



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

**AGENDA**  
**March 11, 2014**

- I. CONSENT AGENDA (Tammy Birchett)**
  - a. Review of Annual Risk Assessments for the Tennessee Colleges of Applied Technology**
  
- II. INFORMATIONAL REPORTING (Tammy Birchett)**
  - a. Review of Comptroller's Office Audit Reports**
  - b. Review of Internal Audit Reports**
  - c. Review of CCTA Funding Formula Audits of Progression Data**
  - d. Update on Information Systems Audits**
  
- III. REVIEW OF REVISIONS TO FISCAL YEAR 2014 INTERNAL AUDIT PLANS (Tammy Birchett)**
  
- IV. NON-PUBLIC EXECUTIVE SESSION (Tammy Birchett)**

**Tennessee Board of Regents  
Committee on Audit**

<b>DATE:</b>	March 11, 2014
<b>AGENDA ITEM:</b>	<b>Review of Risk Assessments for Tennessee Colleges of Applied Technology</b>
<b>PRESENTER:</b>	Tammy Birchett
<b>ACTION REQUIRED:</b>	Voice Vote
<b>STAFF'S RECOMMENDATION:</b>	Approval

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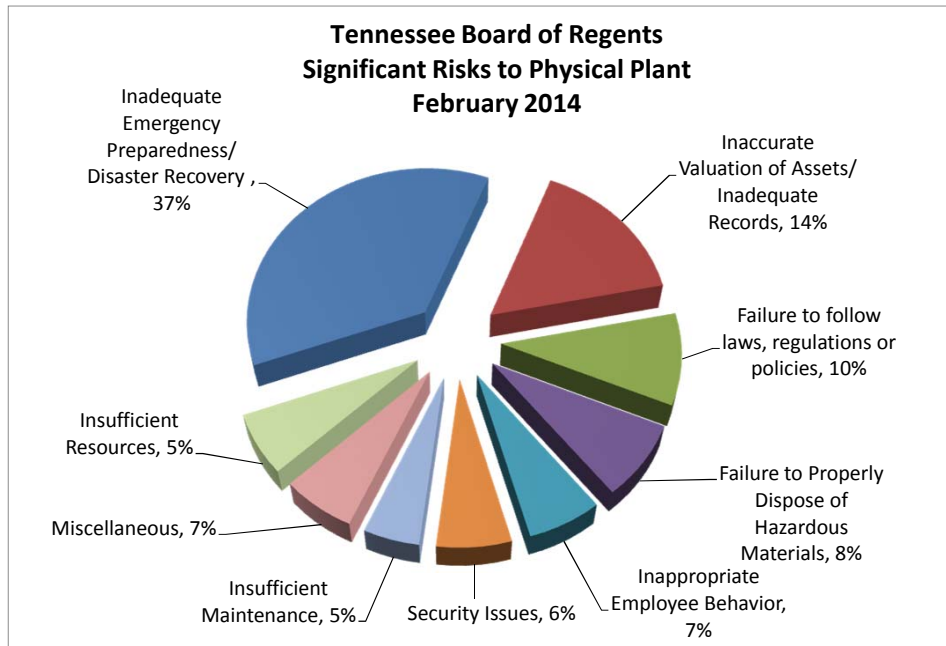
**BACKGROUND INFORMATION:**

The Committee will review and consider for approval the risk assessments for the Tennessee Colleges of Applied Technology (TCATs.)

The risk assessment process for the TCATs requires an annual risk evaluation. Each year, the TCATs perform an enterprise-wide risk assessment followed by an assessment of the controls for each major process. The main difference from the universities and community colleges is that the TCATs do not evaluate risks at a sub-process level.

In addition to the risk and control footprints prepared, each TCAT director provided a letter to the Audit Committee acknowledging responsibility for the operations and giving their opinion that the risk assessment was sufficiently comprehensive for the area reviewed and supports the conclusions reached during the assessment. Each institution's internal auditor performed a limited review of the documents, concluding on the adequacy of the extent of coverage, conclusions reached and level of documentation.

We have included in this report the TCATs enterprise-wide risk footprints. For each major area, we have also included graphs of significant risks and a listing of common controls identified by management to mitigate those risks. The related control footprints prepared by management for each TCAT, as well as each Director's letter and each Internal Auditor's letter are available upon request.



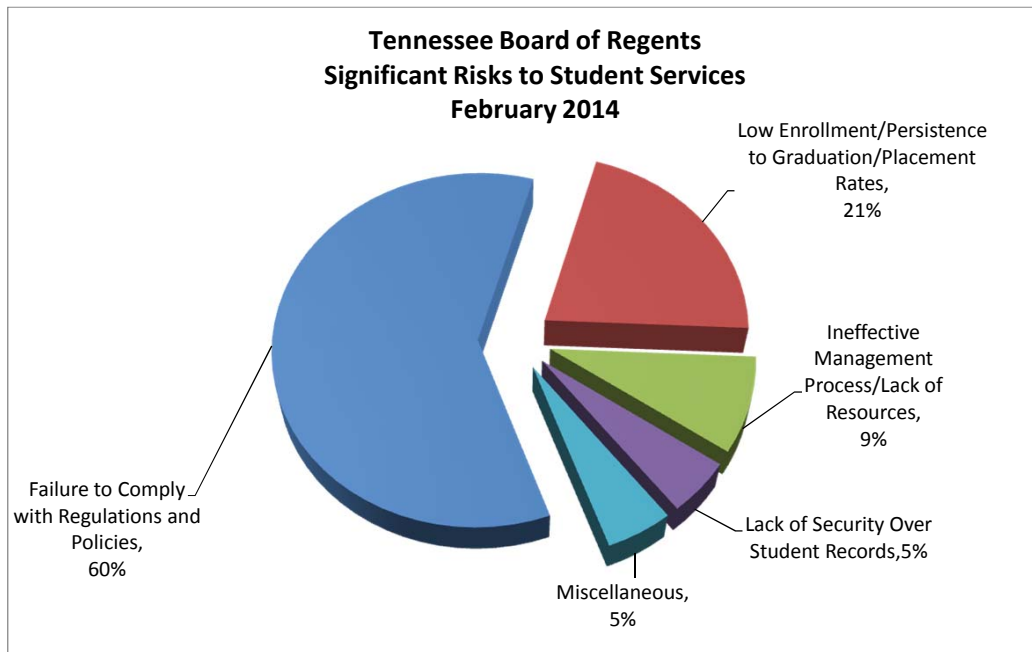
### Physical Plant Summary

All of the Applied Technology Colleges indicated at least one significant risk in this area and had some common risks. Please refer to each institution's risk assessment overview for a detailed list of significant risks. Significant risks are generally defined as those risks which management has assessed the highest.

One college (Elizabethton) submitted a corrective action plan indicating management was enhancing controls to adequately mitigate the risks noted.

Controls in place to mitigate significant risks:

1. Annual inventory process
2. Employee training
3. Equipment capitalization policy
4. Annual review of insurance report
5. Maintain supporting documentation
6. Emergency response plan and periodic testing of plan
7. Capital budgets
8. Management walkthroughs



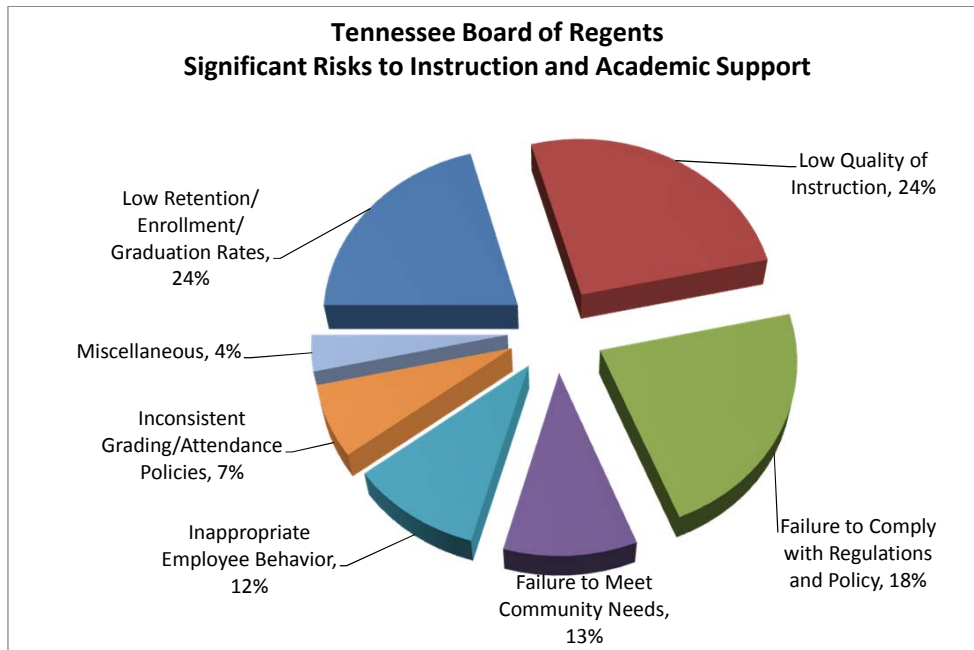
### **Student Services Summary**

24 of the 26 Colleges of Applied Technology indicated at least one significant risk in this area and had noted some common risks. Significant risks are generally defined as those risks which management has assessed the highest. Please refer to each institution's risk assessment for more detail.

