is essential not only for ensuring accuracy in financial reporting but also for proactively identifying and resolving any discrepancies that may occur. The Interim Vice President of Business and Finance has collaborated with the Bursar's Office and the Human Resources Department to facilitate the timely recruitment and hiring of a qualified candidate. The position was posted on February 4 and closed on February 17, 2025. The Bursar's Office is in the process of reviewing the applicant pool for this position.

**Finding 12 – For the federal Direct Loan and Pell Grant programs, Tennessee State University did not report timely and accurate information regarding students' enrollment statuses**

**Recommendation** - TSU management should review and update its processes as necessary to ensure the enrollment services office uploads and submits the correct information to NSLDS. In addition, the Assistant Vice President of Admissions and Records should ensure that staff know reporting deadlines and the importance of reporting enrollment status changes. The Assistant Vice President of Admissions and Records should also ensure that enrollment status changes are reported timely.

**Management's Comment** – We concur. TSU reaffirms our commitment to delivering accurate and timely reporting for the federal Direct Loan and Pell Grant programs. We understand that accurate data is crucial not only for effective student financing but also for maintaining the integrity of our institution. By prioritizing thorough data management and reporting practices, our goal is to enhance transparency, support our students' financial needs, and uphold the standards expected in higher education. To improve the effectiveness of this process, the University's Enrollment Management Office has hired a Data Analyst whose primary responsibility is to manage and oversee enrollment reporting processes. The Registrar's Office has also reviewed and updated its procedures for withdrawals in collaboration with an external consultant. This enhancement aims to ensure accurate and timely uploads of information to the National Student Clearinghouse (NSLDS), significantly reducing discrepancies and ensuring compliance with federal regulations. In accordance with the federal guidance in the *Federal Student Aid Handbook* Volume 2, Chapter 3, updates to the NSLDS will occur after the census date, followed by a regular reporting schedule every 30 to 45 days. This ensures that all enrollment changes, including withdrawals and status adjustments, are communicated promptly.

Moreover, the office has established a process to promptly address any identified errors during reporting. Corrective measures will be implemented within 5 to 7 business days, ensuring the integrity and accuracy of the reported data. This initiative underscores the office's commitment to operational efficiency and reliable student records.

To ensure clarity and successful implementation of the withdrawal process updates, we have prioritized comprehensive communication and training. On February 4, 2025, a training session was conducted with expert consultants who facilitated discussions and presented real-world scenarios to illustrate both official and unofficial withdrawal procedures. This interactive approach helped staff gain confidence in managing these processes.

On January 29, 2025, key personnel, including the Registrar, Associate Registrar, and Data Analyst, participated in essential Baseline Banner NSC Setup training. This session provided them with the necessary skills to navigate the complexities of the enrollment reporting system effectively. By combining this targeted training with regular staff meetings, the Registrar's Office remains committed



to ensuring that all team members are prepared to uphold the University's dedication to accurate reporting and strong student support.

**Finding 13 – Tennessee State University did not return Title IV funds in compliance with federal regulations**

**Recommendation** - The Registrar's Office and the Financial Aid Office should follow federal regulations. Management should ensure that the Financial Aid Office reperforms all return of Title IV funds calculations and makes necessary corrections to student and federal fund accounts for the 2022–2023 academic year. Finally, TSU should ensure that the Registrar's Office communicates any withdrawals to the Financial Aid Office in a timely manner.

**Management's Comment** – We concur. The Financial Aid Office is scheduled to conduct a thorough review of Title IV funds for the 2023-2024 academic year in February 2025, with completion expected by the end of April 2025. Additionally, we have enhanced communication between the Registrar's Office and the Financial Aid Office. The initial communications will involve a detailed examination of the daily Withdrawal Report produced by the Registrar's Office. Following the receipt of this report, an acknowledgment email will be sent to confirm its review.

To facilitate accurate calculations regarding the return of funds, specific parameters will be established within the Banner system. These parameters will support the Funds Calculation process in determining the correct return amounts owed. Our team is actively working with outside consultants to restructure and enhance our financial aid processes. This collaboration aims to significantly update our existing policies and procedures, preventing compliance issues in the future while fostering a more efficient system.

Having the correct effective date is crucial for maintaining accurate academic records and complying with federal regulations. TSU, in conjunction with an outside consultant, will help to verify students' correct withdrawal dates with the Registrar's Office and will also work with Student Accounts to ensure that the appropriate institutional charges are used in all calculations.

Finally, the Withdrawal Report will be scheduled within the job scheduler to run automatically and on time each day. This scheduling will enhance our workflow, enabling efficient adjustments as needed. By utilizing the Banner-delivered process for funds calculation, we will ensure that the actual charges incurred by the student are incorporated into the return calculations, rather than relying on the predetermined cost of attendance. This approach will lead to more accurate financial assessments.

**Finding 14 – Tennessee State University's Office of Financial Aid granted Title IV funds to ineligible students**

**Recommendation** - Tennessee State University should ensure that they properly confirm the eligibility of Title IV aid recipients before disbursing Title IV funds to students. The university should implement controls to ensure the appropriate staff confirm that students do not receive aid when they have already reached the loan limit or if the total funds would be greater than the cost of attendance. The controls should also ensure that staff verify required documents and monitor satisfactory academic progress.

**Management's Comment** – We concur. In response to previous challenges, the Financial Aid Office has restructured the Associate Director of Loans position and created a new role, the Assistant Director of Compliance, both of which will report directly to the Director of Financial Aid. Additionally, TSU is diligently working to enhance its Banner processes, leveraging advanced tools designed to improve the efficiency and accuracy of student financial aid management. A key component of this initiative is the development of automated workflows. These workflows are intended to facilitate the timely and precise processing of student awards.

Furthermore, the Financial Aid Office is collaborating with external consultants to establish a quality control process. The process is comprised of routine monitoring and reporting of award distribution. Such measures are essential to ensure that students are not over-awarded and that funds are allocated solely to eligible individuals. Our goal is to ensure compliance with established financial aid policies, ultimately fostering transparency and confidence in our financial aid system.

**Finding 15 – Tennessee State University did not provide adequate internal controls in two areas**

**Recommendation** - Management should ensure that these conditions are corrected by promptly developing and consistently implementing internal controls in these two areas.

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

<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>
Tennessee State University Foundation	June 30, 2023	Unmodified Opinion	One finding was identified as a material weakness	One instance of noncompliance was required to be reported	1

**Finding 1 – The Tennessee State University Foundation did not comply with asset allocation requirements or limits on the amount a single investment manager can manage for each investment class, as defined in investment policies**

**Recommendation** - Management should work directly with the Investment Committee and the Investment Consultants to ensure that all necessary individuals are aware of the requirements set out in the Investment Policy Statements and that these policies are updated as necessary. Additional requirements for the Title III Fund should be considered during this process. Furthermore, management should ensure that the entire portfolio risk is within the allowable range, the investment mix is designed according to the policies, and a single investment manager does not exceed limits.

**Management's Comment** – We concur in part. The foundation acknowledges the finding and is taking steps to address non-compliance with asset allocation and investment manager limits outlined in its investment policy. Management will work directly with the Investment Committee and Investment Consultants to ensure that all relevant individuals are aware of the requirements set forth in the Investment Policy Statement (IPS) and that policies are updated as needed, including consideration of additional requirements for the Title III Fund.

The foundation is also enhancing its monitoring procedures by implementing more frequent reviews and rebalancing. This will help to ensure that the overall portfolio risk remains within allowable ranges, that the investment mix aligns with policy guidelines, and that no single investment manager exceeds the established limits.

While the foundation acknowledges the broader findings, further due diligence and consultation with the Investment Manager indicate that some of the reported asset allocation violations may be erroneous. As previously mentioned, the foundation is taking steps to address non-compliance; however, there are extenuating circumstances regarding the timeline required to remedy the Non-Traditional Investments violation. Exiting early from a portion of the Non-Traditional Funds would trigger significant early redemption fees of approximately \$85,000; incurring fees to this magnitude would not be the most financially prudent path forward for the foundation.

It is also important to note that the audit violations being addressed for the fiscal year 2023 audit will not be a one-time issue. Rather, these violations will be noted again during the fiscal year 2024 and fiscal year 2025 audit periods due to the liquidation timeline required to avoid redemption fees.

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BOARD TRANSMITTAL

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MEETING: Committee on Audit

SUBJECT: Review of Revisions to Fiscal Year 2025 Audit Plans

DATE: May 28, 2025

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, 2024 to March 31, 2025 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:

Cleveland State Community College  
Motlow State Community College

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

**Tennessee Board of Regents  
Summary of Revisions  
Fiscal Year 2025 Audit Plans**

**Overview of Significant Revisions:** Below are revisions to the audit plans created in July 2024, reflecting changes which occurred from July 1, 2024, to March 31, 2025. 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, 2024</b>
ChSCC	Added INV-2025-1, INV 2025-2, INV-2025-3, INV-2025-4, and Follow-up to the Financial Aid External Reviews. Removed CCTA Element Audit.
DSCC	Added President's Expense Audit for SWTCC and INV-2025-01. Removed Athletics, Physical Safety & Security, and Emergency Preparedness.
JSCC	Audit Plan added due to hiring of Director of Internal Audit.
NeSCC	Added Food Service Contract. Removed CCTA, Grant Development, and Student Accounts.
RSCC	Removed Nursing Program Review.
SWTCC	Added Student Complaints Policy. Removed President's Expense Audit, Grant Audit, A/R Collections Fees & Write-offs, Fixed Assets, Investigations, Cash Counts, and Management Requests.
WSCC	Removed State Audit Follow-up, CCTA, and Documentation of Workforce Training Operating Systems.
TBR-INV	Added INV-TBR-25-01, INV-TBR-25-02, INV-TBR-25-03, INV-TBR-25-04, INV-TBR-25-05, INV-TBR-25-06, and INV-TBR-25-07. Removed INV-TBR-23-08.

**Chattanooga State Community College**  
**Internal Audit Plan**  
**Fiscal Year Ending June 30, 2025**  
**Revised April 2025**

							Revised to Original			Planned to Actual			
Area	Type	Audit	Risk Factor	Estimated Audit Start Date	Original Hours Planned	Revised Plan	Change in Hours	Change in Percentage	FN	Actual Hours	Variance	Completion Date	Current Status
IS	C	Management Advisory Services	5.0	Jul-24	100.0	85.0	-15.0	-15%	1	70.0	15.0		In Process
FM	F	State Audit Assist/Follow-up	5.0	Jul-24	15.0	15.0	0.0	0%		8.0	7.0		In Process
IS	F	Follow up Reviews	5.0	Jul-24	75.0	60.0	-15.0	-20%	1	30.0	30.0		In Process
IS	I	Unscheduled Investigations	5.0	Jul-24	100.0	25.0	-75.0	-75%	2	0.0	25.0		Scheduled
IS	I	Developing Investigations-Assist TBR	5.0	Jul-24	15.0	15.0	0.0	0%		5.0	10.0		In Process
IS	I	INV-2025-01	5.0	Jul-24	40.0	40.0	0.0	0%		44.0	-4.0	Dec-24	Completed
IS	I	INV-2025-02	5.0	Jul-24	0.0	40.0	40.0	100%	2	41.5	-1.5	Nov-24	Completed
IS	I	INV-2025-03	5.0	Aug-24	0.0	100.0	100.0	100%	2	68.0	32.0		In Process
IS	I	INV-2025-04	5.0	Sep-24	0.0	50.0	50.0	100%	2	34.5	15.5		In Process
IS	M	Enterprise Risk Assessment -FY 2025	5.0	Apr-25	30.0	30.0	0.0	0%		6.0	24.0		In Process
FM	S	YE Procedures FYE 2024	5.0	Jun-24	15.0	15.0	0.0	0%		12.5	2.5	Aug-24	Completed
FM	S	YE Procedures FYE 2025	5.0	Jun-25	15.0	15.0	0.0	0%		0.0	15.0		Scheduled
FM	R	President's Expense Audit - Motlow	5.0	Sep-24	90.0	90.0	0.0	0%		95.5	-5.5	Oct-24	Completed
SS	R	CCTA Element Audit	5.0	Mar-25	100.0	0.0	-100.0	-100%	3	0.0	0.0		Removed
AT	R	Athletic Compliance	5.0	Feb-25	130.0	130.0	0.0	0%		50.0	80.0		In Process
IA	C	TCAT Timeclock Hours Reporting	5.0	Jun-24	20.0	10.0	-10.0	-50%	1	10.0	0.0	Aug-24	Completed
IS	S	Comp Time / Over Time Processes	5.0	Feb-24	35.0	70.0	35.0	100%	4	49.5	20.5		In Process
IT	S	IAR-NACHA-2024	5.0	Nov-24	70.0	70.0	0.0	0%		70.0	0.0	Dec-24	Completed
IA	S	Faculty Credentials	5.0	May-25	60.0	60.0	0.0	0%		0.0	60.0		Scheduled
IS	C	Equipment Inventory Process Changes	5.0	Oct-24	60.0	15.0	-45.0	-75%	3	14.5	0.5	Mar-25	Completed
IS	P	Gainful Employment Reporting Process	5.0	Aug-24	80.0	40.0	-40.0	-50%	1	4.0	36.0		In Process
SS	F	Follow up to Financial Aid External Reviews	4.0	Apr-25	0.0	50.0	50.0	100%	1	5.0	45.0		In Process
Total Planned Audit Hours:				1050.0		1025.0	-25.0			618.0	407.0		
<div><div>Functional Areas:</div><div>Audit Types:</div><div>Status:</div></div> <div>AD - Advancement AT - Athletics AX - Auxiliary FM - Financial Management IA - Instruction &amp; Academic Support IS - Institutional Support IT - Information Technology MC - Marketing and Campus Activities PP - Physical Plant RS - Research SS - Student Services</div> <div>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</div> <div>Scheduled In Progress Completed Removed</div> <div>FN1 Reduced Various projects to include a Financial Aid Follow-up. FN2 Reduced Unscheduled Investigations hours to add specific investigative projects. FN3 Excess hours for completed or removed projects distributed to projects requiring additional hours. FN4 Added additional hours for expanded audit scope.</div>													

**Columbia State Community College**  
**Internal Audit Plan**  
**Fiscal Year Ending June 30, 2025**  
**Revised April 2025**

							Revised to Original		FN	Planned to Actual			
Area	Type	Audit	Risk Factor	Estimated Audit Start Date	Original Hours Planned	Revised Plan	Change in Hours	Change in Percentage		Actual Hours	Variance	Completion Date	Current Status
SS	R	CCTA Funding Formula		TBA	100.0	100.0	0.0	0%		0.0	100.0		Scheduled
AT	R	Athletic Compliance Audit		Jan-25	130.0	185.0	-55.0	-42%		146.0	39.0		In Progress
IT	P	Campus Security & Safety		Apr-25	50.0	100.0	-50.0	-100%		15.0	85.0		In Progress
IS	C	Management Consulting		As needed	200.0	200.0	0.0	0%		82.0	118.0		In Progress
FM	R	Year-End Procedures		May-25	100.0	100.0	0.0	0%		0.0	100.0		Scheduled
IS	S	Internal Audit Awareness		Aug-24	150.0	150.0	0.0	0%		68.5	81.5		In Progress
FM	P	Risk Assessment Review		Sep-24	40.0	19.5	20.5	51%		19.5	0.0	Sep-24	Completed
SS	O	Technology Access Fee		Nov-24	125.0	118.0	7.0	6%		118.0	0.0	Jan-25	Completed
IS	S	Unscheduled Audits/Special Requests		As needed	80.0	80.0	0.0	0%		8.0	72.0		In Progress
IT	P	Information Security Risk Assessment Review		Oct-24	40.0	15.5	24.5	61%		15.5	0.0	Oct-24	Completed
<b>Total Planned Audit Hours:</b>					<b>1015.0</b>	<b>1068.0</b>	<b>53.0</b>			<b>472.5</b>	<b>595.5</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

**Dyersburg State Community College**  
**Internal Audit Plan**  
**Fiscal Year Ending June 30, 2025**  
**Revised April 2025**

							Revised to Original		FN	Planned to Actual			
Area	Type	Audit	Risk Factor	Estimated Audit Start Date	Original Hours Planned	Revised Plan	Change in Hours	Change in Percentage		Actual Hours	Variance	Completion Date	Current Status
SS	R	CCTA Funding Formula		Jan-25	150.00	150.00	0.00	0%		21.0	129.0		In Progress
IS	R	Risk Assessment		Apr-25	140.00	140.00	0.00	0%		3.5	136.5		Scheduled
AT	R	Athletics		Mar-25	150.00	0.00	-150.00	-100%	1	0.0	0.0		Removed
FM	R	Year End - Cash Counts/Bank confirmations		May-25	50.00	50.00	0.00	0%		0.0	50.0		Scheduled
IS	I	Unscheduled Audits/Investigations		Jun-24	100.00	250.00	150.00	150%	2	79.5	170.5		In Progress
IS	C	General Consultation/Audit Assistance		Jun-24	150.00	300.00	150.00	100%	4	181.0	119.0		In Progress
PP	A	Physical Safety & Security		Mar-25	150.00	0.00	-150.00	-100%	3	0.0	0.0		Removed
PP	A	Emergency Preparedness		Apr-25	150.00	0.00	-150.00	-100%	3	0.0	0.0		Removed
IS	R	SWTCC President's Expense Audit		Sep-24	0.00	57.50	57.50	0%	6	57.5	0.0	Oct-24	Completed
IA	I	Inv -2025-01		Oct-24	0.00	292.50	292.50	100%	5,6	292.5	0.0		In Progress
<b>Total Planned Audit Hours:</b>					<b>1040.0</b>	<b>1240.0</b>	<b>200.0</b>			<b>635.0</b>	<b>605.0</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 Athletics audit was removed. (-150)

FN2 Unscheduled Audit/Investigative hours were increased by 150 to accommodate a current review. (+150)

FN3 Physical Safety & Security Audit and Emergency Preparedness Audit removed and will be assessed for FY2026 Audit Plan. (-150, -150)

FN4 Increased hours were needed for Police Staffing Review, Athletics Review, Fixed Assets consultation & HEERF Review (+150)

FN5 150 hours from Physical Safety & Security Audit and Emergency Preparedness Audit were allocated to Investigation 2025-01. (+150)

FN6 Decreased available hours from DSCC's President's Expense Audit to support Inv- 2025-01. Pres Exp (-142.5) Inv-2025-01 (+142.5)



**Jackson State Community College  
Internal Audit Plan  
Fiscal Year Ending June 30, 2025**

<b>Risk</b>	<b>Audit</b>	<b>Area</b>	<b>Type</b>	<b>Hours Planned</b>	<b>Audit Start Date</b>
	CCTA Funding Formula	SS	R	150.0	Mar-25
	Risk Assessment	IS	R	140.0	May-25
	Athletics	AT	R	150.0	Mar-25
	Year End - Cash Counts/Bank confirmations	FM	R	50.0	May-25
	Unscheduled Audits/Investigations	IS	I	10.0	Jun-24
	General Consultation/Audit Assistance	IS	C	10.0	Jun-24
	Follow-up Veterans Affairs	IS	F	10.0	Apr-25

**Total: 520.0**

**Functional Areas:**

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

**Audit Types:**

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

Nashville State Community College  
Internal Audit Plan  
Fiscal Year Ending June 30, 2025  
Revised April 2025

							Revised to Original		FN	Planned to Actual			
Area	Type	Audit	Risk Factor	Estimated Audit Start Date	Original Hours Planned	Revised Plan	Change in Hours	Change in Percentage		Actual Hours	Variance	Completion Date	Current Status
IS	C	Internal Control Awareness	3.0	Jul-24	150.0	150.0	0.0	0%		125.0	25.0		In Progress
IS	R	CCTA	3.4	Jan-25	150.0	150.0	0.0	0%		0.0	150.0		Scheduled
IS	A	Grants Review	3.9	Nov-24	150.0	150.0	0.0	0%		50.0	100.0		In Progress
IS	C	Consulting Activities	3.0	As Needed	100.0	100.0	0.0	0%		80.0	20.0		In Progress
IS	M	Management Risk Assessment	3.5	Mar-25	100.0	100.0	0.0	0%		37.5	62.5		In Progress
IS	A	TBD	3.0	Apr-25	100.0	100.0	0.0	0%		0.0	100.0		Scheduled
FM	A	Travel Expenses	3.2	Feb-25	150.0	150.0	0.0	0%		75.0	75.0		In Progress
PP	A	Campus Safety and Security	3.3	Sep-24	150.0	150.0	0.0	0%		75.0	75.0		In Progress
<b>Total Planned Audit Hours:</b>					<b>1050.0</b>	<b>1050.0</b>	<b>0.0</b>			<b>442.5</b>	<b>607.5</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

**Northeast State Community College**  
**Internal Audit Plan**  
**Fiscal Year Ending June 30, 2025**  
**Revised April 2025**

							Revised to Original			Planned to Actual			
Area	Type	Audit	Risk Factor	Estimated Audit Start Date	Original Hours Planned	Revised Plan	Change in Hours	Change in Percentage	FN	Actual Hours	Variance	Completion Date	Current Status
SS	R	Complete College Tennessee Act Element	5.0	Jan-25	100.0	0.0	-100.0	-100%	3	0.0	0.0		Removed
FM	R	Walters State President Expense Audit	5.0	Aug-24	100.0	100.0	0.0	0%		104.5	-4.5	Oct-24	Completed
IS	C	Job Placement Reporting	5.0	Jul-24	100.0	200.0	100.0	100%	1	178.5	21.5		In Progress
IA	S	Attendance Reporting	5.0	Jul-24	15.0	15.0	0.0	0%		16.5	-1.5	Nov-24	Completed
FM	R	State Audit Follow-Up	5.0	Oct-24	30.0	30.0	0.0	0%		1.5	28.5		In Progress
IA	A	Faculty Credentials	3.6	Oct-24	55.0	100.0	45.0	82%	2	70.0	30.0		In Progress
AX	S	Food Service Contract	5.0	Jan-25	0.0	155.0	155.0	100%	2,3	78.5	76.5		In Progress
IS	A	Grant Development	3.6	Feb-25	100.0	0.0	-100.0	0%	1	0.0	0.0		Removed
FM	A	Student Accounts	3.4	Dec-24	100.0	0.0	-100.0	0%	2	0.0	0.0		Removed
IS	I	Developing Investigations-Assist TBR	5.0	Jul-24	50.0	50.0	0.0	0%		3.0	47.0		In Progress
IS	I	Unscheduled Investigations	5.0	Jul-24	50.0	50.0	0.0	0%		0.0	50.0		Scheduled
FM	R	State Audit Assistance - Year End	5.0	May-25	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%		66.5	33.5		In Progress
IS	F	Other Audit Follow-Up	5.0	Jul-24	60.0	60.0	0.0	0%		0.0	60.0		Scheduled
IS	M	Risk Assessment	5.0	Jul-24	50.0	50.0	0.0	0%		4.0	46.0		In Progress
IS	C	Management Advisory Services	5.0	Jul-24	100.0	100.0	0.0	0%		76.0	24.0		In Progress
<b>Total Planned Audit Hours:</b>					<b>1040.0</b>	<b>1040.0</b>	<b>0.0</b>			<b>599.0</b>	<b>441.0</b>		
<div> <div> <b>Functional Areas:</b>  AD - Advancement  AT - Athletics  AX - Auxiliary  FM - Financial Management  IA - Instruction &amp; Academic Support  IS - Institutional Support  IT - Information Technology  MC - Marketing and Campus Activities  PP - Physical Plant  RS - Research  SS - Student Services </div> <div> <b>Audit Types:</b>  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 </div> <div> <b>Status:</b>  Scheduled  In Progress  Completed  Removed </div> </div> <div> FN1 Removed Grant Development, hours moved to Job Placement Reporting  FN2 Removed Student Accounts, hours divided among Faculty Credentials and newly added Special Request: Food Service Contract  FN3 Complete College Tennessee Act Element removed, hours moved to Food Service Contract </div>													

**Pellissippi State Community College**  
**Internal Audit Plan**  
**Fiscal Year Ending June 30, 2025**  
**Revised April 2025**

							Revised to Original		FN	Planned to Actual			
Area	Type	Audit	Risk Factor	Estimated Audit Start Date	Original Hours Planned	Revised Plan	Change in Hours	Change in Percentage		Actual Hours	Variance	Completion Date	Current Status
FM	R	Year End Inventory & Cash Counts	5.0	Jun-25	22.5	22.5	0.0	0%		1.5	21.0		In Progress
FM	R	Audit Follow Up	5.0	Jul-24	22.5	22.5	0.0	0%		3.0	19.5		In Progress
IS	R	Funding Formula	5.0	Feb-25	112.5	112.5	0.0	0%		0.0	112.5		Scheduled
IS	M	Risk Assessment	5.0	Nov-24	45.0	45.0	0.0	0%		15.0	30.0		In Progress
IA	S	Faculty Credentials	5.0	Oct-24	150.0	150.0	0.0	0%		150.0	0.0	Jan-25	Completed
IA	S	Compliance Assist Review	5.0	Jan-25	37.5	37.5	0.0	0%		2.0	35.5		In Progress
AD	C	Advancement Management Advisory Services	5.0	Jul-24	22.5	22.5	0.0	0%		8.5	14.0		In Progress
FM	C	Finance Management Advisory Services, Consultation	5.0	Jul-24	45.0	45.0	0.0	0%		26.5	18.5		In Progress
AT	R	Athletic Compliance Audit	5.0	Mar-25	150.0	150.0	0.0	0%		81.5	68.5		In Progress
IS	C	Institutional Support Management Advisory Services, Consultation	5.0	Jul-24	75.0	75.0	0.0	0%		34.5	40.5		In Progress
IT	C	IT Audit Management Advisory Service - Phishing Campaign & Building Security Review	5.0	Jul-24	112.5	112.5	0.0	0%		75.0	37.5		In Progress
IS	I	Unscheduled Investigations and Special Requests	5.0	Jul-24	30.0	30.0	0.0	0%		0.0	30.0		Scheduled
IT	C	IT Audit Management Advisory Service - PCI & ACH Review	5.0	Jul-24	127.5	127.5	0.0	0%		69.0	58.5		In Progress
IT	A	IT Backup Server Audit/Disaster Recovery	4.0	Aug-24	150.0	150.0	0.0	0%		150.0	0.0	Oct-24	Completed
IT	A	IT Banner MAPS Server Audit	3.6	Apr-25	150.0	150.0	0.0	0%		58.5	91.5		In Progress
<b>Total Planned Audit Hours:</b>					<b>1252.5</b>	<b>1252.5</b>	<b>0.0</b>			<b>675.0</b>	<b>577.5</b>		
<div> <div> <b>Functional Areas:</b>  AD - Advancement  AT - Athletics  AX - Auxiliary  FM - Financial Management  IA - Instruction &amp; Academic Support  IS - Institutional Support  IT - Information Technology  MC - Marketing and Campus Activities  PP - Physical Plant  RS - Research  SS - Student Services </div> <div> <b>Audit Types:</b>  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 </div> <div> <b>Status:</b>  Scheduled  In Progress  Completed  Removed </div> </div>													