One college (Ripley) submitted a corrective action plan indicating management was enhancing controls to adequately mitigate the risks noted.

Controls in place to mitigate significant risks:

- 1 Training of employees/faculty orientation
- 2 Written policies and procedures
- 3 Reconciliation of financial aid funds
- 4 Regular staff meetings
- 5 Cross training employees
- 6 Marketing and public relations plan
- 7 Alumni and employer surveys
- 8 Academic counseling sessions



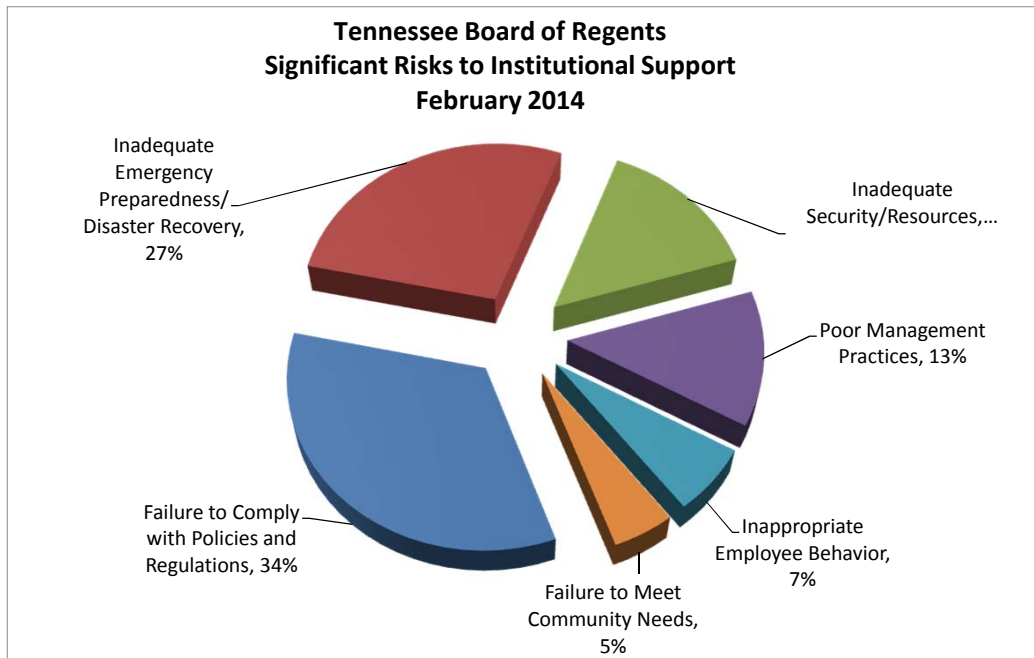
### **Instruction and Academic Support Control Footprint**

23 of the 26 Colleges Applied Technology indicated at least one significant risk in this area and had noted some common risks. Significant risks are generally defined as those risks which management has assessed the highest. Please refer to each institution's risk assessment for more detail.

No corrective action plans were submitted indicating management deemed adequate controls were in place to mitigate the risks noted.

Controls in place to mitigate significant risks:

1. Committee interviewing process of applicants
2. Faculty development program
3. Background checks on new faculty
4. Survey of student needs
5. Promotion and tenure processes
6. Employee handbook packet
7. Written policies and procedures
8. Faculty evaluation process



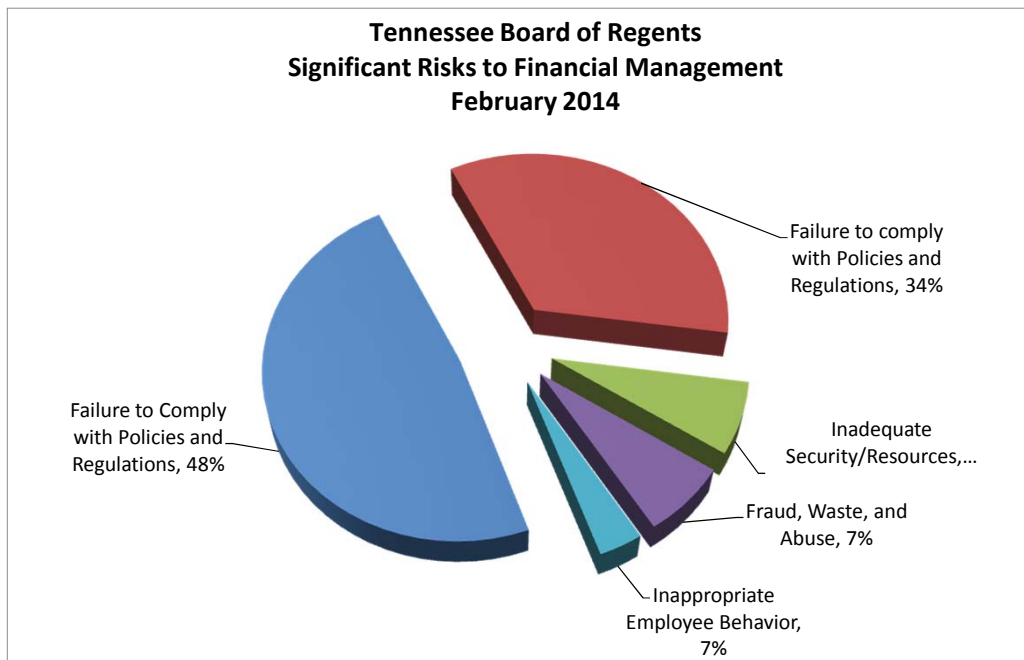
### **Institutional Support Summary**

21 of the 26 Colleges of Applied Technology indicated at least one significant risk in this area and had noted some common risks. Significant risks are generally defined as those risks which management has assessed the highest. Please refer to each institution's risk assessment for more detail.

No corrective action plans were submitted indicating management deemed adequate controls were in place to mitigate the risks noted.

Controls in place to mitigate significant risks:

1. Personnel and program reviews
2. Periodic emergency preparedness drills and evaluation of plans
3. Training on sexual harassment and other key issues
4. Periodic staff meetings
5. Grievance procedures and committee
6. Employer and alumni surveys
7. Involvement with community organizations
8. Management and lead institution review process



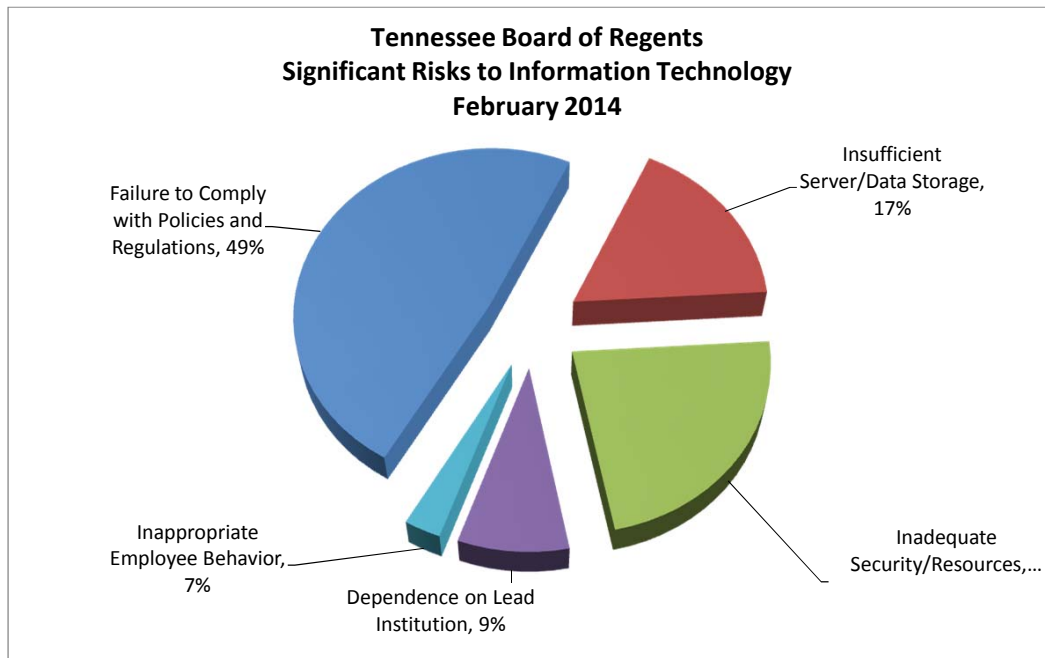
### **Financial Management Summary**

16 of the 26 Colleges of Applied Technology indicated at least one significant risk in this area and had noted some common risks. Significant risks are generally defined as those risks which management has assessed the highest. Please refer to each institution's risk assessment for more detail.