Roane State Community College Internal Audit Plan Fiscal Year Ending June 30, 2025 Revised April 2025													
							Revised to Original		FN	Planned to Actual			
Area	Type	Audit	Risk Factor	Estimated Audit Start Date	Original Hours Planned	Revised Plan	Change in Hours	Change in Percentage		Actual Hours	Variance	Completion Date	Current Status
FM	R	Year End Cash Counts	5	25-May	40.0	30.0	-10.0	-25%	3	0.0	30.0		Scheduled
IS	M	Enterprise Risk Assessment	5	25-Mar	45.0	30.0	-15.0	-33%	3	0.0	30.0		Scheduled
FM	R	CARES Act (HEERF)	5	24-Jul	75.0	70.0	-5.0	-7%		68.0	2.0	24-Nov	Completed
IS	A	Sick Leave Bank	4.3	24-Oct	30.0	30.0	0.0	0%		10.0	20.0		In Progress
FM	F	State Audit Follow-up	5	24-Nov	130.0	130.0	0.0	0%	3	126.0	4.0	25-Apr	Completed
FM	F	IAR Audit Follow-up	5	24-Jul	95.0	45.0	-50.0	-53%	3	40.0	5.0		In Progress
FM	I	Unscheduled Investigations	5	24-Jul	75.0	50.0	-25.0	-33%	3	0.0	50.0		Scheduled
IS	C	Management Advisory Services	5	24-Jul	122.0	110.0	-12.0	-10%		98.5	11.5		In Progress
AX	S	Foundation - Restricted Funds	4.7	24-Oct	50.0	40.0	-10.0	-20%		0.0	40.0		Scheduled
IA	S	Nursing Program Review	4.9	24-Jul	30.0	0.0	-30.0	-100%	4	0.0	0.0		Removed
IS	A	Student Tuition	5	25-Jan	75.0	60.0	-15.0	-20%	3	15.0	45.0		In Progress
IA	R	Release Time/Workload IAR Follow	4.5	24-Nov	45.0	45.0	0.0	0%		15.0	30.0		In Progress
FM	S	Adjuncts Having More than 1 Position	4.5	24-Sep	40.0	40.0	0.0	0%		5.0	35.0		In Progress
FM	I	INV 22-01	5	24-Jul	15.0	25.0	10.0	67%		22.0	3.0		In Progress
FM	I	INV 23-01	5	24-Jul	50.0	150.0	100.0	200%	2	135.0	15.0		In Progress
FM	I	INV 23-02	5	24-Jul	13.0	45.0	32.0	246%	1	45.0	0.0		In Progress
AT	R	Athletics	5	25-Jan	120.0	150.0	30.0	25%		51.5	98.5		In Progress
<b>Total Planned Audit Hours:</b>					<b>1050.0</b>	<b>1050.0</b>	<b>0.0</b>			<b>631.0</b>	<b>419.0</b>		
<div> <b>Functional Areas:</b>  AD - Advancement  AT - Athletics  AX - Auxiliary  FM - Financial Management  IA - Instruction &amp; Academic Support  IS - Institutional Support  IT - Information Technology  MC - Marketing and Campus Activities  PP - Physical Plant  RS - Research  SS - Student Services </div> <div> <b>Audit Types:</b>  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 </div> <div> <b>Status:</b>  Scheduled  In Progress  Completed  Removed </div> <div> FN1 Report edits have taken longer than anticipated.  FN2 Investigation taking longer than anticipated.  FN3 Reallocation of time estimates.  FN4 Issues were not related to items for Internal Audit to review. </div>													

Southwest Tennessee Community College Internal Audit Plan Fiscal Year Ending June 30, 2025 Revised April 2025													
							Revised to Original			Planned to Actual			
Area	Type	Audit	Risk Factor	Estimated Audit Start Date	Original Hours Planned	Revised Plan	Change in Hours	Change in Percentage	FN	Actual Hours	Variance	Completion Date	Current Status
FM	A	PCard Expense	2.2	Jul-24	100.0	120.0	20.0	20%		120.0	0.0	Aug-24	Completed
IA	A	Clery Act- Campus Security	1.8	Aug-24	100.0	130.5	30.5	31%		134.5	-4.0	Oct-24	Completed
AT	A	Athletics Audit	3.6	Nov-24	100.0	150.0	50.0	50%		148.0	2.0	Dec-24	Completed
FM	R	President's Expense Audit	4.3		120.0	0.0	0.0	0%	1	0.0	0.0		Removed
R	A	Grant Audit	3.5		120.0	0.0	-120.0	-100%	2	0.0	0.0		Removed
FM	A	A/R Collections Fees & Write-offs	3.0		120.0	0.0	-120.0	-100%	3	2.0	-2.0		Removed
FM	R	Fixed Assets	2.3		120.0	0.0	-120.0	-100%		18.0	-18.0		In Progress
IT	A	GLBA - IT General Controls	1.7	Oct-24	120.0	222.5	102.5	85%		227.0	-4.5	Mar-25	Completed
FM	A	Cash Count	3.3		36.0	0.0	-36.0	-100%	4	0.0	0.0		Removed
I	I	Investigations	4.8		120.0	0.0	-120.0	-100%	5	0.0	0.0		Removed
M	M	Management Requests	3.4		120.0	0.0	-120.0	-100%	5	0.0	0.0		Removed
F	F	Follow Up Audits		Dec-24	120.0	100.0	-20.0	-17%		37.0	63.0	Mar-25	Completed
A	SS	Student Complaints Policy	2.0	Apr-25	0.0	120.0	120.0	100%		50.0	70.0		In Progress
Total Planned Audit Hours:					1296.0	843.0	-333.0			736.5	106.5		
Functional Areas:													

**Volunteer State Community College**  
**Internal Audit Plan**  
**Fiscal Year Ending June 30, 2025**  
**Revised April 2025**

							Revised to Original		FN	Planned to Actual			
Area	Type	Audit	Risk Factor	Estimated Audit Start Date	Original Hours Planned	Revised Plan	Change in Hours	Change in Percentage		Actual Hours	Variance	Completion Date	Current Status
SS	R	CCTA Funding Formula Outcomes	8.0	Mar-25	175.0	175.0	0.0	0%		0.0	175.0		Scheduled
AT	R	Athletics	7.2	Nov-24	175.0	300.0	125.0	71%		179.0	121.0		In Progress
FM	R	President's Expense	5.0	Aug-24	175.0	225.0	50.0	29%	1	226.5	-1.5	Oct-24	Completed
IS	P	IIA QAIP	5.0	Jul-24	75.0	225.0	150.0	200%		206.0	19.0		In Progress
IS	M	Management Risk Assessment	5.0	Jan-25	100.0	100.0	0.0	0%		18.0	82.0		In Progress
FM	R	State Audit Year-End Work	5.0	May-25	40.0	40.0	0.0	0%		5.0	35.0		Scheduled
IS	F	Follow-Up Activities	5.0	Jul-24	50.0	50.0	0.0	0%		20.0	30.0		In Progress
IS	C	General Consultation	5.0	Jul-24	100.0	100.0	0.0	0%		30.0	70.0		In Progress
IS	I	Unscheduled Investigations	5.0	Jul-24	50.0	50.0	0.0	0%		0.0	50.0		Scheduled
<b>Total Planned Audit Hours:</b>					<b>940.0</b>	<b>1265.0</b>	<b>325.0</b>			<b>684.5</b>	<b>580.5</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

1: Adjust for actual hours.

Walters State Community College Internal Audit Plan Fiscal Year Ending June 30, 2025 Revised April 2025													
							Revised to Original			Planned to Actual			
Area	Type	Audit	Risk Factor	Estimated Audit Start Date	Original Hours Planned	Revised Plan	Change in Hours	Change in Percentage	FN	Actual Hours	Variance	Completion Date	Current Status
IS	C	Management Advisory Services/Consulting	5.0	Jul-24	50	50	0	0%		45.0	5.0		In Progress
FM	F	State Audit Assist/Follow-up	5.0	24-Sep	22.5	0	22.5	100%	1	0	0		Removed
FM	R	WSCC Enterprise-wide Risk Assessment	5.0	25-May	22.5	22.5	0	0%		0.0	22.5		Scheduled
IS	M	WSCC IET and Fin Aid Risk Assessments	5.0	25-May	45	45	0	0%		0	45		Scheduled
SS	R	IAR-CCTA-T/B/A	5.0	25-Jan	50	0	50	100%	2	0.0	0.0		Removed
FM	S	YE Procedures FYE 2024	5.0	24-Jul	22.5	22.5	0	0%		22.5	0	Jul-24	Completed
FM	S	YE Procedures FYE 2025	5.0	25-Jun	22.5	22.5	0	0%		0.0	22.5		Scheduled
IT	S	IAR-NACHA	5.0	24-Oct	120	120	0	0%		105	15	Feb-25	Completed
IS	S	Unscheduled Investigations	5.0	24-Jul	97.5	97.5	0	0%		50.5	47.0		In Progress
FM	C	Business Continuity Planning	5.0	23-Jul	330	380	-50	-15%	3	303.5	76.5		In Progress
FM	P	Documentation of Workforce Training Operating Systems	5.0	24-Jul	82.5	0	82.5	100%	4	0.0	0.0		Removed
AT	S	WSCC Athletics Compliance	5.0	25-Mar	95	200	-105	-111%	5	112.5	87.5		In Progress
IA	C	Faculty Workload Reports	4.8	25-May	45	45	0	0%		0.0	45.0		Scheduled
IA	C	Department Chair Compensation Methodoloy	4.8	25-May	45	45	0	0%		0	45		Scheduled
Total Planned Audit Hours:					1050.0	1050.0	0.0			639.0	411.0		
Functional Areas:			Audit Types:						Status:				
AD - Advancement			R - Required						Scheduled				
AT - Athletics			A - Risk-Based (Assessed)						In Progress				
AX - Auxiliary			S - Special Request						Completed				
FM - Financial Management			I - Investigation						Removed				
IA - Instruction & Academic Support			P - Project (Ongoing or Recurring)										
IS - Institutional Support			M - Management's Risk Assessment										
IT - Information Technology			C - Consultation										
MC - Marketing and Campus Activities			F - Follow-up Review										
PP - Physical Plant			O - Other										
RS - Research													
SS - Student Services													
1 - Unnecessary due to lack if findings													
2 - Considered unnecessary by TBR SWIA													
3 - Expanded scope to include Kuali Ready Sandbox Practice Model and Kuali Ready Next Generation Production Model													
4 - Determined to no longer be necessary after initial system assessment and subsequent change in WFT personnel													
5 - Expanded scope due to revised estimate for first-time audit													



**Tennessee Board of Regents-System Office**  
**Internal Audit Plan**  
**Fiscal Year Ending June 30, 2025**  
**Revised April 2025**

							Revised to Original		FN	Planned to Actual			
Area	Type	Audit	Risk Factor	Estimated Audit Start Date	Original Hours Planned	Revised Plan	Change in Hours	Change in Percentage		Actual Hours	Variance	Completion Date	Current Status
FM	R	Pres Exp Audit-ChSCC		Sep-24	150.0	79.0	-71.0	-47%		79.0	0.0	Oct-24	Completed
FM	R	HEERF-DSCC		Jul-24	50.0	150.0	100.0	200%	1	68.5	81.5		In Progress
FM	R	HEERF-JSCC		Jul-24	10.0	6.0	-4.0	-40%		6.0	0.0	Jul-24	Completed
FM	R	HEERF-MSCC		Jul-24	125.0	75.0	-50.0	-40%		75.0	0.0	Nov-24	Completed
FM	S	TN eCampus		Jan-24	150.0	75.0	-75.0	-50%		0.0	75.0		Scheduled
IS	P	TBR Website Content Review		Sep-22	25.0	25.0	0.0	0%		4.5	20.5		In Progress
IS	C	Unscheduled Audits/Audit Assist		As needed	100.0	50.0	-50.0	-50%		0.0	50.0		Scheduled
IS	C	General Consultation		As needed	100.0	50.0	-50.0	-50%		23.0	27.0		In Progress
FM	A	Review of Travel Claims		Feb-24	50.0	25.0	-25.0	-50%		0.0	25.0		In Progress
<b>Total Planned Audit Hours:</b>					<b>760.0</b>	<b>535.0</b>	<b>-225.0</b>			<b>256.0</b>	<b>279.0</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

FN 1-Audit hours adjusted to reflect additional hours needed

**Investigations  
Internal Audit Plan  
Fiscal Year Ending June 30, 2025  
Revised April 2025**

							Revised to Original		FN	Planned to Actual			
Area	Type	Audit	Risk Factor	Estimated Audit Start Date	Original Hours Planned	Revised Plan	Change in Hours	Change in Percentage		Actual Hours	Variance	Completion Date	Current Status
IS	C	Consultation with Campus Auditors		Jul-24	125	200.0	75.0	60%		174.5	25.5		In Progress
IS	P	Investigation Management		Jul-24	260	260.0	0.0	0%		202.0	58.0		In Progress
FM	I	Unscheduled Investigations		Jul-24	500	0.0	-500.0	-100%			0.0		
PP	I	INV TBR 21-05		Feb-21	40	15.0	-25.0	-63%	1	0.0	15.0		
IA	I	INV TBR 23-03		Sep-22	37.5	15.0	-22.5	-60%	1	0.0	15.0		
IS	I	INV TBR 23-06		Jan-23	500	615.0	115.0	23%		545.0	70.0		In Progress
FM	I	INV TBR 23-07		Mar-23	150	15.0	-135.0	-90%		0.0	15.0		In Progress
MC	I	INV TBR 23-08		Apr-23	75	0.0	-75.0	-100%		0.0	0.0		Removed
FM	I	INV TBR 24-03		Aug-23	150	37.5	-112.5	-75%		0.0	37.5		In Progress
AT	I	INV TBR 24-04		Jan-24	37.5	15.0	-22.5	-60%		0.0	15.0		In Progress
IS	I	INV TBR 24-06		Feb-24	75	174.0	99.0	132%		174.0	0.0		In Progress
IS	I	INV TBR 25-01		Aug-24	0.0	36.5	36.5	100%		36.5	0.0	Sep-24	Completed
IS	I	INV TBR 25-02		Oct-24	0.0	231.0	231.0	100%		231.0	0.0	Feb-25	Completed
PP	I	INV TBR 25-03		Dec-24	0.0	150.0	150.0	100%		97.5	52.5		In Progress
IS	I	INV TBR 25-04		Jul-24	0.0	9.5	9.5	100%		9.5	0.0	Feb-25	Completed
AT	I	INV TBR 25-05		Mar-25	0.0	75.0	75.0	100%		69.0	6.0		In Progress
AT	I	INV TBR 25-06		May-25	0.0	101.5	101.5	100%		0.0	101.5		In Progress
FM	I	INV TBR 25-07		Apr-25	0.0	100.0	100.0	100%		0.0	100.0		Scheduled
<b>Total Planned Audit Hours:</b>					<b>1950.0</b>	<b>2050.0</b>	<b>100.0</b>			<b>1539.0</b>	<b>511.0</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

FN1 - Administrative Closing Memo pending

**Audit Types:**

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

**Status:**

Scheduled  
In Progress  
Completed  
Removed

**TBR System Office - Information Systems**  
**Internal Audit Plan**  
**Fiscal Year Ending June 30, 2025**  
**Revised April 2025**

							Revised to Original		FN	Planned to Actual			
Area	Type	Audit	Risk Factor	Estimated Audit Start Date	Original Hours Planned	Revised Plan	Change in Hours	Change in Percentage		Actual Hours	Variance	Completion Date	Current Status
IT	R	DSCC Information Systems	5	24-Jul	150	150	0	0%		140.5	9.5	24-Dec	Completed
IT	R	NaSCC Information Security	5	24-Mar	150	180	30	20%		167	13	24-Oct	Completed
IT	R	WSCC Information Security	5	24-Apr	150	150	0	0%		84.5	65.5	24-Jul	Completed
IT	R	TCAT-Memphis	5	24-Jul	75	75	0	0%		108	-33	25-Mar	Completed
IT	R	TCAT-Crump	5	24-Jul	75	75	0	0%		81	-6		In Progress
IT	R	VSCC Information Security	5	25-Jan	150	150	0	0%		109	41		In Progress
IT	R	RSCC Information Security	5	25-Mar	150	150	0	0%		149.5	0.5		In Progress
IT	R	NeSCC Information Security	5	25-May	150	150	0	0%		0	150		Scheduled
<b>Total Planned Audit Hours:</b>					<b>1050.0</b>	<b>1080.0</b>	<b>30.0</b>			<b>839.5</b>	<b>240.5</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

**TCAT**  
**Internal Audit Plan**  
**Fiscal Year Ending June 30, 2025**  
**Revised April 2025**

							Revised to Original		FN	Planned to Actual			
Area	Type	Audit	Risk Factor	Estimated Audit Start Date	Original Hours Planned	Revised Plan	Change in Hours	Change in Percentage		Actual Hours	Variance	Completion Date	Current Status
FM	P	Consultation	NA	Jul-24	50.0	50.0	0.0	0%		50.0	0.0		In Progress
FM	P	Audit Program	NA	Jul-24	25.0	25.0	0.0	0%		15.0	10.0		In Progress
FM	P	Risk Assessment	NA	Oct-24	37.5	75.0	37.5	100%		50.0	25.0	Jan-25	Completed
FM	A	TCAT Jacksboro Controls Review	2.2	Mar-25	75.0	75.0	0.0	0%		37.5	37.5		In Progress
FM	A	TCAT Athens Controls Review	2.3	Jul-24	75.0	75.0	0.0	0%		0.0	75.0		Scheduled
FM	A	TCAT Hartsville Controls Review	2.6	Jul-24	37.5	37.5	0.0	0%		35.0	2.5	Feb-25	Completed
FM	A	TCAT Hohenwald Controls Review	2.6	Sep-24	75.0	75.0	0.0	0%		85.0	-10.0		In Progress
FM	A	TCAT Pulaski Controls Review	2.6	Apr-25	75.0	75.0	0.0	0%		25.0	50.0		Scheduled
FM	A	TCAT Harriman Controls Review	2.9	May-25	125.0	87.5	-37.5	-30%		37.5	50.0		In Progress
FM	A	TCAT Northwest Controls Review	3.0	Jul-24	5.0	5.0	0.0	0%		10.0	-5.0	Feb-25	Completed
FM	A	TCAT McMinnville Controls Review	3.1	Aug-24	75.0	75.0	0.0	0%		7.5	67.5		In Progress
FM	A	TCAT Elizabethton Controls Review	3.2	Jul-24	10.0	10.0	0.0	0%		15.0	-5.0		In Progress
FM	A	TCAT Henry/Carroll Controls Review	3.2	Jun-25	125.0	125.0	0.0	0%		7.5	117.5		In Progress
FM	A	TCAT Jackson Controls Review	3.6	Feb-25	125.0	125.0	0.0	0%		7.5	117.5		In Progress
FM	A	TCAT Knoxville Controls Review	3.8	Aug-24	125.0	125.0	0.0	0%		122.5	2.5	Nov 24	Completed
FM	A	TCAT Memphis Controls Review	3.9	Jul-24	5.0	5.0	0.0	0%		50.0	-45.0		In Progress
FM	A	TCAT Murfreesboro Controls Review	3.9	Nov-24	125.0	125.0	0.0	0%		0.0	125.0		Scheduled
FM	A	TCAT Morristown Controls Review	4.0	Oct-24	125.0	125.0	0.0	0%		125.0	0.0	Feb-25	Completed
Total Planned Audit Hours:					1295.0	1295.0	0.0			680.0	615.0		
Functional Areas:			Audit Types:						Status:				
AD - Advancement			R - Required						Scheduled				
AT - Athletics			A - Risk-Based (Assessed)						In Progress				
AX - Auxiliary			S - Special Request						Completed				
FM - Financial Management			I - Investigation						Removed				
IA - Instruction & Academic Support			P - Project (Ongoing or Recurring)										
IS - Institutional Support			M - Management's Risk Assessment										
IT - Information Technology			C - Consultation										
MC - Marketing and Campus Activities			F - Follow-up Review										
PP - Physical Plant			O - Other										
RS - Research													
SS - Student Services													

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BOARD TRANSMITTAL

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MEETING: Committee on Audit

SUBJECT: Review of Internal Audit Charters

DATE: May 28, 2025

PRESENTER: Mike Batson

ACTION REQUIRED: Roll Call Vote

STAFF'S  
RECOMMENDATION: Approve

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The TBR system's college internal audit offices develop internal audit charters which are formal documents that include the internal audit function's mandate, organizational position, reporting relationships, scope of work, types of services, and specifications. In accordance with the Institute of Internal Auditors' Global Internal Audit Standards, which states in Standard 6.2- Internal Audit Charter:

The chief audit executive must develop and maintain an internal audit charter that specifies, at a minimum, the internal audit function's:

- Purpose of Internal Auditing
- Commitment to adhering to the Global Internal Audit Standards
- Mandate, including scope and types of services to be provided, and the board's responsibilities and expectations regarding management's support of the internal audit function.
- Organizational position and reporting relationships

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

The attached charters have been revised due to changes in the internal audit charter template which were approved at the February 18, 2025, Audit Committee meeting.

## **Chattanooga State Community College Internal Audit Charter**

### **Introduction**

Chattanooga State Community College (the 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.

### **Purpose**

The purpose of the internal audit function is to strengthen Chattanooga State Community College's ability to create, protect, and sustain value by providing the Board and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

The internal audit function enhances Chattanooga State Community College's:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

Chattanooga State Community College's internal audit function is most effective when:

- Internal auditing is performed by competent professionals in conformance with The IIA's Global Internal Audit Standards<sup>TM</sup>, which are set in the public interest.
- The internal audit function is independently positioned with direct accountability to the Board.
- Internal auditors are free from undue influence and committed to making objective assessments.

### ***Commitment to Adhering to the Global Internal Audit Standards***

The Chattanooga State Community College's internal audit function will adhere to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, which are the Global Internal Audit Standards and Topical Requirements. The System-wide Chief Audit Executive will report annually to the Audit Committee and senior management regarding the internal audit function's conformance with the Standards, which will be assessed through a quality assurance and improvement program.

## **Mandate**

### ***Authority***

In accordance with the T.C.A. Higher Education Accountability Act of 2004 (Tenn. Code Ann. § 49-14-101) and the T.C.A. Audit Committee Act of 2005 (Tenn. Code Ann. § 4-35-102), the Board created an Audit Committee and a System-wide Chief Audit Executive. The System-wide Chief Audit Executive's direct reporting relationship to the Audit Committee creates the internal audit authority and allows for unrestricted access to the Board. Chattanooga State Community College employs an internal auditor as described in the TBR Internal Audit policy (TBR Policy 04.01.05.00, Internal Audit).

The Audit Committee authorizes the internal audit function to:

- Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function's objectives.
- Obtain assistance from the necessary personnel of Chattanooga State Community College and other specialized services from within or outside Chattanooga State Community College to complete internal audit services.

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

### ***Independence, Organizational Position, and Reporting Relationships***

The System-wide Chief Audit Executive and the College Director will be positioned at a level in the college that enables internal audit services and responsibilities to be performed without interference from management, thereby establishing the independence of the internal audit function. (See "Mandate" section.)

The System-wide Chief Audit Executive will report functionally to the Audit Committee and administratively (for example, day-to-day operations) to the TBR Vice Chancellor for Business and Finance. This positioning provides the organizational authority and status to bring matters directly to senior management and escalate matters to the Audit Committee, when necessary, without interference and supports the internal auditors' ability to maintain objectivity.

The College Director reports to the college President with audit reporting responsibility to the Audit Committee and the Board through the System-wide Chief Audit Executive.

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

The System-wide Chief Audit Executive will confirm to the Audit Committee, at least annually, the organizational independence of the internal audit function. If the governance structure does not support organizational independence, the System-wide Chief Audit Executive will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence. The System-wide Chief Audit Executive will disclose to the Audit Committee any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the internal audit function's effectiveness and ability to fulfill its mandate.

### ***Changes to the Mandate and Charter***

Circumstances may justify a follow-up discussion between the System-wide Chief Audit Executive, the Audit Committee, and senior management on the internal audit mandate or other aspects of the internal audit charter. Such circumstances may include but are not limited to:

- A significant change in the Global Internal Audit Standards.
- A significant reorganization within the college.
- Significant changes in the System-wide Chief Audit Executive, the Audit Committee, and/or senior management.
- Significant changes to the college's strategies, objectives, risk profile, or the environment in which the college operates.
- New laws or regulations that may affect the nature and/or scope of internal audit services.

### **Chief Audit Executive and College Director Roles and Responsibilities**

#### ***Ethics and Professionalism***

The System-wide Chief Audit Executive and the College Director will ensure that the internal audit activity:

- Conforms with the Global Internal Audit Standards, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Understands, respects, meets, and contributes to the legitimate and ethical expectations of the college and be able to recognize conduct that is contrary to those expectations.
- Encourages and promotes an ethics-based culture in the college.
- Reports organizational behavior that is inconsistent with the college's ethical expectations, as described in applicable policies and procedures.



## ***Objectivity***

The System-wide Chief Audit Executive and the College Director will ensure that the internal audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If the System-wide Chief Audit Executive or the College Director determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

Internal auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing operational duties for Chattanooga State Community College or its affiliates.
- Initiating or approving transactions external to the internal audit function.
- Directing the activities of any Chattanooga State Community College employee that is not employed by the internal audit function, except to the extent that such employees have been appropriately assigned to internal audit teams or to assist internal auditors.

Internal auditors will:

- Disclose impairments of independence or objectivity, in fact or appearance, at least annually, to appropriate parties such as the System-wide Chief Audit Executive, the Audit Committee, or management.
- Exhibit professional objectivity in gathering, evaluating, and communicating information.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

## ***Managing the Internal Audit Function***

The System-wide Chief Audit Executive and the College Director have the responsibility to:

- Develop a risk-based internal audit plan annually that considers the input of the Audit Committee and senior management. The College Director submits the plan to the System-wide Chief Audit Executive for presentation to the Audit Committee for review and approval.
- Communicate the impact of resource limitations on the internal audit plan to the Audit Committee and senior management.

- Review and adjust the internal audit plan at least quarterly in response to changes in Chattanooga State Community College's business, risks, operations, programs, systems, and controls.
- Communicate with the Audit Committee and senior management if there are significant interim changes to the internal audit plan.
- Ensure internal audit engagements are performed, documented, and communicated in accordance with the Global Internal Audit Standards and laws and/or regulations.
- Follow up on engagement findings and confirm the implementation of recommendations or action plans and communicate the results of internal audit services to the Audit Committee and senior management quarterly and for each engagement as appropriate.
- Ensure the internal audit function collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of the Global Internal Audit Standards and fulfill the internal audit mandate.
- Identify and consider trends and emerging issues that could impact the TBR system or the colleges and communicate to the Audit Committee and senior management as appropriate.
- Consider emerging trends and successful practices in internal auditing.
- Establish and ensure adherence to methodologies designed to guide the internal audit function.
- Ensure adherence to relevant policies and procedures of the TBR system and the colleges unless such policies and procedures conflict with the internal audit charter or the Global Internal Audit Standards. Any such conflicts will be resolved or documented and communicated to the Audit Committee and senior management.
- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the System-wide Chief Audit Executive cannot achieve an appropriate level of coordination, the issue must be communicated to senior management and if necessary escalated to the Audit Committee.

### ***Communication with the Audit Committee and Senior Management***

The System-wide Chief Audit Executive meets with the Audit Committee quarterly. The following are periodically reported to the Audit Committee and senior management:

- The internal audit function's mandate.
- The internal audit plan and performance relative to its plan.
- Internal audit budget.
- Significant revisions to the internal audit plan and budget.
- Potential impairments to independence, including relevant disclosures as applicable.

- Results from the quality assurance and improvement program, which include the internal audit function's conformance with The IIA's Global Internal Audit Standards and action plans to address the internal audit function's deficiencies and opportunities for improvement.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the Audit Committee that could interfere with the achievement of the TBR system and the College strategic objectives.
- Results of assurance and advisory services.
- Resource requirements.
- Management's responses to risks that the internal audit function determines may be unacceptable or acceptance of a risk that is beyond the TBR system or the College risk appetite.

### ***Quality Assurance and Improvement Program***

The System-wide Chief Audit Executive will develop, implement, and maintain a quality assurance and improvement program that covers all aspects of the internal audit function. The program will include external and internal assessments of the internal audit function's conformance with the Global Internal Audit Standards, as well as performance measurement to assess the internal audit function's progress toward the achievement of its objectives and promotion of continuous improvement. The program also will assess, if applicable, compliance with laws and/or regulations relevant to internal auditing. Also, if applicable, the assessment will include plans to address the internal audit function's deficiencies and opportunities for improvement.

Annually, the System-wide Chief Audit Executive will communicate with the Audit Committee and senior management about the internal audit function's quality assurance and improvement program, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments. External assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the TBR System; qualifications must include at least one assessor holding an active Certified Internal Auditor® credential. Experience in higher education internal auditing will also be considered when selecting external assessors.

### **Scope and Types of Internal Audit Services**

The scope of internal audit services covers the entire breadth of the College, including all activities, assets, and personnel. The scope of internal audit activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the Audit Committee and management on the adequacy and effectiveness of governance, risk management, and control processes for Chattanooga State Community College. The nature and scope of advisory services may be agreed with the party requesting the service, provided the internal audit function does not assume management responsibility. Opportunities for improving

the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

Internal audit engagements may include evaluating whether:

- Risks relating to the achievement of the College's strategic objectives are appropriately identified and managed.
- The actions of officers, directors, management, employees, and contractors or other relevant parties comply with TBR or college policies, procedures, and applicable laws, regulations, and governance standards.
- Operations and programs are performed effectively, efficiently, ethically, and equitably with results that are consistent with established goals and objectives.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact Chattanooga State Community College.
- The integrity of information and the means used to identify, measure, analyze, classify, and report such information is reliable.
- Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.