One college (Morristown) submitted a corrective action plan indicating management was enhancing controls to adequately mitigate the risks noted.

Controls in place to mitigate significant risks:

1. Budget management
2. Various reconciliations
3. Segregation of duties
4. Policies and procedures
5. Lead institution review
6. Cash counts
7. Employee training
8. Annual inventory process



### **Information Technology Summary**

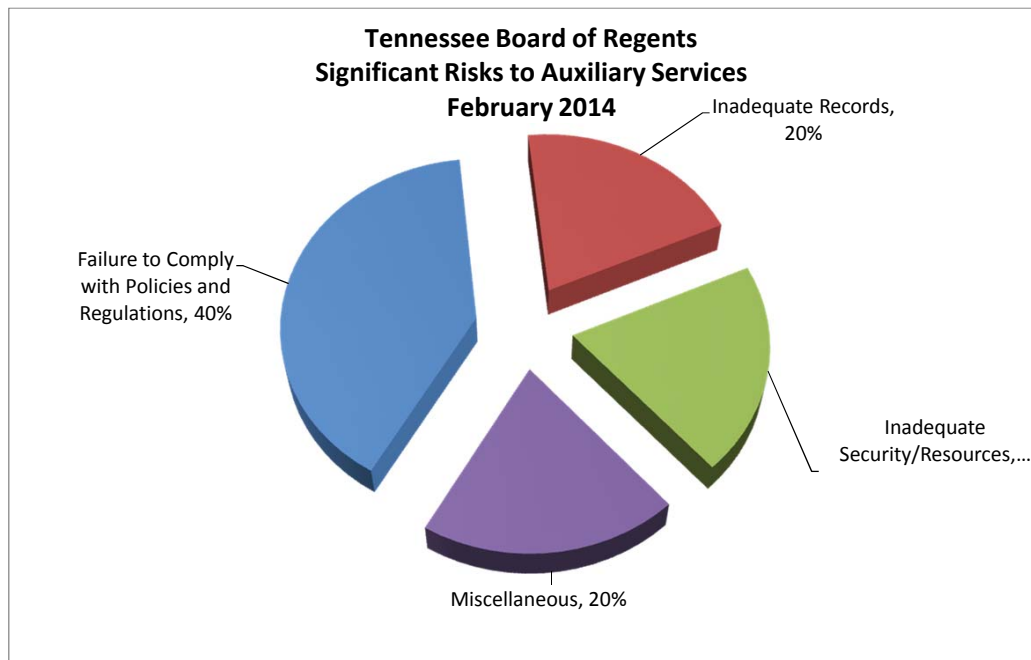
15 of the 26 Colleges of Applied Technology indicated at least one significant risk in this area and had noted some common risks. Significant risks are generally defined as those risks which management has assessed the highest. Please refer to each institution's risk assessment for more detail.

No corrective action plans were submitted indicating management deemed adequate controls were in place to mitigate the risks noted.

Controls in place to mitigate significant risks:

1. Emergency response plan
2. Management oversight
3. Periodic review of equipment needs
4. Training and awareness programs
5. Periodic system maintenance
6. Periodic review of log files
7. Virus protection/firewalls
8. Physical security of equipment





#### **Auxiliary Services Summary**

8 of the 26 Colleges of Applied Technology indicated at least one significant risk in this area and had noted some common risks. Significant risks are generally defined as those risks which management has assessed the highest. Please refer to each institution's risk assessment for more details.









No corrective action plans were submitted indicating management deemed adequate controls were in place to mitigate the risks noted.

Controls in place to mitigate significant risks:

1. Annual inventory
2. Safety inspections
3. Policies and procedures
4. Employee training
5. Segregation of duties
6. Physically secured areas
7. Management walk through
8. Reports from vendors

**Tennessee Board of Regents  
Risk Assessment Footprint Legend**

Risk Ranking Characteristics			
<b>Impact - Effect on the achievement of goals and objectives</b>			
H	High	=	Showstopper/Cease operations for a period of time
M	Medium	=	Inefficient or extra work
L	Low	=	No effect
<b>Probability - Likelihood of a risk occurring</b>			
H	High	=	Will happen frequently
M	Medium	=	Will happen infrequently
L	Low	=	Will seldom happen

Risk Measurement/Outcome	
HH, HM	 = Extensive Risk Management & Considerable Risk Management (all Levels of Control* plus a traditional audit)
HL, MH	 = Manage and Monitor (all Levels of Control but no traditional audit)
MM, ML, LH	 = Monitor (only Execution Controls & Supervisory Controls)
LM, LL	 = Accept (accept the risk and have no controls)
Use for Risk Management Plan	
HH, HM	 Audit work should be performed and the Division Director should perform the oversight controls to ensure that supervisory & execution controls are working.
HL, MH	 The Division Director (or a designee) should perform oversight controls to ensure that the supervisory and execution controls are working.
MM, ML, LH	 Unit heads reporting to the Division Director should perform oversight function to see that supervisory and execution controls are working.
LM, LL	 Unit heads should ensure they are using supervisory controls to monitor the execution controls in their area.

Tennessee College of Applied Technology at Athens  
Enterprise Wide Risk Footprint  
February 2014

#	ACTIVITIES	1	2	3	4	5	6	7	8
6	Institutional Support	HL Failure to comply with Coe Accrediation Standards	HL Inadequate preparedness for catastrophic events	ML Failure to follow federal, state, and other rules and regulations (IRS, TBR, ADA, EEOC etc.)	ML Failure to meet Community Need	ML Abuse of power	ML Excessive employee turnover/planning for transfer of knowledge due to attrition	ML Inadequate Campus Security	LL Inappraite Employee Behavior
1	Instruction and Academic Support	HL Low student retention	HL Poor persistence to graduation/low completion rates	HL Poor/outdated programs	ML Failure to meet community's continuing education needs	ML Inability to attract and retain faculty	ML Inconsistency of grading practices and/or attendance reporting	LL Inappropriate faculty/staff behavior	LL Inappropriate use of 3rd party materials usage
5	Physical Plant	HL Inadequate disaster recovery plan	HL Catastrophic event such as natural disaster, terrorism, or fire	ML Inaccurate reporting of capital assets and physical facilities inventory	ML Theft, abuse, and waste	ML Failure to follow federal, state, and other rules and regulations (ADA, OSHA, EPA, etc.)	ML Failure to maintain a clean and safe environment	ML Insufficient resources for physical plant renewals and replacements	-
2	Student Services	HL Failure to comply with Fed, State, TBR, THEC, and COE Regulations, Title IV guidelines	ML Barriers to student success-course scheduling, counseling services, admissions process,etc.	ML Failure to follow student disciplinary policies and procedures	ML Inadequate red flag/identity theft plan	ML Ineffective enrollment process	ML Lack of security of confidential student records	-	- -
3	Financial Management	HL Failure to perform reconciliations	ML Fraud, Waste and Abuse	ML Inaccurate recordkeeping	ML Inadequate Inventory Control and Depreciation	ML Inappropriate purchase/bid procedures	ML Improper Payment/Cash Management	ML Inadequate Separation of Duties	- -
4	Information Technology	HL Ineffective disaster recovery plan	ML Insufficient data security measures/backups	ML Natural Disaster/Fire	ML Insufficient Network Security	ML Ineffective strategic planning and management	ML Insufficient Physical security of resources	ML Insufficient servers, data storage, and backups	LL Insufficient software lincense control and management
7	Auxiliary	ML Equipment damage/malfunction	ML Fire and Water damage	ML Physical Injury	ML Poor Inventory Control/Record Keeping	ML Returned checks/credit card fraud	LL Theft/Embezzlement	-	-

Tennessee College of Applied Technology at Covington  
Enterprise Wide Risk Footprint  
February 2014

	ACTIVITIES		1		2		3		4		5
1	Instruction and Academic Support	MH	Compliance with COE on-line training program	MH	Loss of accreditation	MM	Failure to meet community's continuing educational needs	ML	Noncompliance with FERPA/ADA/EOE	MM	Fraud Waste and abuse
	Physical Plant	MH	Inadequate preparedness for a catastrophic event such as a natural disaster or terrorism	MM	Inaccurate evaluation of plant assets for state insurance coverage	ML	Failure to maintain an up to date sensitive equipment inventory	ML	Failure to follow federal, state, and other rules and regulations (ADA, OSHA, EPA, etc.)	ML	Failure to maintain a clean and safe environment
6	Institutional Support (53 - 67)	MH	Preparedness for catastrophic events	MM	Inadequate and/or inconsistent application of policies & procedures	ML	Records management	ML	Campus security	MM	Failure to follow fed, state & other rules & regulations (IRS, TBR, ADA, EEOC, etc.)
4	Information Technologies	HL	Ineffective disaster recovery plan	ML	Inadequate or ineffective telecom management	ML	Insufficient IT staff	LM	Ineffective strategic planning and management	LM	Insufficient data security/network measures
2	Student Services (11 - 17)	MM	Failure to comply with Federal, State, TBR, THEC, & COE Regulations	MM	Failure to comply with Federal and State Guidelines for Financial Aid Administration	MM	Ineffective Student Records Management	LM	Failure to comply with FERPA/EEO/Americans with Disabilities Act	LM	Failure to comply with Student Right to Know Information
3	Financial Management (18 - 31)	LH	Budget allocations	LL	Inventory Control and Depreciation	LM	Separation of Duties	LL	Fraud, Waste, & Abuse	LL	TAF /SAFCompliance
7	Auxiliary	ML	Theft of Funds	LL	Loss of revenue	LL	Ineffective Damage control	LL	Inventory Control		



Tennessee College of Applied Technology at Crossville  
Enterprise Wide Risk Assessment  
February 2014

#	ACTIVITIES		1		2		3		4		5		6
1	Instruction	HL	Failure to meet COE completion, placement, licensure standards	HL	Failure to meet community's continuing educational needs	MM	Failure to maintain an proper FTE ratio	MM	Inadequate quality of instruction	MM	Inappropriate faculty behavior	MM	Inappropriate use of third party materials
2	Institutional Support	HL	Failure to comply with COE accreditation standards	HL	Inadequate emergency response plan	MM	Failure to comply with federal and/or state regulations and guidelines	MM	Inadequate and/or inconsistant applications of policies and procedures	MM	Inadequate long term planning	MM	Inadequate records management
3	Student Services	HL	Failure to comply with COE regulations	MH	Failure to comply with Federal, State, THEC regulations and guidelines	MM	Failure to follow student disciplinary policies and procedures	MM	Improper security of testing materials	MM	Inadequate security of confidential student records	MM	Inadequate Title IV compliance
6	Physical plant	HL	Inaccurate valuation of assets	MM	Failure to follow state and federal regulations (EPA, OSHA, ADA, ect)	MM	Failure to investigate waste, fraud, and abuse	MM	Failure to maintain a safe and clean environment	MM	Inadequate emergency response plan	MM	Inadequate staffing, supplies, equipment, or facilities
4	Financial management	MM	Failure to comply with federal reporting guidelines	MM	Improper cash management	MM	Improper purchasing procedures	MM	Improper records management	MM	Inadequate inventory control and depreciation	MM	Tranaction recording errors between TTC and lead institution
5	Information Technology	MM	Inability to meet online bandwidth requirements	MM	Insufficient data security	MM	Insufficient security of physical resources	MM	Insufficient software license control	ML	Insufficient disaster recovery plan	LH	Inadequate staffing and/or resources

Tennessee College of Applied Technology at Crossville  
Enterprise Wide Risk Assessment  
February 2014

#	ACTIVITIES		7		8		9		10		11
1	Instruction	MM	Inconsistant record keeping and reporting	MM	Poor/Outdated equipment	MM	Poor/Outdated programs	LM	Insufficient professional development	LL	Inappropriate faculty credentials
2	Institutional Support	MM	Inadequate security	ML	Inability to retain and attract faculty and/or staff	LM	Failure to collaborative with local and state agencies	-	n/a	-	n/a
3	Student Services	MM	Non compliance with FERPA	LM	Ineffective enrollment process	LL	Ineffective recruitment procedures	-	n/a	-	n/a
6	Physical plant	MM	Insufficient routine or preventive maintenance	LM	Inadequate energy conservation management	-	n/a	-	n/a	-	n/a
4	Financial management	ML	fraud, waste, and abuse	ML	Inadequate seperation of duties	LL	Inadequate registration/refund procedures	LL	Inequitable budget allocations	-	n/a
5	Information Technology	LL	Improper management of TAF funds	-	n/a	-	n/a	-	n/a	-	n/a

Tennessee College of Applied Technology-Crump  
Enterprise Wide Risk Footprint  
January 2014

#	ACTIVITIES		1		2		3		4		5
2	Student Services(1, 4, 7, 11, 12, 14, 17, 25, 28, 29, 30)	HM	LOW ENROLLMENT	HM	POOR RETENTION	MH	SMALL STAFF SIZE	MM	FAILURE TO FOLLOW GOVERNING REGULATIONS	MM	FRAUD, WASTE & ABUSE
4	Physical Plant(9, 10, 20, 21, 23, 24, 26, 31)	HM	POOR BUILDING SECURITY	MM	FAILURE TO FOLLOW GOVERNING REGULATIONS(EXTERNAL)	MM	FAILURE TO FOLLOW POLICIES & PROCEDURES(INTERNAL)	MM	FRAUD, WASTE & ABUSE	MM	INEFFICIENT PURCHASING PROCEDURES
3	Instruction(17, 18, 19, 27, 32, 33)	HM	FAILURE TO HIRE QUALIFIED & EFFECTIVE FACULTY	MM	FAILURE TO COMMUNICATE/COMPLY WITH INSTITUTIONAL POLICIES & PROCEDURES	MM	FAILURE TO RETAIN STUDENTS	MM	FAILURE TO STAY CURRENT IN FIELD OF EXPERTISE	MM	FRAUD, WASTE & ABUSE
1	Institutional Support(2, 3, 6, 8, 13, 15, 16, 22)	MH	LOW STAFFING	MM	BREACH OF IT SECURITY SYSTEMS	MM	FAILURE TO FOLLOW POLICIES & PROCEDURES	MM	FAILURE TO MAINTAIN ACCURATE ACCOUNTING RECORDS	MM	FAILURE TO PAY/INVOICE IN A TIMELY MANNER
5	Auxiliary(5)	MM	FAILURE TO MEET SUPPLY & DEMAND OF CUSTOMER BASE	MM	FRAUD, WASTE & ABUSE	MM	INEFFECTIVE COMMUNICATIONS	MM	POOR CUSTOMER SERVICE	MM	POOR VENDOR SERVICE





Tennessee College of Applied Technology at Dickson  
Enterprise Wide Risk Footprint  
February 2014

#	ACTIVITIES		1		2		3		4		5		6		7		8
1	Information Technology	HM	Insufficient Data Networking physical security of resources	HM	Insufficient servers and data storage	MM	Insufficient level of qualified staff	ML	Ineffective strategic planning and management	ML	Inefficient disaster recovery plan	ML	Insufficient software license control and management	ML	Loss of internet access		
2	Physical Plant	HM	Inadequate preparedness for a catastrophic event such as a natural disaster or terrorism	MM	Failure to follow federal, state, and other rules and regulations (ADA, OSHA, EPA, etc.)	MM	Failure to properly dispose of hazardous materials	ML	Failure to provide effective oversight of branch campuses	ML	Inaccurate reporting of capital assets and physical facilities inventory	ML	Inaccurate valuation of plant assets for state insurance coverage	LM	Fraud, waste and abuse	LM	Inadequate energy conservative management
4	Institutional Support	HL	Inadequate preparedness for catastrophic events	MM	Failure to follow fed, state and other rules and regulations (IRS, TBR, ADA, EEOC, COE)	ML	Abuse of power	ML	Excessive employee turnover inadequate planning for transfer of knowledge due to attrition	ML	Failure to address community needs	ML	Failure to maintain an appropriate culture/ethical environment	LL	Inadequate or offensive external internal communications		
3	Financial Management	MM	Fraud, waste and abuse	MM	Improper payments/cash management	ML	Inadequate documentation and recordkeeping	ML	Inadequate inventory control and depreciation	ML	Inadequate registration refund procedures	ML	Inadquate speparation of duties	ML	Inappropriate purchasing bid procedurfes	LL	Inadequate collection procedures
5	Student Services	MM	Failure to comply with Fed, State TBR THEC and COE regulations	MM	Ineffective enrollment processes	ML	Failure to have and follow student disciplinary policies and procedures	ML	Improper assessment and security of testing materials	ML	Inappropriate employee behavior	ML	Ineffective student records management				
6	Instruction & Academic Support	MM	Failure to meet community's continuing education needs	MM	Inappropriate faculty credentials behavior	ML	Inability to attract and retain faculty	ML	Inadequate quality of instruction	ML	Insufficient professional development						
7	Auxiliary	ML	Incorrect receipt procedures	ML	Inventory Control	ML	Loss due to weather	ML	Poor environment physical conditions	ML	Theft	LL	Improper book return procedures				