### **Periodic Review of Internal Audit Charter**

The System-wide 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.

Dr. Rebecca Ashford

Print Name of President



Signature of President

3/24/2025

Date

Kimberly Clingan

Print Name of Auditor



Signature of Auditor

3/24/2025

Date

## **Columbia State Community College Internal Audit Charter**

### **Introduction**

Columbia State Community College (the 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.

### **Purpose**

The purpose of the internal audit function is to strengthen Columbia State Community College's ability to create, protect, and sustain value by providing the Board and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

The internal audit function enhances Columbia State Community College's:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

Columbia State Community College's internal audit function is most effective when:

- Internal auditing is performed by competent professionals in conformance with The IIA's Global Internal Audit Standards™, which are set in the public interest.
- The internal audit function is independently positioned with direct accountability to the Board.
- Internal auditors are free from undue influence and committed to making objective assessments.

### ***Commitment to Adhering to the Global Internal Audit Standards***

The Columbia State Community College's internal audit function will adhere to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, which are the Global Internal Audit Standards and Topical Requirements. The System-wide Chief Audit Executive will report annually to the Audit Committee and senior management regarding the internal audit function's conformance with the Standards, which will be assessed through a quality assurance and improvement program.

## **Mandate**

### ***Authority***

In accordance with the T.C.A. Higher Education Accountability Act of 2004 (Tenn. Code Ann. § 49-14-101) and the T.C.A. Audit Committee Act of 2005 (Tenn. Code Ann. § 4-35-102), the Board created an Audit Committee and a System-wide Chief Audit Executive. The System-wide Chief Audit Executive's direct reporting relationship to the Audit Committee creates the internal audit authority and allows for unrestricted access to the Board. Columbia State Community College employs an internal auditor as described in the TBR Internal Audit policy (TBR Policy 04.01.05.00, Internal Audit).

The Audit Committee authorizes the internal audit function to:

- Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function's objectives.
- Obtain assistance from the necessary personnel of Columbia State Community College and other specialized services from within or outside Columbia State Community College to complete internal audit services.

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

### ***Independence, Organizational Position, and Reporting Relationships***

The System-wide Chief Audit Executive and the College Director will be positioned at a level in the college that enables internal audit services and responsibilities to be performed without interference from management, thereby establishing the independence of the internal audit function. (See "Mandate" section.)

The System-wide Chief Audit Executive will report functionally to the Audit Committee and administratively (for example, day-to-day operations) to the TBR Vice Chancellor for Business and Finance. This positioning provides the organizational authority and status to bring matters directly to senior management and escalate matters to the Audit Committee, when necessary, without interference and supports the internal auditors' ability to maintain objectivity.

The College Director reports to the college President with audit reporting responsibility to the Audit Committee and the Board through the System-wide Chief Audit Executive.

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

The System-wide Chief Audit Executive will confirm to the Audit Committee, at least annually, the organizational independence of the internal audit function. If the governance structure does



not support organizational independence, the System-wide Chief Audit Executive will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence. The System-wide Chief Audit Executive will disclose to the Audit Committee any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the internal audit function's effectiveness and ability to fulfill its mandate.

### ***Changes to the Mandate and Charter***

Circumstances may justify a follow-up discussion between the System-wide Chief Audit Executive, the Audit Committee, and senior management on the internal audit mandate or other aspects of the internal audit charter. Such circumstances may include but are not limited to:

- A significant change in the Global Internal Audit Standards.
- A significant reorganization within the college.
- Significant changes in the System-wide Chief Audit Executive, the Audit Committee, and/or senior management.
- Significant changes to the college's strategies, objectives, risk profile, or the environment in which the college operates.
- New laws or regulations that may affect the nature and/or scope of internal audit services.

### **Chief Audit Executive and College Director Roles and Responsibilities**

#### ***Ethics and Professionalism***

The System-wide Chief Audit Executive and the College Director will ensure that the internal audit activity:

- Conforms with the Global Internal Audit Standards, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Understands, respects, meets, and contributes to the legitimate and ethical expectations of the college and be able to recognize conduct that is contrary to those expectations.
- Encourages and promotes an ethics-based culture in the college.
- Reports organizational behavior that is inconsistent with the college's ethical expectations, as described in applicable policies and procedures.

#### ***Objectivity***

The System-wide Chief Audit Executive and the College Director will ensure that the internal audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope,

procedures, frequency, timing, and communication. If the System-wide Chief Audit Executive or the College Director determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

Internal auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing operational duties for Columbia State Community College or its affiliates.
- Initiating or approving transactions external to the internal audit function.
- Directing the activities of any Columbia State Community College employee that is not employed by the internal audit function, except to the extent that such employees have been appropriately assigned to internal audit teams or to assist internal auditors.

Internal auditors will:

- Disclose impairments of independence or objectivity, in fact or appearance, at least annually, to appropriate parties such as the System-wide Chief Audit Executive, the Audit Committee, or management.
- Exhibit professional objectivity in gathering, evaluating, and communicating information.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

### ***Managing the Internal Audit Function***

The System-wide Chief Audit Executive and the College Director have the responsibility to:

- Develop a risk-based internal audit plan annually that considers the input of the Audit Committee and senior management. The College Director submits the plan to the System-wide Chief Audit Executive for presentation to the Audit Committee for review and approval.
- Communicate the impact of resource limitations on the internal audit plan to the Audit Committee and senior management.
- Review and adjust the internal audit plan at least quarterly in response to changes in [name of college]'s business, risks, operations, programs, systems, and controls.
- Communicate with the Audit Committee and senior management if there are significant interim changes to the internal audit plan.



- Ensure internal audit engagements are performed, documented, and communicated in accordance with the Global Internal Audit Standards and laws and/or regulations.
- Follow up on engagement findings and confirm the implementation of recommendations or action plans and communicate the results of internal audit services to the Audit Committee and senior management quarterly and for each engagement as appropriate.
- Ensure the internal audit function collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of the Global Internal Audit Standards and fulfill the internal audit mandate.
- Identify and consider trends and emerging issues that could impact the TBR system or the colleges and communicate to the Audit Committee and senior management as appropriate.
- Consider emerging trends and successful practices in internal auditing.
- Establish and ensure adherence to methodologies designed to guide the internal audit function.
- Ensure adherence to relevant policies and procedures of the TBR system and the colleges unless such policies and procedures conflict with the internal audit charter or the Global Internal Audit Standards. Any such conflicts will be resolved or documented and communicated to the Audit Committee and senior management.
- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the System-wide Chief Audit Executive cannot achieve an appropriate level of coordination, the issue must be communicated to senior management and if necessary escalated to the Audit Committee.

### ***Communication with the Audit Committee and Senior Management***

The System-wide Chief Audit Executive meets with the Audit Committee quarterly. The following are periodically reported to the Audit Committee and senior management:

- The internal audit function's mandate.
- The internal audit plan and performance relative to its plan.
- Internal audit budget.
- Significant revisions to the internal audit plan and budget.
- Potential impairments to independence, including relevant disclosures as applicable.
- Results from the quality assurance and improvement program, which include the internal audit function's conformance with The IIA's Global Internal Audit Standards and action plans to address the internal audit function's deficiencies and opportunities for improvement.

- Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the Audit Committee that could interfere with the achievement of the TBR system and the College strategic objectives.
- Results of assurance and advisory services.
- Resource requirements.
- Management's responses to risks that the internal audit function determines may be unacceptable or acceptance of a risk that is beyond the TBR system or the College risk appetite.

### ***Quality Assurance and Improvement Program***

The System-wide Chief Audit Executive will develop, implement, and maintain a quality assurance and improvement program that covers all aspects of the internal audit function. The program will include external and internal assessments of the internal audit function's conformance with the Global Internal Audit Standards, as well as performance measurement to assess the internal audit function's progress toward the achievement of its objectives and promotion of continuous improvement. The program also will assess, if applicable, compliance with laws and/or regulations relevant to internal auditing. Also, if applicable, the assessment will include plans to address the internal audit function's deficiencies and opportunities for improvement.

Annually, the System-wide Chief Audit Executive will communicate with the Audit Committee and senior management about the internal audit function's quality assurance and improvement program, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments. External assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the TBR System; qualifications must include at least one assessor holding an active Certified Internal Auditor® credential. Experience in higher education internal auditing will also be considered when selecting external assessors.

### **Scope and Types of Internal Audit Services**

The scope of internal audit services covers the entire breadth of the College, including all activities, assets, and personnel. The scope of internal audit activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the Audit Committee and management on the adequacy and effectiveness of governance, risk management, and control processes for Columbia State Community College.

The nature and scope of advisory services may be agreed with the party requesting the service, provided the internal audit function does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

Internal audit engagements may include evaluating whether:

- Risks relating to the achievement of the College's strategic objectives are appropriately identified and managed.
- The actions of officers, directors, management, employees, and contractors or other relevant parties comply with TBR or college policies, procedures, and applicable laws, regulations, and governance standards.
- Operations and programs are performed effectively, efficiently, ethically, and equitably with results that are consistent with established goals and objectives.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact Columbia State Community College.
- The integrity of information and the means used to identify, measure, analyze, classify, and report such information is reliable.
- Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.

#### Periodic Review of Internal Audit Charter

The System-wide 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.

Janet F. Smith

Print Name of President

[Signature]

Signature of President

04.08.25

Date

Leah Antliyi

Print Name of Auditor

[Signature]

Signature of Auditor

04/08/2025

Date

## **Dyersburg State Community College Internal Audit Charter**

### **Introduction**

Dyersburg State Community College (the 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.

### **Purpose**

The purpose of the internal audit function is to strengthen Dyersburg State Community College's ability to create, protect, and sustain value by providing the Board and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

The internal audit function enhances Dyersburg State Community College's:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

Dyersburg State Community College's internal audit function is most effective when:

- Internal auditing is performed by competent professionals in conformance with The IIA's Global Internal Audit Standards<sup>TM</sup>, which are set in the public interest.
- The internal audit function is independently positioned with direct accountability to the Board.
- Internal auditors are free from undue influence and committed to making objective assessments.

### ***Commitment to Adhering to the Global Internal Audit Standards***

The Dyersburg State Community College's internal audit function will adhere to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, which are the Global Internal Audit Standards and Topical Requirements. The System-wide Chief Audit Executive will report annually to the Audit Committee and senior management regarding the internal audit function's conformance with the Standards, which will be assessed through a quality assurance and improvement program.



## **Mandate**

### ***Authority***

In accordance with the T.C.A. Higher Education Accountability Act of 2004 (Tenn. Code Ann. § 49-14-101) and the T.C.A. Audit Committee Act of 2005 (Tenn. Code Ann. § 4-35-102), the Board created an Audit Committee and a System-wide Chief Audit Executive. The System-wide Chief Audit Executive's direct reporting relationship to the Audit Committee creates the internal audit authority and allows for unrestricted access to the Board. Dyersburg State Community College employs an internal auditor as described in the TBR Internal Audit policy (TBR Policy 04.01.05.00, Internal Audit).

The Audit Committee authorizes the internal audit function to:

- Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function's objectives.
- Obtain assistance from the necessary personnel of Dyersburg State Community College and other specialized services from within or outside Dyersburg State Community College to complete internal audit services.

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

### ***Independence, Organizational Position, and Reporting Relationships***

The System-wide Chief Audit Executive and the College Director will be positioned at a level in the college that enables internal audit services and responsibilities to be performed without interference from management, thereby establishing the independence of the internal audit function. (See "Mandate" section.)

The System-wide Chief Audit Executive will report functionally to the Audit Committee and administratively (for example, day-to-day operations) to the TBR Vice Chancellor for Business and Finance. This positioning provides the organizational authority and status to bring matters directly to senior management and escalate matters to the Audit Committee, when necessary, without interference and supports the internal auditors' ability to maintain objectivity.

The College Director reports to the college President with audit reporting responsibility to the Audit Committee and the Board through the System-wide Chief Audit Executive.

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

The System-wide Chief Audit Executive will confirm to the Audit Committee, at least annually, the organizational independence of the internal audit function. If the governance structure does

not support organizational independence, the System-wide Chief Audit Executive will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence. The System-wide Chief Audit Executive will disclose to the Audit Committee any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the internal audit function's effectiveness and ability to fulfill its mandate.

### ***Changes to the Mandate and Charter***

Circumstances may justify a follow-up discussion between the System-wide Chief Audit Executive, the Audit Committee, and senior management on the internal audit mandate or other aspects of the internal audit charter. Such circumstances may include but are not limited to:

- A significant change in the Global Internal Audit Standards.
- A significant reorganization within the college.
- Significant changes in the System-wide Chief Audit Executive, the Audit Committee, and/or senior management.
- Significant changes to the college's strategies, objectives, risk profile, or the environment in which the college operates.
- New laws or regulations that may affect the nature and/or scope of internal audit services.

### **Chief Audit Executive and College Director Roles and Responsibilities**

#### ***Ethics and Professionalism***

The System-wide Chief Audit Executive and the College Director will ensure that the internal audit activity:

- Conforms with the Global Internal Audit Standards, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Understands, respects, meets, and contributes to the legitimate and ethical expectations of the college and be able to recognize conduct that is contrary to those expectations.
- Encourages and promotes an ethics-based culture in the college.
- Reports organizational behavior that is inconsistent with the college's ethical expectations, as described in applicable policies and procedures.

#### ***Objectivity***

The System-wide Chief Audit Executive and the College Director will ensure that the internal audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope,



procedures, frequency, timing, and communication. If the System-wide Chief Audit Executive or the College Director determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

Internal auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing operational duties for Dyersburg State Community College or its affiliates.
- Initiating or approving transactions external to the internal audit function.
- Directing the activities of any Dyersburg State Community College employee that is not employed by the internal audit function, except to the extent that such employees have been appropriately assigned to internal audit teams or to assist internal auditors.

Internal auditors will:

- Disclose impairments of independence or objectivity, in fact or appearance, at least annually, to appropriate parties such as the System-wide Chief Audit Executive, the Audit Committee, or management.
- Exhibit professional objectivity in gathering, evaluating, and communicating information.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

### ***Managing the Internal Audit Function***

The System-wide Chief Audit Executive and the College Director have the responsibility to:

- Develop a risk-based internal audit plan annually that considers the input of the Audit Committee and senior management. The College Director submits the plan to the System-wide Chief Audit Executive for presentation to the Audit Committee for review and approval.
- Communicate the impact of resource limitations on the internal audit plan to the Audit Committee and senior management.
- Review and adjust the internal audit plan at least quarterly in response to changes in Dyersburg State Community College's business, risks, operations, programs, systems, and controls.
- Communicate with the Audit Committee and senior management if there are significant interim changes to the internal audit plan.

- Ensure internal audit engagements are performed, documented, and communicated in accordance with the Global Internal Audit Standards and laws and/or regulations.
- Follow up on engagement findings and confirm the implementation of recommendations or action plans and communicate the results of internal audit services to the Audit Committee and senior management quarterly and for each engagement as appropriate.
- Ensure the internal audit function collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of the Global Internal Audit Standards and fulfill the internal audit mandate.
- Identify and consider trends and emerging issues that could impact the TBR system or the colleges and communicate to the Audit Committee and senior management as appropriate.
- Consider emerging trends and successful practices in internal auditing.
- Establish and ensure adherence to methodologies designed to guide the internal audit function.
- Ensure adherence to relevant policies and procedures of the TBR system and the colleges unless such policies and procedures conflict with the internal audit charter or the Global Internal Audit Standards. Any such conflicts will be resolved or documented and communicated to the Audit Committee and senior management.
- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the System-wide Chief Audit Executive cannot achieve an appropriate level of coordination, the issue must be communicated to senior management and if necessary escalated to the Audit Committee.

### ***Communication with the Audit Committee and Senior Management***

The System-wide Chief Audit Executive meets with the Audit Committee quarterly. The following are periodically reported to the Audit Committee and senior management:

- The internal audit function's mandate.
- The internal audit plan and performance relative to its plan.
- Internal audit budget.
- Significant revisions to the internal audit plan and budget.
- Potential impairments to independence, including relevant disclosures as applicable.
- Results from the quality assurance and improvement program, which include the internal audit function's conformance with The IIA's Global Internal Audit Standards and action plans to address the internal audit function's deficiencies and opportunities for improvement.



- Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the Audit Committee that could interfere with the achievement of the TBR system and the College strategic objectives.
- Results of assurance and advisory services.
- Resource requirements.
- Management's responses to risks that the internal audit function determines may be unacceptable or acceptance of a risk that is beyond the TBR system or the College risk appetite.

### ***Quality Assurance and Improvement Program***

The System-wide Chief Audit Executive will develop, implement, and maintain a quality assurance and improvement program that covers all aspects of the internal audit function. The program will include external and internal assessments of the internal audit function's conformance with the Global Internal Audit Standards, as well as performance measurement to assess the internal audit function's progress toward the achievement of its objectives and promotion of continuous improvement. The program also will assess, if applicable, compliance with laws and/or regulations relevant to internal auditing. Also, if applicable, the assessment will include plans to address the internal audit function's deficiencies and opportunities for improvement.

Annually, the System-wide Chief Audit Executive will communicate with the Audit Committee and senior management about the internal audit function's quality assurance and improvement program, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments. External assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the TBR System; qualifications must include at least one assessor holding an active Certified Internal Auditor® credential. Experience in higher education internal auditing will also be considered when selecting external assessors.

### **Scope and Types of Internal Audit Services**

The scope of internal audit services covers the entire breadth of the College, including all activities, assets, and personnel. The scope of internal audit activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the Audit Committee and management on the adequacy and effectiveness of governance, risk management, and control processes for Dyersburg State Community College.

The nature and scope of advisory services may be agreed with the party requesting the service, provided the internal audit function does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

Internal audit engagements may include evaluating whether:

- Risks relating to the achievement of the College's strategic objectives are appropriately identified and managed.
- The actions of officers, directors, management, employees, and contractors or other relevant parties comply with TBR or college policies, procedures, and applicable laws, regulations, and governance standards.
- Operations and programs are performed effectively, efficiently, ethically, and equitably with results that are consistent with established goals and objectives.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact Dyersburg State Community College.
- The integrity of information and the means used to identify, measure, analyze, classify, and report such information is reliable.
- Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.

#### Periodic Review of Internal Audit Charter

The System-wide 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.

Dr. Scott Cook

Print Name of President

Sm - M

Signature of President

2/24/2025

Date

Chrystal Pittman

Print Name of Auditor

C. Pittman

Signature of Auditor

2/24/2025

Date

## **Jackson State Community College Internal Audit Charter**

### **Introduction**

Jackson State Community College (JSCC) 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.

### **Purpose**

The purpose of the internal audit function is to strengthen JSCC's ability to create, protect, and sustain value by providing the Board and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

The internal audit function enhances JSCC's:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

JSCC's internal audit function is most effective when:

- Internal auditing is performed by competent professionals in conformance with The IIA's Global Internal Audit Standards™, which are set in the public interest.
- The internal audit function is independently positioned with direct accountability to the Board.
- Internal auditors are free from undue influence and committed to making objective assessments.

### ***Commitment to Adhering to the Global Internal Audit Standards***

JSCC's internal audit function will adhere to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, which are the Global Internal Audit Standards and Topical Requirements. The System-wide Chief Audit Executive will report annually to the Audit Committee and senior management regarding the internal audit function's conformance with the Standards, which will be assessed through a quality assurance and improvement program.

## **Mandate**

### ***Authority***

In accordance with the T.C.A. Higher Education Accountability Act of 2004 (Tenn. Code Ann. § 49-14-101) and the T.C.A. Audit Committee Act of 2005 (Tenn. Code Ann. § 4-35-102), the Board created an Audit Committee and a System-wide Chief Audit Executive. The System-wide Chief Audit Executive's direct reporting relationship to the Audit Committee creates the internal audit authority and allows for unrestricted access to the Board. Jackson State Community College employs an internal auditor as described in the TBR Internal Audit policy (TBR Policy 04.01.05.00, Internal Audit).

The Audit Committee authorizes the internal audit function to:

- Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function's objectives.
- Obtain assistance from the necessary personnel of JSCC and other specialized services from within or outside JSCC to complete internal audit services.

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

### ***Independence, Organizational Position, and Reporting Relationships***

The System-wide Chief Audit Executive and the College Director will be positioned at a level in the college that enables internal audit services and responsibilities to be performed without interference from management, thereby establishing the independence of the internal audit function. (See "Mandate" section.)

The System-wide Chief Audit Executive will report functionally to the Audit Committee and administratively (for example, day-to-day operations) to the TBR Vice Chancellor for Business and Finance. This positioning provides the organizational authority and status to bring matters directly to senior management and escalate matters to the Audit Committee, when necessary, without interference and supports the internal auditors' ability to maintain objectivity.

The College Director reports to the college President with audit reporting responsibility to the Audit Committee and the Board through the System-wide Chief Audit Executive.

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

The System-wide Chief Audit Executive will confirm to the Audit Committee, at least annually, the organizational independence of the internal audit function. If the governance structure does not support organizational independence, the System-wide Chief Audit Executive will document

the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence. The System-wide Chief Audit Executive will disclose to the Audit Committee any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the internal audit function's effectiveness and ability to fulfill its mandate.

### ***Changes to the Mandate and Charter***

Circumstances may justify a follow-up discussion between the System-wide Chief Audit Executive, the Audit Committee, and senior management on the internal audit mandate or other aspects of the internal audit charter. Such circumstances may include but are not limited to:

- A significant change in the Global Internal Audit Standards.
- A significant reorganization within the college.
- Significant changes in the System-wide Chief Audit Executive, the Audit Committee, and/or senior management.
- Significant changes to the college's strategies, objectives, risk profile, or the environment in which the college operates.
- New laws or regulations that may affect the nature and/or scope of internal audit services.

### **Chief Audit Executive and College Director Roles and Responsibilities**

#### ***Ethics and Professionalism***

The System-wide Chief Audit Executive and the College Director will ensure that the internal audit activity:

- Conforms with the Global Internal Audit Standards, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Understands, respects, meets, and contributes to the legitimate and ethical expectations of the college and be able to recognize conduct that is contrary to those expectations.
- Encourages and promotes an ethics-based culture in the college.
- Reports organizational behavior that is inconsistent with the college's ethical expectations, as described in applicable policies and procedures.

#### ***Objectivity***

The System-wide Chief Audit Executive and the College Director will ensure that the internal audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If the System-wide Chief Audit Executive or

the College Director determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

Internal auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing operational duties for JSCC or its affiliates.
- Initiating or approving transactions external to the internal audit function.
- Directing the activities of any JSCC employee that is not employed by the internal audit function, except to the extent that such employees have been appropriately assigned to internal audit teams or to assist internal auditors.

Internal auditors will:

- Disclose impairments of independence or objectivity, in fact or appearance, at least annually, to appropriate parties such as the System-wide Chief Audit Executive, the Audit Committee, or management.
- Exhibit professional objectivity in gathering, evaluating, and communicating information.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

### ***Managing the Internal Audit Function***

The System-wide Chief Audit Executive and the College Director have the responsibility to:

- Develop a risk-based internal audit plan annually that considers the input of the Audit Committee and senior management. The College Director submits the plan to the System-wide Chief Audit Executive for presentation to the Audit Committee for review and approval.
- Communicate the impact of resource limitations on the internal audit plan to the Audit Committee and senior management.
- Review and adjust the internal audit plan at least quarterly in response to changes in JSCC's business, risks, operations, programs, systems, and controls.
- Communicate with the Audit Committee and senior management if there are significant interim changes to the internal audit plan.



- Ensure internal audit engagements are performed, documented, and communicated in accordance with the Global Internal Audit Standards and laws and/or regulations.
- Follow up on engagement findings and confirm the implementation of recommendations or action plans and communicate the results of internal audit services to the Audit Committee and senior management quarterly and for each engagement as appropriate.
- Ensure the internal audit function collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of the Global Internal Audit Standards and fulfill the internal audit mandate.
- Identify and consider trends and emerging issues that could impact the TBR system or the colleges and communicate to the Audit Committee and senior management as appropriate.
- Consider emerging trends and successful practices in internal auditing.
- Establish and ensure adherence to methodologies designed to guide the internal audit function.
- Ensure adherence to relevant policies and procedures of the TBR system and the colleges unless such policies and procedures conflict with the internal audit charter or the Global Internal Audit Standards. Any such conflicts will be resolved or documented and communicated to the Audit Committee and senior management.
- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the System-wide Chief Audit Executive cannot achieve an appropriate level of coordination, the issue must be communicated to senior management and if necessary escalated to the Audit Committee.

#### ***Communication with the Audit Committee and Senior Management***

The System-wide Chief Audit Executive meets with the Audit Committee quarterly. The following are periodically reported to the Audit Committee and senior management:

- The internal audit function's mandate.
- The internal audit plan and performance relative to its plan.
- Internal audit budget.
- Significant revisions to the internal audit plan and budget.
- Potential impairments to independence, including relevant disclosures as applicable.
- Results from the quality assurance and improvement program, which include the internal audit function's conformance with The IIA's Global Internal Audit Standards and action plans to address the internal audit function's deficiencies and opportunities for improvement.

- Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the Audit Committee that could interfere with the achievement of the TBR system and the College strategic objectives.
- Results of assurance and advisory services.
- Resource requirements.
- Management's responses to risks that the internal audit function determines may be unacceptable or acceptance of a risk that is beyond the TBR system or the College risk appetite.

### ***Quality Assurance and Improvement Program***

The System-wide Chief Audit Executive will develop, implement, and maintain a quality assurance and improvement program that covers all aspects of the internal audit function. The program will include external and internal assessments of the internal audit function's conformance with the Global Internal Audit Standards, as well as performance measurement to assess the internal audit function's progress toward the achievement of its objectives and promotion of continuous improvement. The program also will assess, if applicable, compliance with laws and/or regulations relevant to internal auditing. Also, if applicable, the assessment will include plans to address the internal audit function's deficiencies and opportunities for improvement.

Annually, the System-wide Chief Audit Executive will communicate with the Audit Committee and senior management about the internal audit function's quality assurance and improvement program, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments. External assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the TBR System; qualifications must include at least one assessor holding an active Certified Internal Auditor® credential. Experience in higher education internal auditing will also be considered when selecting external assessors.

### **Scope and Types of Internal Audit Services**

The scope of internal audit services covers the entire breadth of the College, including all activities, assets, and personnel. The scope of internal audit activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the Audit Committee and management on the adequacy and effectiveness of governance, risk management, and control processes for Jackson State Community College.

The nature and scope of advisory services may be agreed with the party requesting the service, provided the internal audit function does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.



Internal audit engagements may include evaluating whether:

- Risks relating to the achievement of the College's strategic objectives are appropriately identified and managed.
- The actions of officers, directors, management, employees, and contractors or other relevant parties comply with TBR or college policies, procedures, and applicable laws, regulations, and governance standards.
- Operations and programs are performed effectively, efficiently, ethically, and equitably with results that are consistent with established goals and objectives.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact JSCC.
- The integrity of information and the means used to identify, measure, analyze, classify, and report such information is reliable.
- Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.

#### Periodic Review of Internal Audit Charter

The System-wide 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.

Carol Rothstein

Print Name of President

Carol Rothstein

Signature of President

3/11/2025

Date

Benjamin Frederick

Print Name of Auditor

B. F.

Signature of Auditor

3/10/2025

Date

## **Pellissippi State Community College Internal Audit Charter**

### **Introduction**

Pellissippi State Community College is an institution of the Tennessee Board of Regents (TBR) system. The system is governed by the Board of Regents, consisting of 19 members (the Board) as determined by state law. The TBR Audit Committee is a standing committee of the Board.

### **Purpose**

The purpose of the internal audit function is to strengthen Pellissippi State's ability to create, protect, and sustain value by providing the Board and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

The internal audit function enhances Pellissippi State's:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

Pellissippi State's internal audit function is most effective when:

- Internal auditing is performed by competent professionals in conformance with The IIA's Global Internal Audit Standards™, which are set in the public interest.
- The internal audit function is independently positioned with direct accountability to the Board.
- Internal auditors are free from undue influence and committed to making objective assessments.