Tennessee College of Applied Technology at Elizabethton  
 Enterprisewide Risk Footprint  
 February 2014

#	ACTIVITIES	RISKS								
		1	2	3	4	5	6	7	8	
5	Physical Plant	HM Failure to follow policies and procedures	HM Failure to investigate and resolve all complaints	HM Failure to properly dispose of hazardous materials	HH Inadequate preparedness for a catastrophic event such as a natural disaster or terrorism	HL Failure to follow federal, state and other rules and regulations (ADA, OSHA, EP, etc.)	HL Failure to maintain a clean and safe environment	ML Inadequate resources (staffing, supplies, equipment, facilities)	ML Inadequately trained employees	ML Insufficient routine/preventive maintenance
6	Financial Management	HM Failure to comply with Federal Reporting Guidelines	HM Inaccurate financial reporting	HM Inadequate Title IV compliance	HM Inappropriate bid procedures	HL Inaccurate record keeping	MM Fraud, waste, and abuse	MM Improper documentation for expenses and revenue	MM Inadequate cash management	ML Purchases inconsistent with goals and objectives of the TTC
4	Information Technology	HM Insufficient servers and data storage	HM Poor or insufficient backup strategy	HL Ineffective disaster recovery plan	HL Ineffective lead institution support	MM Ineffective planning and management of TAF	ML Ineffective IT staff training	ML Ineffective user training	ML Insufficient data security measures	ML Insufficient network security
1	Institutional Support	HM Inadequate campus security	HL Excessive employee turnover/inadequate planning for transfer of knowledge due to attrition	HL Failure to follow federal, state, and other rules and regulations (IRS, TBR, ADA, EEO C, etc)	HL Improper negligent hiring	HL Inadequate and/or inconsistent application of policies and procedures	ML Failure to address community needs	ML Failure to take advantage of collaborative opportunities	ML Inadequate fact-based decision making	ML Ineffective employee training/cross training
3	Instruction & Academic Support	HM Noncompliance with FERPA/ADA	HL Inadequate quality of instruction	HL Inappropriate faculty behavior	HL Inconsistent attendance reporting	MM Inaccurate advising	ML Inability to attract and retain faculty	ML Inappropriate faculty credentials	LL Failure to meet community's continuing education needs	LL Imbalance between full-time and adjunct faculty
2	Student Services	HL Failure to comply with American Disabilities Act	HL Failure to comply with Federal Title IV and state guidelines for Financial Aid Administration	HL Failure to comply with Federal, State, TBR, THEC, and COE requirements	HL Failure to comply with FERPA	HL Failure to have and follow student disciplinary policies and procedures	HL Lack of security of confidential student records	MM Inability to maintain high placement rate	ML Inconsistent application of published student policies and procedures catalogs, student handbooks	ML Ineffective student records management
7	Auxiliary Services	HH Fire	MM Theft	LL Overstocking	-	n/a	-	n/a	-	n/a

Tennessee College of Applied Technology at Harriman  
Enterprise Risk Footprint  
February 2014

#	ACTIVITIES	1	2	3	4	5	6	7	8	9	10
3	Physical Plant	HM Inadequate disaster recovery plan	HL Catastrophic event such as natural disaster, terrorism, or fire	HL Inaccurate valuation of plant assets for state insurance coverage	MM Inaccurate reporting of capital assets and physical facilities inventory	MM Theft, abuse, and waste	ML Failure to follow federal, state, and other rules and regulations (ADA, OSHA, EPA, TBR, etc.)	ML Failure to maintain a clean and safe environment	ML Insufficient resources for physical plant renewals and replacements		
2	Information Technology	HM Inadequate disaster recovery plan	HL Natural disaster/fire	MM Insufficient network security	ML Ineffective strategic planning and management	ML Insufficient data security measures/red flag/identity theft plan	ML Insufficient physical security of resources	ML Insufficient servers, data storage, and backups	ML Insufficient software license control and management		
1	Instruction and Academic Support	HL Low student retention	HL Poor persistence to graduation/low completion rates	HL Poor/outdated programs	MM Failure to meet community's continuing education needs	MM Inability to attract and retain faculty	MM Inconsistency of grading practices and/or attendance reporting	ML Inappropriate faculty credentials	ML Inappropriate faculty/staff behavior	ML Inappropriate use of 3rd party materials	ML Inadequate red flag/identity theft plan
4	Institutional Support	HL Failure to comply with COE accreditation standards	HL Inadequate preparedness for catastrophic events	MM Failure to follow federal, state, and other rules & regulations (IRS, TBR, ADA, EEOC, etc.)	MM Failure to meet community needs	ML Abuse of power	ML Excessive employee turnover/inadequate planning for transfer of knowledge due to attrition	ML Inadequate campus security	ML Inadequate internal auditing/monitoring review process	ML Inappropriate employee/volunteer behavior	
5	Student Services	HL Failure to comply with COE standards	HL Failure to manage student financial aid programs	ML Barriers to student success-course scheduling, counseling services, admissions process, etc.	ML Failure to comply with federal, state, TBR, THEC regulations	ML Failure to have and follow student disciplinary policies and procedures	ML Inadequate Red Flag/Identity Theft Plan	ML Ineffective enrollment processes	ML Lack of security of confidential student records		
6	Financial Management	ML Failure to perform reconciliations	ML Fraud, waste, and abuse	ML Inaccurate recordkeeping	ML Inadequate inventory control and depreciation	ML Inadequate payments/cash management	ML Inadequate Red Flag/Identity Theft Plan	ML Inadequate separation of duties	ML Inappropriate purchasing/bid procedures		
7	Auxiliary	ML Equipment crash/malfunction	ML Fire and water damage	ML Physical injury	ML Poor inventory controls	ML Returned checks and credit card fraud	ML Theft/Embezzlement				

Tennessee College of Applied Technology at Hartsville  
Enterprise Wide Risk Footprint  
February 2014

#	ACTIVITIES	RISKS															
		1	2	3	4	5	6	7	8								
1	Information Technology	HM	Ineffective Strategic Planning and Management	HM	Insufficient Data Security Measures	HM	Insufficient Network Security	HM	Insufficient Physical Security of Resources	HM	Insufficient Servers and Data Storage	HM	Poor or Insufficient Backup Strategy	HL	Ineffective Disaster Recovery Plan	MM	Ineffective Desktop and Lab Support
2	Financial Management	HM	Failure to Comply with Federal Reporting Guidelines	HM	Inadequate Title IV Compliance	HM	Non-Compliance with Accounting Guidelines	HL	Inaccurate Financial Reporting	HL	Inadequate Cash Management	MM	Inadequate Separation of Duties	MM	Inequitable Budget Allocations	ML	Failure to Perform Reconciliations
3	Student Services	HH	Failure to Comply with Accreditation Standards	HM	Failure to Comply with Federal Title IV and State Guidelines for Financial Aid Administration	HM	Failure to Comply with Federal, State, TBR, THEC and VA Regulations	MM	Failure to Comply with American Disabilities Act	MM	Inability to Maintain High Placement Rate	ML	Barriers to Student Success - Course Scheduling, Counseling Services, Admission Process, etc.	ML	Failure to Comply with FERPA	ML	Failure to Have and Follow Student Disciplinary Policies and Procedures
4	Physical Plant	HM	Failure to Follow Federal, State and Other Rules and Regulations (ADA, OSHA, EPA, etc.)	HM	Inaccurate Valuations of Plant Assets for State Insurance Coverage	HL	Inadequate Preparedness for a Catastrophic Event Such as Natural Disaster or Terrorism	HL	Insufficient Routine/Preventive Maintenance	MM	Failure to Follow Policies and Procedures	MM	Failure to Investigate and Resolve all Complaints	MM	Inadequate Resources (Staffing, Supplies, Equipment, Facilities)	MM	Insufficient Resources for Physical Plant Renewals and Replacements
6	Institutional Support	HL	Failure to Follow Federal, State Regulations (IRS, TBR, ADA, EEOC, etc.)	HL	Inadequate Campus Security	HL	Inadequate Preparedness for Catastrophic Events	ML	Abuse of Power	ML	Excessive Employee Turnover/Inadequate Planning for Transfer of Knowledge Due to Attrition	ML	Failure to Comply with Community Needs	ML	Failure to Maintain and Appropriate Cultural/Ethical Environment	ML	Improper/Negligent Hiring
5	Instruction & Academic Support	MM	Failure to Meet Community's Continuing Education Needs	MM	Inability to Attract and Retain Faculty	MM	Inadequate Quality of Instruction	MM	Inadequate Tutoring/Learning Services/Technology Foundations	MM	Inappropriate Faculty Behavior	MM	Inconsistent Attendance Reporting	MM	Low Student Retention	ML	Imbalance Between Full-time and Adjunct Faculty
7	Auxiliary Enterprises	MM	Loss of Cash	MM	Loss of Inventory	MM	Theft	ML	Personal Injury	ML	Property Damage	-	n/a	-	n/a	-	n/a

Tennessee College of Applied Technology at Hartsville  
Enterprise Wide Risk Footprint  
February 2014

#	ACTIVITIES		9		10		11		12		13		14		15		16		17
1	Information Technology	MM	Ineffective Lead institution Support	MM	Ineffective Planning and Management of TAF Funds	MM	Insufficient Software License Control and Management	ML	Ineffective IT Staff Training	ML	Ineffective User Training	-	n/a	-	n/a				
2	Financial Management	ML	Fraud Waste & Abuse	ML	Improper Documentation for Expenses and Revenue	ML	Improper Payments	ML	Improper Records Management	ML	Inaccurate Benefit, Deduction & Taxes	-	n/a	-	n/a				
3	Student Services	ML	Failure to Provide Student Due Process	ML	Failute to Conduct Background/Reference Checks for New Employees	ML	Handling and Reporting Student Accidents	ML	Improper Assessment & Security of Testing Materials	ML	Inappropriate Employee Behavior	ML	Inconsistent Application of Published Student Policies and Procedures (Catalog/Handbook)	ML	Ineffective Student Records Management				
4	Physical Plant	ML	Failure to Properly Dispose of Hazardous Materials	ML	Inaccurate reporting of Capital Assets and Physical Facilities Inventory	ML	Inadequately Trained Employees	ML	Inapprpriate Employee Behavior	ML	Theft, Abuse, Waste	LL	Failure to Maintain a Clean and Safe Environment	-	n/a				
6	Institutional Support	ML	Inadequate and/or Inconsistent Application of Policies and Procedures	ML	Inadequate Internal Audit/Monitoring Review Process	ML	Inadequate Long-Term Planning	ML	Inadequate or Offensive External/Internal Communications	ML	Inadequate Records Management	ML	Inappropriate Employee/Volunteer Behavior	ML	Ineffective Allocation of Personnel	ML	Ineffective Employee Training/Cross Training	LL	Failure to Take Advantage of Collaborative Opportunities
5	Instruction & Academic Support	ML	Inadequate Tenure Process	ML	Inappropriate Faculty Credentials	ML	Non-Compliance with FERPA/ADA	ML	Poor/Outdated Programs	LL	Inaccurate Advising	LL	Inappropriate Use of Third Party Materials	LL	Inconsistency in Grading Practices				
7	Auxiliary Enterprises	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a				

Tennessee College of Applied Technology Hohenwald  
Enterprise Wide Risk Footprint  
February 2014

#	ACTIVITIES	RISKS														
		1	2	3	4	5	6	7	8	9	10					
1	Student Services	H M	H M	HL	M M	M M	ML	ML	ML	ML	ML	ML	ML	ML	ML	ML
2	Institutional Support	H M	M M	ML	ML	ML	ML	ML	ML	ML	ML	ML	ML	ML	ML	ML
3	Physical Plant	H M	HL	ML	ML	ML	ML	ML	ML	ML	ML	ML	ML	ML	ML	ML
4	Financial Management	HL	H L	HL	HL	HL	HL	HL	HL	HL	HL	HL	HL	HL	HL	HL
5	Instruction and Academic Support	HL	M M	M M	M M	M M	M M	M M	M M	M M	M M	M M	M M	M M	M M	M M
6	Information Technology	M M	ML	ML	ML	ML	ML	ML	ML	ML	ML	ML	ML	ML	ML	ML
7	Auxiliary Enterprises	ML	ML	ML	ML	ML	ML	ML	ML	ML	LL	LL	-	-	-	n/a





Tennessee College of Applied Technology at Jacksboro  
Enterprise Wide Risk Footprint  
February 2014

		RISKS											
#	ACTIVITIES		1		2		3		4		5		6
4	Information Technology	HM	Insufficient data security measures	HL	Ineffective disaster recovery plan	HL	Insufficient network security	MM	Ineffective planning and management of TAF	MM	Insufficient software license and control and management	MM	Loss of internet access
6	Institutional Support	HL	Failure to comply with community needs	HL	Failure to meet COE accreditation standards	HL	Inadequate preparedness for catastrophic events	MM	Failure to follow federal, state, and other rules and regulations (IRS, TBR, ADA, EEOC, etc.)	MM	Inadequate and/or inconsistent applications of policies and procedures	MM	Inadequate campus security
5	Physical Plant	HL	Catatrophic event such as a natural disaster or terrorism	HL	Failure to properly dispose of hazardous materials	HL	Inadequate emergency response plan	MH	Deferred maintenance	MM	Failure to follow federal, state, and other rules and regulatins (ADA, OSHA, EPA, etc.)	MM	Failure to follow policies and procedures
1	Instruction and Academic Support	HL	Inappropriate faculty credentials	HL	Low student retention	HL	Poor retention to graduation	MM	Failure to meet community's continuing educational needs	MM	Inability to attract and retain faculty	MM	Inaccurate advising
2	Student Services	HL	Failure to comply with COE standards	HL	Inability to maintain high placement rates	MM	Failure to comply with Title VI, Title IX, and other federal guidelines	MM	Failure to comply with ADA regulations	MM	Failure to comply with federal, state, TBR, and THEC regulations	MM	Failure to have and follow student disciplinary policies and procedures
3	Financial Management	MM	Failure to comply with federal reporting guidelines	MM	Failure to perform reconciliations	MM	Fraud, waste, and abuse	MM	Improper documentation of expenses and revenue	MM	Improper records management	MM	Inaccurate external grant accounting
8	Contracted/WIA Funds	MM	Poor communication with financial management	ML	Accountability over recorded transactions may not be maintained	ML	Fraud, waste, and abuse	ML	Funds are not expended in accordance with mission, objectives, and available resources	ML	Improper planning for use of all allocated funds	ML	Inadequate documentation of expenses
7	Auxillary	ML	Ineffective damage control	ML	Ineffective inventory control	ML	Lack of quality control	ML	Personal injury of staff	-	n/a	-	n/a

Tennessee College of Applied Technology at Jacksboro  
Enterprise Wide Risk Footprint  
February 2014

#	ACTIVITIES		7		8		9		10
4	Information Technology	MM	Poor or insufficient backup strategy	ML	Insufficient servers and data storage	-	n/a	-	n/a
6	Institutional Support	MM	Inadequate fact based decision making	MM	Ineffective allocation and/or evaluation of personnel	ML	Poor external/internal communications	-	n/a
5	Physical Plant	MM	Failure to maintain a clean and safe environment	MM	Lack of space for campus expansion	-	n/a	-	n/a
1	Instruction and Academic Support	MM	Inadequate quality of instruction	MM	Inconsistent student attendance reporting	-	n/a	-	n/a
2	Student Services	MM	Ineffective records management	-	n/a	-	n/a	-	n/a
3	Financial Management	MM	Inaccurate financial reporting	-	n/a	-	n/a	-	n/a
8	Contracted/WIA Funds	ML	Lack of payroll documentation	ML	Miscoding with untimely correction	LL	Inadequate dcontract language	LL	Inadequate documentation of inventory/supplies
7	Auxillary	-	n/a	-	n/a	-	n/a	-	n/a

Tennessee College of Applied Technology at Jackson  
Enterprise Risk Footprint  
February 2014

#	ACTIVITIES	RISKS →															
		1	2	3	4	5	6	7	8								
1	Student Services	HM	Low Enrollment	HL	Low Retention	HL	Failure of IT Hardware/Software	HL	Low Placement Rates	MM	Budget Reductions	MM	Non-compliance with FERPA or ADA	MM	Failure to follow policies/procedures (TBR, Center or Accrediting Body)	MM	Inaccurate student records
2	Financial Aid	HM	Failure to follow federal and state regulations	HL	Fraud, waste, and abuse	MM	Overawarding of financial aid	MM	Insufficient documentation in student files	MM	Improper professional judgment decisions	MM	Failure to follow institutional policies and procedures	MM	Data entry errors in financial aid award systems	ML	Inadequate staffing/training of personnel
3	Instruction and Academic Support	HM	Low student retention	HL	Failure to meet community's educational needs	ML	Inability to attract and retain faculty	ML	Inadequate advising	ML	Inadequate learning resources	ML	Inadequate quality of instruction	ML	Inappropriate faculty behavior	ML	Inappropriate faculty credentials
4	Physical Plant	HM	Inadequate preparedness for catastrophic event (natural disaster, terrorism, etc...)	MM	Failure to follow federal, state, and other rules and regulations (ADA, OSHA, EPA, etc...)	MM	Failure to follow policies and procedures	MM	Failure to properly dispose of hazardous materials	MM	Inadequate energy conservation management	MM	Inadequate resources (staffing, supplies, equipment, facilities)	MM	Inappropriate employee behavior	MM	Insufficient resources for physical plant renewals and replacements
5	Financial Management	HL	Fraud, waste, and abuse	HL	Failure to perform reconciliations	HL	Inadequate Title IV compliance	MM	Inadequate registration/refund procedures	MM	Ineffective lead institution support	ML	Improper payments	ML	Improper records management	ML	Inaccurate financial reporting
6	Institutional Support	MM	Inadequate records management	MM	Ineffective employee training/cross-training	ML	Employee turnover due to attrition	ML	Failure to follow federal, state, TBR or COE rules and regulations	ML	Failure to maintain an appropriate cultural/ethical environment (inappropriate behavior)	ML	Inadequate and/or inconsistent application of policies & procedures	ML	Inadequate campus security	ML	Inadequate internal audit/monitoring review process
7	Auxiliary	MM	Fraud, waste, and abuse	ML	Failure to perform reconciliations	ML	Inadequate Title IV compliance	ML	Improper payments	ML	Improper records management	ML	Inaccurate financial reporting	ML	Inadequate inventory control	ML	Non-compliance with Accounting Guidelines