### ***Commitment to Adhering to the Global Internal Audit Standards***

The Pellissippi State's internal audit function will adhere to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, which are the Global Internal Audit Standards and Topical Requirements. The System-wide Chief Audit Executive will report annually to the Audit Committee and senior management regarding the internal audit function's conformance with the Standards, which will be assessed through a quality assurance and improvement program.

### **Mandate**

#### ***Authority***

In accordance with the T.C.A. Higher Education Accountability Act of 2004 (Tenn. Code Ann. § 49-14-101) and the T.C.A. Audit Committee Act of 2005 (Tenn. Code Ann. § 4-35-102), the Board created an Audit Committee and a System-wide Chief Audit Executive. The System-wide Chief Audit Executive's direct reporting relationship to the Audit Committee creates the internal audit authority and allows for unrestricted access to the Board. Pellissippi State Community College employs an internal auditor as described in the TBR Internal Audit policy (TBR Policy 04.01.05.00, Internal Audit).

The Audit Committee authorizes the internal audit function to:

- Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function's objectives.
- Obtain assistance from the necessary personnel of Pellissippi State and other specialized services from within or outside Pellissippi State to complete internal audit services.

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

### ***Independence, Organizational Position, and Reporting Relationships***

The System-wide Chief Audit Executive and the College Director will be positioned at a level in the college that enables internal audit services and responsibilities to be performed without interference from management, thereby establishing the independence of the internal audit function. (See "Mandate" section.)

The System-wide Chief Audit Executive will report functionally to the Audit Committee and administratively (for example, day-to-day operations) to the TBR Vice Chancellor for Business and Finance. This positioning provides the organizational authority and status to bring matters directly to senior management and escalate matters to the Audit Committee, when necessary, without interference and supports the internal auditors' ability to maintain objectivity.

The College Director reports to the college President with audit reporting responsibility to the Audit Committee and the Board through the System-wide Chief Audit Executive.

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

The System-wide Chief Audit Executive will confirm to the Audit Committee, at least annually, the organizational independence of the internal audit function. If the governance structure does not support organizational independence, the System-wide Chief Audit Executive will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence. The System-wide Chief Audit Executive will disclose to the Audit Committee any interference internal auditors encounter related to the scope,



performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the internal audit function's effectiveness and ability to fulfill its mandate.

### ***Changes to the Mandate and Charter***

Circumstances may justify a follow-up discussion between the System-wide Chief Audit Executive, the Audit Committee, and senior management on the internal audit mandate or other aspects of the internal audit charter. Such circumstances may include but are not limited to:

- A significant change in the Global Internal Audit Standards.
- A significant reorganization within the college.
- Significant changes in the System-wide Chief Audit Executive, the Audit Committee, and/or senior management.
- Significant changes to the college's strategies, objectives, risk profile, or the environment in which the college operates.
- New laws or regulations that may affect the nature and/or scope of internal audit services.

### **Chief Audit Executive and College Director Roles and Responsibilities**

#### ***Ethics and Professionalism***

The System-wide Chief Audit Executive and the College Director will ensure that the internal audit activity:

- Conforms with the Global Internal Audit Standards, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Understands, respects, meets, and contributes to the legitimate and ethical expectations of the college and be able to recognize conduct that is contrary to those expectations.
- Encourages and promotes an ethics-based culture in the college.
- Reports organizational behavior that is inconsistent with the college's ethical expectations, as described in applicable policies and procedures.

#### ***Objectivity***

The System-wide Chief Audit Executive and the College Director will ensure that the internal audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If the System-wide Chief Audit Executive or the College Director determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

Internal auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing operational duties for Pellissippi State or its affiliates.
- Initiating or approving transactions external to the internal audit function.
- Directing the activities of any Pellissippi State employee that is not employed by the internal audit function, except to the extent that such employees have been appropriately assigned to internal audit teams or to assist internal auditors.

Internal auditors will:

- Disclose impairments of independence or objectivity, in fact or appearance, at least annually, to appropriate parties such as the System-wide Chief Audit Executive, the Audit Committee, or management.
- Exhibit professional objectivity in gathering, evaluating, and communicating information.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

### ***Managing the Internal Audit Function***

The System-wide Chief Audit Executive and the College Director have the responsibility to:

- Develop a risk-based internal audit plan annually that considers the input of the Audit Committee and senior management. The College Director submits the plan to the System-wide Chief Audit Executive for presentation to the Audit Committee for review and approval.
- Communicate the impact of resource limitations on the internal audit plan to the Audit Committee and senior management.
- Review and adjust the internal audit plan at least quarterly in response to changes in Pellissippi State's business, risks, operations, programs, systems, and controls.
- Communicate with the Audit Committee and senior management if there are significant interim changes to the internal audit plan.
- Ensure internal audit engagements are performed, documented, and communicated in accordance with the Global Internal Audit Standards and laws and/or regulations.



- Follow up on engagement findings and confirm the implementation of recommendations or action plans and communicate the results of internal audit services to the Audit Committee and senior management quarterly and for each engagement as appropriate.
- Ensure the internal audit function collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of the Global Internal Audit Standards and fulfill the internal audit mandate.
- Identify and consider trends and emerging issues that could impact the TBR system or the colleges and communicate to the Audit Committee and senior management as appropriate.
- Consider emerging trends and successful practices in internal auditing.
- Establish and ensure adherence to methodologies designed to guide the internal audit function.
- Ensure adherence to relevant policies and procedures of the TBR system and the colleges unless such policies and procedures conflict with the internal audit charter or the Global Internal Audit Standards. Any such conflicts will be resolved or documented and communicated to the Audit Committee and senior management.
- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the System-wide Chief Audit Executive cannot achieve an appropriate level of coordination, the issue must be communicated to senior management and if necessary escalated to the Audit Committee.

### ***Communication with the Audit Committee and Senior Management***

The System-wide Chief Audit Executive meets with the Audit Committee quarterly. The following are periodically reported to the Audit Committee and senior management:

- The internal audit function's mandate.
- The internal audit plan and performance relative to its plan.
- Internal audit budget.
- Significant revisions to the internal audit plan and budget.
- Potential impairments to independence, including relevant disclosures as applicable.
- Results from the quality assurance and improvement program, which include the internal audit function's conformance with The IIA's Global Internal Audit Standards and action plans to address the internal audit function's deficiencies and opportunities for improvement.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the Audit Committee that could interfere with the achievement of the TBR system and the College strategic objectives.
- Results of assurance and advisory services.

- Resource requirements.
- Management's responses to risks that the internal audit function determines may be unacceptable or acceptance of a risk that is beyond the TBR system or the College risk appetite.

### ***Quality Assurance and Improvement Program***

The System-wide Chief Audit Executive will develop, implement, and maintain a quality assurance and improvement program that covers all aspects of the internal audit function. The program will include external and internal assessments of the internal audit function's conformance with the Global Internal Audit Standards, as well as performance measurement to assess the internal audit function's progress toward the achievement of its objectives and promotion of continuous improvement. The program also will assess, if applicable, compliance with laws and/or regulations relevant to internal auditing. Also, if applicable, the assessment will include plans to address the internal audit function's deficiencies and opportunities for improvement.

Annually, the System-wide Chief Audit Executive will communicate with the Audit Committee and senior management about the internal audit function's quality assurance and improvement program, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments. External assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the TBR System; qualifications must include at least one assessor holding an active Certified Internal Auditor® credential. Experience in higher education internal auditing will also be considered when selecting external assessors.

### **Scope and Types of Internal Audit Services**

The scope of internal audit services covers the entire breadth of the College, including all activities, assets, and personnel. The scope of internal audit activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the Audit Committee and management on the adequacy and effectiveness of governance, risk management, and control processes for Pellissippi State Community College.

The nature and scope of advisory services may be agreed with the party requesting the service, provided the internal audit function does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

Internal audit engagements may include evaluating whether:

- Risks relating to the achievement of the College's strategic objectives are appropriately identified and managed.



- The actions of officers, directors, management, employees, and contractors or other relevant parties comply with TBR or college policies, procedures, and applicable laws, regulations, and governance standards.
- Operations and programs are performed effectively, efficiently, ethically, and equitably with results that are consistent with established goals and objectives.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact Pellissippi State Community College.
- The integrity of information and the means used to identify, measure, analyze, classify, and report such information is reliable.
- Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.

### Periodic Review of Internal Audit Charter

The System-wide 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.

L. Anthony Wise Jr

Print Name of President

[Signature]

Signature of President

02/24/2025

Date

Jason C Patterson

Print Name of Auditor

[Signature]

Signature of Auditor

02/24/2025

Date



## **Southwest Tennessee Community College Internal Audit Charter**

### **Introduction**

Southwest Tennessee Community College (the 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.

### **Purpose**

The purpose of the internal audit function is to strengthen Southwest Tennessee Community College's ability to create, protect, and sustain value by providing the Board and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

The internal audit function enhances Southwest Tennessee Community College's:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

Southwest Tennessee Community College's internal audit function is most effective when:

- Internal auditing is performed by competent professionals in conformance with The IIA's Global Internal Audit Standards<sup>TM</sup>, which are set in the public interest.
- The internal audit function is independently positioned with direct accountability to the Board.
- Internal auditors are free from undue influence and committed to making objective assessments.

### ***Commitment to Adhering to the Global Internal Audit Standards***

The Southwest Tennessee Community College's internal audit function will adhere to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, which are the Global Internal Audit Standards and Topical Requirements. The System-wide Chief Audit Executive will report annually to the Audit Committee and senior management regarding the internal audit function's conformance with the Standards, which will be assessed through a quality assurance and improvement program.

### **Mandate**

### ***Authority***

In accordance with the T.C.A. Higher Education Accountability Act of 2004 (Tenn. Code Ann. § 49-14-101) and the T.C.A. Audit Committee Act of 2005 (Tenn. Code Ann. § 4-35-102), the Board created an Audit Committee and a System-wide Chief Audit Executive. The System-wide Chief Audit Executive's direct reporting relationship to the Audit Committee creates the internal audit authority and allows for unrestricted access to the Board. Southwest Tennessee Community College employs an internal auditor as described in the TBR Internal Audit policy (TBR Policy 04.01.05.00, Internal Audit).

The Audit Committee authorizes the internal audit function to:

- Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function's objectives.
- Obtain assistance from the necessary personnel of Southwest Tennessee Community College and other specialized services from within or outside Southwest Tennessee Community College to complete internal audit services.

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

### ***Independence, Organizational Position, and Reporting Relationships***

The System-wide Chief Audit Executive and the College Director will be positioned at a level in the college that enables internal audit services and responsibilities to be performed without interference from management, thereby establishing the independence of the internal audit function. (See "Mandate" section.)

The System-wide Chief Audit Executive will report functionally to the Audit Committee and administratively (for example, day-to-day operations) to the TBR Vice Chancellor for Business and Finance. This positioning provides the organizational authority and status to bring matters directly to senior management and escalate matters to the Audit Committee, when necessary, without interference and supports the internal auditors' ability to maintain objectivity.

The College Director reports to the college President with audit reporting responsibility to the Audit Committee and the Board through the System-wide Chief Audit Executive.

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

The System-wide Chief Audit Executive will confirm to the Audit Committee, at least annually, the organizational independence of the internal audit function. If the governance structure does not support organizational independence, the System-wide Chief Audit Executive will document

the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence. The System-wide Chief Audit Executive will disclose to the Audit Committee any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the internal audit function's effectiveness and ability to fulfill its mandate.

### ***Changes to the Mandate and Charter***

Circumstances may justify a follow-up discussion between the System-wide Chief Audit Executive, the Audit Committee, and senior management on the internal audit mandate or other aspects of the internal audit charter. Such circumstances may include but are not limited to:

- A significant change in the Global Internal Audit Standards.
- A significant reorganization within the college.
- Significant changes in the System-wide Chief Audit Executive, the Audit Committee, and/or senior management.
- Significant changes to the college's strategies, objectives, risk profile, or the environment in which the college operates.
- New laws or regulations that may affect the nature and/or scope of internal audit services.

### **Chief Audit Executive and College Director Roles and Responsibilities**

#### ***Ethics and Professionalism***

The System-wide Chief Audit Executive and the College Director will ensure that the internal audit activity:

- Conforms with the Global Internal Audit Standards, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Understands, respects, meets, and contributes to the legitimate and ethical expectations of the college and be able to recognize conduct that is contrary to those expectations.
- Encourages and promotes an ethics-based culture in the college.
- Reports organizational behavior that is inconsistent with the college's ethical expectations, as described in applicable policies and procedures.

#### ***Objectivity***

The System-wide Chief Audit Executive and the College Director will ensure that the internal audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If the System-wide Chief Audit Executive or

the College Director determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

Internal auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing operational duties for Southwest Tennessee Community College or its affiliates.
- Initiating or approving transactions external to the internal audit function.
- Directing the activities of any Southwest Tennessee Community College employee that is not employed by the internal audit function, except to the extent that such employees have been appropriately assigned to internal audit teams or to assist internal auditors.

Internal auditors will:

- Disclose impairments of independence or objectivity, in fact or appearance, at least annually, to appropriate parties such as the System-wide Chief Audit Executive, the Audit Committee, or management.
- Exhibit professional objectivity in gathering, evaluating, and communicating information.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

### ***Managing the Internal Audit Function***

The System-wide Chief Audit Executive and the College Director have the responsibility to:

- Develop a risk-based internal audit plan annually that considers the input of the Audit Committee and senior management. The College Director submits the plan to the System-wide Chief Audit Executive for presentation to the Audit Committee for review and approval.
- Communicate the impact of resource limitations on the internal audit plan to the Audit Committee and senior management.
- Review and adjust the internal audit plan at least quarterly in response to changes in Southwest Tennessee Community College's business, risks, operations, programs, systems, and controls.
- Communicate with the Audit Committee and senior management if there are significant interim changes to the internal audit plan.