Tennessee College of Tennessee Applied Technology at Knoxville  
Enterprise Wide Risk Footprint  
February 2014

#	MAJOR ACTIVITIES	1	1	2	2	3	3	4	4	5	5	6	6	7	7	8	8	9	9	10	10	11	11
2	Financial Management	HM	Inadequate cash management	MM	Failure to comply with federal reporting guidelines	MM	Fraud, waste, & Abuse	MM	Inaccurate Financial Reporting	MM	Inadequate external grant accounting	MM	Inadequate inventory control and depreciation	MM	Inadequate separation of duties	MM	Inadequate Title IV reporting	MM	Inequitable budget allocation	ML	Failure to perform reconciliations	ML	Improper documentation for expenses and revenues
1	Student Services	HM	Failure to comply with Federal Title IV & state guidelines for financial aid Administration	HL	Failure to comply with State, TBR, THEC, and CDE Regulations	MH	Failure to comply with Americans with Disabilities Act	MM	Ineffective student records management	MM	Lack of security of confidential student records	ML	Barriers to course scheduling - counseling services, admissions process, etc.	ML	Failure to comply with FERPA	ML	Failure to conduct background/reference checks on new employees	ML	Failure to have and follow student disciplinary policies and procedures	ML	Improper assessment and security of testing materials	ML	Inability to maintain high placement rate
5	Instruction and Academic Support	HL	Inadequate quality of instruction	MH	Noncompliance with FERPA/ADA	MM	Failure to properly handle Live Work projects	MM	Inability to attract and retain faculty	MM	Inappropriate faculty behavior	MM	Inconsistency of grading practices	ML	Inadequate tenure process	ML	Inappropriate use of 3rd party materials	ML	Inbalance between full-time and adjunct faculty	ML	Inconsistent attendance reporting	ML	Inefficient class scheduling
3	Information Technology	HL	Ineffective disaster recovery plan	MM	Ineffective planning and management of TAF	MM	Insufficient data security measures	MM	Insufficient servers and data storage	MM	Insufficient network resources	MM	Insufficient network security	MM	Insufficient physical security resources	MM	Insufficient software license and control management	MM	Poor of insufficient backup strategy	ML	Ineffective desktop and lab support	ML	Ineffective strategic planning and management
4	Physical Plant	HL	Inadequate preparedness for a catastrophic event such as natural disaster or terrorism	MM	Failure to follow federal, state, and other rules and regulations (ADA, OSHA, EPA, etc.)	MM	Failure to maintain a clean and safe environment	MM	Failure to properly dispose of hazardous materials	ML	Failure to follow policies and procedures	ML	Failure to investigate and resolve complaints	ML	Inaccurate reporting of capital assets and physical facilities inventory	ML	Inaccurate valuation of plant assets for state insurance coverage	ML	Inadequately trained employees	ML	Inadequate resources (staffing, supplies, equipment)	ML	Inappropriate employee behavior
6	Institutional Support	MM	Failure to follow federal, state and other rules and regulations (IRS, TBR, ADA, EEOC, etc.)	MM	Inadequate campus security	ML	Abuse of Power	ML	Excessive employee turnover/inadequate planning for transfer of knowledge due to attrition	ML	Failure to maintain an appropriate cultural/ethical environment	ML	Failure to take advantage of collaborative opportunities	ML	Improper/negligent hiring	ML	Inadequate and/or inconsistent application of policies and procedures	ML	Inadequate long term planning	ML	Inadequate or offensive external/internal communications	ML	Inadequate preparedness for catastrophic events

Tennessee College of Tennessee Applied Technology at Knoxville  
Enterprise Wide Risk Footprint  
February 2014

#	MAJOR ACTIVITIES	12	12	13	13	14	14	15	15	16	16	17	17	18	18	19	19	20	20
2	Financial Management	ML	Improper payments	ML	Inaccurate benefit, deduction, and taxes	ML	Inaccurate Record Keeping	ML	Inadequate collection procedures	ML	Inadequate registration/refund procedures	ML	Inappropriate bid procedures	ML	Non-compliance with accounting guidelines	LL	Breach of Contract	LL	Improper records management
1	Student Services	ML	Inappropriate employee behavior	ML	Inconsistent application of published student policies and procedures - catalogs, student handbook, etc.	ML	Ineffective enrollment process	ML	Non-compliance with student right-to-know act	n/a		0 n/a	0 n/a	0 n/a	0 n/a	0 n/a	0 n/a	0 n/a	0
5	Instruction and Academic Support	ML	Inefficient use of classroom capacity/space	ML	Insufficient professional development	ML	Low student retention	ML	Poor persistence to graduation	ML	Poor/outdated programs	LM	Failure to meet communities continuing education needs	LL	Inaccurate advertising	LL	Inappropriate faculty credentials	n/a	0
3	Information Technology	ML	Ineffective user training	LL	Loss of internet access	n/a		0 n/a	0 n/a	0 n/a	0 n/a	0 n/a	0 n/a	0 n/a	0 n/a	0 n/a	0 n/a	0 n/a	0
4	Physical Plant	ML	Insufficient resources for physical plant renewal & replacement	ML	Insufficient routine/preventative maintenance	ML	Theft, abuse, waste	LL	Inadequate energy conservation management	n/a	0 n/a	0 n/a	0 n/a	0 n/a	0 n/a	0 n/a	0 n/a	0 n/a	0
6	Institutional Support	ML	Inadequate records management	ML	Inadquate fact based decision making	ML	Inadquate internal audit/monitoring review process	ML	Ineffective allocation of personnel	ML	Ineffective employee training	LM	Failure to meet community needs	LL	Inappropriate employee/volunteer behavior	n/a	0 n/a	0 n/a	0

Tennessee College of Applied Technology at Livingston  
Enterprise Risk Footprint  
February 2014

RI

#	ACTIVITIES		1	2	3	4	5	6	7						
5	Physical Plant (44 - 52)	HH	Inadequate preparedness for a catastrophic event such as a natural disaster or terrorism	H M	Theft, abuse, waste	HL	Failure to follow policies and procedures	M M	Inadequate resources (staffing, supplies, equipment, facilities)	M M	Inadequately trained employees	ML	Failure to follow federal, state, and other rules and regulations (ADA, OSHA, EPA, etc.)	ML	Failure to investigate and resolve all complaints
6	Institutional Support (53 - 67)	HH	Inadequate preparedness for catastrophic events	HL	Failure to comply with community needs	HL	Failure to follow fed, state & other rules & regulations (IRS, TBR, ADA, EEOC, etc.)	HL	Inadequate and/or inconsistent application of policies & procedures	M M	Excessive employee turnover / inadequate planning for transfer of knowledge due to attrition	M M	Inadequate internal audit/monitoring review process	M M	Inadequate long-term planning
3	Financial Management (18 - 31)	HL	Failure to Comply with Federal Reporting Guidelines	HL	Fraud, Waste, & Abuse	HL	Inadequate Cash Management	HL	Inadequate Collection Procedures	HL	Inadequate registration/ refund procedures	HL	Inadequate Title IV Compliance	ML	Failure to Perform Reconciliations
2	Student Services (11 - 17)	HL	Failure to comply with Fed, State, TBR, THEC, and COE Regulations	HL	Failure to comply with Federal Title IV and state guidelines for Financial Aid Administration	HL	Inability to maintain high placement rate	HL	Inconsistent application of published student policies and procedures- catalogs, student handbook.	HL	Ineffective enrollment processes	HL	Ineffective student records management	HL	Lack of security of confidential student records
4	Information Technology (32 - 43)	M M	Ineffective IT training for staff	ML	Ineffective disaster recovery plan	ML	Ineffective lead institution support	ML	Ineffective planning and management of TAF	ML	Insufficient data security measures	ML	Insufficient network security	ML	Insufficient servers and data storage
1	Instruction and Academic Support (1 - 10)	M M	Inappropriate faculty behavior	M M	Inconsistency of grading practices	ML	Inconsistent attendance reporting	ML	Low student retention	ML	Poor/Outdated programs	LL	Inadequate quality of instruction	LL	Inappropriate faculty credentials
7	Auxiliary	M M	Poor Inventory Control	M M	Theft, fraud, and embezzlement	LL	Personal Injury in Vending Areas	LL	Damage to Facilities in Student Break Room						