- Ensure internal audit engagements are performed, documented, and communicated in accordance with the Global Internal Audit Standards and laws and/or regulations.
- Follow up on engagement findings and confirm the implementation of recommendations or action plans and communicate the results of internal audit services to the Audit Committee and senior management quarterly and for each engagement as appropriate.
- Ensure the internal audit function collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of the Global Internal Audit Standards and fulfill the internal audit mandate.
- Identify and consider trends and emerging issues that could impact the TBR system or the colleges and communicate to the Audit Committee and senior management as appropriate.
- Consider emerging trends and successful practices in internal auditing.
- Establish and ensure adherence to methodologies designed to guide the internal audit function.
- Ensure adherence to relevant policies and procedures of the TBR system and the colleges unless such policies and procedures conflict with the internal audit charter or the Global Internal Audit Standards. Any such conflicts will be resolved or documented and communicated to the Audit Committee and senior management.
- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the System-wide Chief Audit Executive cannot achieve an appropriate level of coordination, the issue must be communicated to senior management and if necessary escalated to the Audit Committee.

### ***Communication with the Audit Committee and Senior Management***

The System-wide Chief Audit Executive meets with the Audit Committee quarterly. The following are periodically reported to the Audit Committee and senior management:

- The internal audit function's mandate.
- The internal audit plan and performance relative to its plan.
- Internal audit budget.
- Significant revisions to the internal audit plan and budget.
- Potential impairments to independence, including relevant disclosures as applicable.
- Results from the quality assurance and improvement program, which include the internal audit function's conformance with The IIA's Global Internal Audit Standards and action plans to address the internal audit function's deficiencies and opportunities for improvement.

- Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the Audit Committee that could interfere with the achievement of the TBR system and the College strategic objectives.
- Results of assurance and advisory services.
- Resource requirements.
- Management's responses to risks that the internal audit function determines may be unacceptable or acceptance of a risk that is beyond the TBR system or the College risk appetite.

### ***Quality Assurance and Improvement Program***

The System-wide Chief Audit Executive will develop, implement, and maintain a quality assurance and improvement program that covers all aspects of the internal audit function. The program will include external and internal assessments of the internal audit function's conformance with the Global Internal Audit Standards, as well as performance measurement to assess the internal audit function's progress toward the achievement of its objectives and promotion of continuous improvement. The program also will assess, if applicable, compliance with laws and/or regulations relevant to internal auditing. Also, if applicable, the assessment will include plans to address the internal audit function's deficiencies and opportunities for improvement.

Annually, the System-wide Chief Audit Executive will communicate with the Audit Committee and senior management about the internal audit function's quality assurance and improvement program, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments. External assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the TBR System; qualifications must include at least one assessor holding an active Certified Internal Auditor® credential. Experience in higher education internal auditing will also be considered when selecting external assessors.

### **Scope and Types of Internal Audit Services**

The scope of internal audit services covers the entire breadth of the College, including all activities, assets, and personnel. The scope of internal audit activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the Audit Committee and management on the adequacy and effectiveness of governance, risk management, and control processes for Southwest Tennessee Community College.

The nature and scope of advisory services may be agreed with the party requesting the service, provided the internal audit function does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

- Risks relating to the achievement of the College’s strategic objectives are appropriately identified and managed.
- The actions of officers, directors, management, employees, and contractors or other relevant parties comply with TBR or college policies, procedures, and applicable laws, regulations, and governance standards.
- Operations and programs are performed effectively, efficiently, ethically, and equitably with results that are consistent with established goals and objectives.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact Southwest Tennessee Community College.
- The integrity of information and the means used to identify, measure, analyze, classify, and report such information is reliable.
- Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.

The System-wide 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.

Print Name of President

Print Name of Auditor

<p>Signed by:</p>  <p>BA4EE872685F4B9...</p>	<p>2/18/2025</p>
<p>Signature of Auditor</p>	<p>Date</p>



## **Volunteer State Community College Internal Audit Charter**

### **Introduction**

Volunteer State Community College (the 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.

### **Purpose**

The purpose of the internal audit function is to strengthen the College's ability to create, protect, and sustain value by providing the Board and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

The internal audit function enhances the College's:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

The College's internal audit function is most effective when:

- Internal auditing is performed by competent professionals in conformance with The IIA's Global Internal Audit Standards™, which are set in the public interest.
- The internal audit function is independently positioned with direct accountability to the Board.
- Internal auditors are free from undue influence and committed to making objective assessments.

### ***Commitment to Adhering to the Global Internal Audit Standards***

The College's internal audit function will adhere to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, which are the Global Internal Audit Standards and Topical Requirements. The System-wide Chief Audit Executive will report annually to the Audit Committee and senior management regarding the internal audit function's conformance with the Standards, which will be assessed through a quality assurance and improvement program.



## **Mandate**

### ***Authority***

In accordance with the T.C.A. Higher Education Accountability Act of 2004 (Tenn. Code Ann. § 49-14-101) and the T.C.A. Audit Committee Act of 2005 (Tenn. Code Ann. § 4-35-102), the Board created an Audit Committee and a System-wide Chief Audit Executive. The System-wide Chief Audit Executive's direct reporting relationship to the Audit Committee creates the internal audit authority and allows for unrestricted access to the Board. The College employs an internal auditor as described in the TBR Internal Audit policy (TBR Policy 04.01.05.00, Internal Audit).

The Audit Committee authorizes the internal audit function to:

- Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function's objectives.
- Obtain assistance from the necessary personnel of the College and other specialized services from within or outside the College to complete internal audit services.

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

### ***Independence, Organizational Position, and Reporting Relationships***

The System-wide Chief Audit Executive and the College Director will be positioned at a level in the College that enables internal audit services and responsibilities to be performed without interference from management, thereby establishing the independence of the internal audit function. (See "Mandate" section.)

The System-wide Chief Audit Executive will report functionally to the Audit Committee and administratively (for example, day-to-day operations) to the TBR Vice Chancellor for Business and Finance. This positioning provides the organizational authority and status to bring matters directly to senior management and escalate matters to the Audit Committee, when necessary, without interference and supports the internal auditors' ability to maintain objectivity.

The College Director reports to the President with audit reporting responsibility to the Audit Committee and the Board through the System-wide Chief Audit Executive.

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

The System-wide Chief Audit Executive will confirm to the Audit Committee, at least annually, the organizational independence of the internal audit function. If the governance structure does not support organizational independence, the System-wide Chief Audit Executive will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence. The System-wide Chief Audit Executive will disclose to the Audit Committee any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the internal audit function's effectiveness and ability to fulfill its mandate.

### ***Changes to the Mandate and Charter***

Circumstances may justify a follow-up discussion between the System-wide Chief Audit Executive, the Audit Committee, and senior management on the internal audit mandate or other aspects of the internal audit charter. Such circumstances may include but are not limited to:

- A significant change in the Global Internal Audit Standards.
- A significant reorganization within the College.
- Significant changes in the System-wide Chief Audit Executive, the Audit Committee, and/or senior management.
- Significant changes to the strategies, objectives, risk profile, or the environment in which the College operates.
- New laws or regulations that may affect the nature and/or scope of internal audit services.

### **Chief Audit Executive and College Director Roles and Responsibilities**

#### ***Ethics and Professionalism***

The System-wide Chief Audit Executive and the College Director will ensure that the internal audit activity:

- Conforms with the Global Internal Audit Standards, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Understands, respects, meets, and contributes to the legitimate and ethical expectations of the College and be able to recognize conduct that is contrary to those expectations.
- Encourages and promotes an ethics-based culture in the College.
- Reports organizational behavior that is inconsistent with the College's ethical expectations, as described in applicable policies and procedures.



## ***Objectivity***

The System-wide Chief Audit Executive and the College Director will ensure that the internal audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If the System-wide Chief Audit Executive or the College Director determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

Internal auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing operational duties for the College or its affiliates.
- Initiating or approving transactions external to the internal audit function.
- Directing the activities of any College employee that is not employed by the internal audit function, except to the extent that such employees have been appropriately assigned to internal audit teams or to assist internal auditors.

Internal auditors will:

- Disclose impairments of independence or objectivity, in fact or appearance, at least annually, to appropriate parties such as the System-wide Chief Audit Executive, the Audit Committee, or management.
- Exhibit professional objectivity in gathering, evaluating, and communicating information.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

## ***Managing the Internal Audit Function***

The System-wide Chief Audit Executive and the College Director have the responsibility to:

- Develop a risk-based internal audit plan annually that considers the input of the Audit Committee and senior management. The College Director submits the plan to the System-wide Chief Audit Executive for presentation to the Audit Committee for review and approval.
- Communicate the impact of resource limitations on the internal audit plan to the Audit Committee and senior management.

- Review and adjust the internal audit plan at least quarterly in response to changes in the College's business, risks, operations, programs, systems, and controls.
- Communicate with the Audit Committee and senior management if there are significant interim changes to the internal audit plan.
- Ensure internal audit engagements are performed, documented, and communicated in accordance with the Global Internal Audit Standards and laws and/or regulations.
- Follow up on engagement findings and confirm the implementation of recommendations or action plans and communicate the results of internal audit services to the Audit Committee and senior management quarterly and for each engagement as appropriate.
- Ensure the internal audit function collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of the Global Internal Audit Standards and fulfill the internal audit mandate.
- Identify and consider trends and emerging issues that could impact the TBR system or the colleges and communicate to the Audit Committee and senior management as appropriate.
- Consider emerging trends and successful practices in internal auditing.
- Establish and ensure adherence to methodologies designed to guide the internal audit function.
- Ensure adherence to relevant policies and procedures of the TBR system and the colleges unless such policies and procedures conflict with the internal audit charter or the Global Internal Audit Standards. Any such conflicts will be resolved or documented and communicated to the Audit Committee and senior management.
- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the System-wide Chief Audit Executive cannot achieve an appropriate level of coordination, the issue must be communicated to senior management and if necessary escalated to the Audit Committee.

### ***Communication with the Audit Committee and Senior Management***

The System-wide Chief Audit Executive meets with the Audit Committee quarterly. The following are periodically reported to the Audit Committee and senior management:

- The internal audit function's mandate.
- The internal audit plan and performance relative to its plan.
- Internal audit budget.
- Significant revisions to the internal audit plan and budget.
- Potential impairments to independence, including relevant disclosures as applicable.



- Results from the quality assurance and improvement program, which include the internal audit function's conformance with The IIA's Global Internal Audit Standards and action plans to address the internal audit function's deficiencies and opportunities for improvement.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the Audit Committee that could interfere with the achievement of the TBR system and the College strategic objectives.
- Results of assurance and advisory services.
- Resource requirements.
- Management's responses to risks that the internal audit function determines may be unacceptable or acceptance of a risk that is beyond the TBR system or the College risk appetite.

### ***Quality Assurance and Improvement Program***

The System-wide Chief Audit Executive will develop, implement, and maintain a quality assurance and improvement program that covers all aspects of the internal audit function. The program will include external and internal assessments of the internal audit function's conformance with the Global Internal Audit Standards, as well as performance measurement to assess the internal audit function's progress toward the achievement of its objectives and promotion of continuous improvement. The program also will assess, if applicable, compliance with laws and/or regulations relevant to internal auditing. Also, if applicable, the assessment will include plans to address the internal audit function's deficiencies and opportunities for improvement.

Annually, the System-wide Chief Audit Executive will communicate with the Audit Committee and senior management about the internal audit function's quality assurance and improvement program, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments. External assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the TBR System; qualifications must include at least one assessor holding an active Certified Internal Auditor® credential. Experience in higher education internal auditing will also be considered when selecting external assessors.

### **Scope and Types of Internal Audit Services**

The scope of internal audit services covers the entire breadth of the College, including all activities, assets, and personnel. The scope of internal audit activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the Audit Committee and management on the adequacy and effectiveness of governance, risk management, and control processes for the College.

The nature and scope of advisory services may be agreed with the party requesting the service, provided the internal audit function does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

Internal audit engagements may include evaluating whether:

- Risks relating to the achievement of the College's strategic objectives are appropriately identified and managed.
- The actions of officers, directors, management, employees, and contractors or other relevant parties comply with TBR or College policies, procedures, and applicable laws, regulations, and governance standards.
- Operations and programs are performed effectively, efficiently, ethically, and equitably with results that are consistent with established goals and objectives.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the College.
- The integrity of information and the means used to identify, measure, analyze, classify, and report such information is reliable.
- Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.

#### **Periodic Review of Internal Audit Charter**

The System-wide 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.

<u>Wendi Tostenson</u>	<u>Wendi Tostenson</u>	<u>March 19, 2025</u>
Print	Signature	Date

**Dr. Wendi Tostenson, President**

<u>Nancy Batson</u>	<u>Nancy Batson</u>	<u>March 19, 2025</u>
Print	Signature	Date

**Nancy Batson, Director of Internal Audit**



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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 2026

DATE: May 28, 2025

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 2026 budget for the Office of System-wide Internal Audit. The Fiscal Year 2025-2026 budget includes funding for an additional professional audit position and is presented on the following page.

**Tennessee Board of Regents  
Office of System-wide Internal Audit  
Proposed Budget for Fiscal Year 2025-2026**

	<b>FY 2026 Budget</b>		<b>FY 2025 Budget</b>	
	<b>Amount</b>	<b>Percentage</b>	<b>Amount</b>	<b>Percentage</b>
Salaries	820,561	70%	665,616	68%
Employee Benefits	293,056	25%	253,416	26%
<b>Total Salaries and Benefits</b>	<b>1,113,617</b>	<b>95%</b>	<b>919,032</b>	<b>93%</b>
Travel				
In State Travel	36,000	3%	36,000	4%
Out of State Travel	-	0%	-	0%
<b>Total Travel</b>	<b>36,000</b>	<b>3%</b>	<b>36,000</b>	<b>4%</b>
<b>Operating Expenses</b>	<b>31,000</b>	<b>2%</b>	<b>31,000</b>	<b>3%</b>
<b>Total Budget</b>	<b>1,180,617</b>	<b>100%</b>	<b>986,032</b>	<b>100%</b>

Notes:

Salaries and Benefits includes 6 full-time staff positions for System-wide Internal Audit: Chief Audit Executive, Executive Director of Internal Audit, Investigative Audit Manager, Information Systems Auditor, TCAT Internal Auditor IV, and Administrative Assistant III/Complaints Coordinator; and one part-time staff position: Investigative Auditor. This amount does not include COLA increases for FY 25-26. Funding for an additional audit position for FY 2026 has been approved at \$80,000 plus benefits of \$30,400 totaling \$110,400. This is included above.

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.