Tennessee College of Applied Technology at McKenzie  
Enterprise Risk Footprint  
February 2014

#	ACTIVITIES	RISKS										
		1	2	3	4	5	6	7	8	9	10	11
1	Student Services(1, 4, 7, 11, 12, 14, 22, 25, 28, 29, 30, 33)	HM Low enrollment	HM Poor retention	MH Small staff size	MM Failure to follow governing regulations	MM Over awarding students	ML Breach of confidentiality	ML Failure to complete re-enrollment registration	ML Inaccurate student records	ML Inadequate counseling	LM Clock hours (open enrollment)	LI Poor public relations
2	Instruction(18, 27, 32)	HM Failure to hire qualified and effective staff	MH Failure to screen students prior to enrolling	MM Failure to maintain retention	MM Failure to communicate/comply with institutional policies and procedures	MM Failure to stay current in field of expertise	MM Ineffective classroom evaluation	MM Students not completing programs	ML Failure to place students in jobs	- n/a	- n/a	- n/a
3	Physical Plant(9, 10, 20, 21)	HM Unsafe building(Damage or renovation to bldg.)	MM Low number of assigned employees	MM Unattractive grounds & facilities	ML Bodily Injury(Safety-ice removal)	- n/a	- n/a	- n/a	- n/a	- n/a	- n/a	- n/a
4	Auxiliary(5)	HL Mismanagement of orders(over ordering)	MM Small staff(one employee)	LM Increased prices (bookstore)	- n/a	- n/a	- n/a	- n/a	- n/a	- n/a	- n/a	- n/a
6	Institutional Support(2, 3, 6, 8, 13, 15, 16, 19, 23, 24, 26, 31)	MH Low staffing	MM Breach of IT security systems	MM Failure to follow policies and procedures	MM Failure to maintain accurate accounting records	MM Failure to pay/invoice in a timely manner	MM Fraud, waste, and abuse	MM Misuse of technology	ML Conflict of interest	ML Failure to follow governing regulations	ML Inappropriate behavior	- n/a

Tennessee College of Applied Technology - McMinnville  
Enterprise Risk Footprint  
February 2014

#	ACTIVITIES	RISKS																	
		1	2	3	4	5	6	7	8	9									
1	Instruction and Academic Support (1 - 10)	HM	Failure to meet community workforce development needs	HM	Inadequate quality of instruction	HL	Noncompliance with FERPA/ADA	ML	Inability to attract and retain faculty	ML	Inadequate promotion and tenure process	ML	Inappropriate faculty behavior	ML	Inappropriate use of 3rd party materials	ML	Insufficient professional development	ML	Low student retention
3	Financial Management (18 - 31)	HM	Failure to comply with federal reporting guidelines	ML	Noncompliance with accounting guidelines	ML	Fraud, Waste & Abuse	ML	Improper documentation for expenses and revenue	ML	Inadequate benefits deductions & taxes	ML	Improper records management	ML	Inadequate collection procedures	ML	Inadequate preparedness of catastrophic events	ML	Inadequate cash management
7	Auxiliary	HM	Fire	MM	Theft	MM	Physical liability	ML	Overstocking										
2	Student Services (11 - 17)	MH	Failure to comply with FERPA/ADA	MH	Failure to comply with Fed., State, TBR, THEC and COE regulations	MH	Failure to comply with Title IV and State guidelines for Financial Aid Administration	MH	Non-compliance with student Right-To-Know & Campus Security Act	MH	Failure to comply with Title VI, IX & other Federal Guidelines	ML	Failure to have and follow student disciplinary policies and procedures (student due process)	ML	Improper assessment & security of testing materials	ML	Lack of security of confidential student records	ML	Inconsistent application of published student policies and procedures (catalog, student handbook)
6	Institutional Support (53 - 67)	HL	Inadequate preparedness for a catastrophic event such as a natural disaster or terrorism	HL	Failure to meet COE accreditation standards	ML	Abuse of power	ML	Improper hiring	ML	Failure to follow federal, state & other regulations (IRS, TBR, ADA, EEOC)	ML	Inadequate and/or inconsistent application of policies & procedures	ML	Excessive employee turnover/inadequate planning for transfer of knowledge due to attrition	ML	Inadequate campus security	ML	Inadequate record management
5	Physical Plant (44 - 52)	HL	Inadequate preparedness for a catastrophic event such as a natural disaster or terrorism	ML	Failure to properly dispose of hazardous materials	ML	Inaccurate reporting of capital assets and physical facilities inventory	ML	Inaccurate valuation of plant assets for state insurance coverage	ML	Insufficient routine/preventative maintenance	ML	Theft, abuse, waste	ML	Failure to follow federal, state and other rules and regulations (ADA, OSHA, EPA & etc.)	ML	Failure to follow policies and procedures	ML	Failure to investigate & resolve O/M complaints
4	Information Technology (32 - 43)	HL	Ineffective disaster recovery plan	ML	Ineffective IT staff training	ML	Ineffective lead institution support	MM	Ineffective planning and management of TAF	ML	Ineffective strategic planning and management	ML	Ineffective user training	ML	Insufficient data security measures	MM	Insufficient network security	ML	Insufficient level of qualified staff

Tennessee College of Applied Technology - McMinnville  
Enterprise Risk Footprint  
February 2014

#	ACTIVITIES	10	11	12	13	14	15	16	17	18
1	Instruction and Academic Support (1 - 10)	ML Inconsistent attendance reporting	ML Inconsistency of grading practices							
3	Financial Management (18 - 31)	ML Inadequate external grant accounting	ML Inadequate inventory control & depreciation	ML Inadequate separation of duties	ML Inadequate bid procedures	ML inadequate budget allocations	ML Inaccurate financial reporting	ML Inadequate registration/refund procedures	ML Improper payments	ML Failure to perform reconciliations
7	Auxiliary									
2	Student Services (11 - 17)	ML Noneffective student records management	ML Ineffective enrollment procedures	ML Fraud, Waste & Abuse	ML Inappropriate employee behavior	ML Unfair or inequitable enrollment procedures				
6	Institutional Support (53 - 67)	ML Inappropriate employee/volunteer behavior	ML Ineffective employee training/cross training	ML Inadequate offensive external/internal communication	ML Inadequate internal audit/monitoring review process	ML Failure to take advantage of collaborate opportunities	ML Inadequate confidentiality of donor information	ML Failure to maintain an appropriate cultural/ethical environment	ML Inadequate long range planning	
5	Physical Plant (44 - 52)	ML Failure to provide effective oversight of rental facilities	ML Failure to maintain a clean and safe environment	ML Inadequate resources (staffing, supplies, equipment, facilities)	ML Inadequately trained employees	ML Inappropriate employee behavior	ML Insufficient resources for physical plant renewals and replacements			
4	Information Technology (32 - 43)	ML Insufficient network resources	ML Insufficient software license control and management	ML Insufficient backup strategy	ML Insufficient physical security of resources	ML Loss of internet access				

Tennessee College of Applied Technology at Memphis  
Enterprise Wide Risk Footprint  
February 2014

#	ACTIVITIES		1		2		3		4		5		6
1	Institutional Support	HM	Inadequate preparedness for catastrophic events	MM	Excessive employee turnover/indadequate planning for transfer of knowledge due to attrition	MM	Failure to follow federal, state & other rules and regs. (IRS, TBR, ADA, EEOC, etc...)	MM	Failure to maintain an appropriate cultural/ethical environment	MM	Inadequate and/or inconsistent application of policies & procedures	MM	Inadequate campus security
2	Physical Plant	HM	Inadequate preparedness for catastrophic event (natural diaster, terrorism, etc...)	MM	Failure to follow federal, state, and other rules and regulations (ADA, OSHA, EPA, etc...)	MM	Failure to follow policies and procedures	MM	Failure to properly dispose of hazardous materials	MM	Inadequate energy conservation management	MM	Inadequate resources (staffing, supplies, equipment, facilities)
3	Financial Management	HL	Failure to comply with Federal Reporting Guidelines	HL	Inadequate Title IV compliance	MM	Fraud, Waste and Abuse	MM	Inadequate registration/refund procedures	MM	Inadequate separation of duties	MM	Failure to perform reconciliations
4	Student Services	HL	Failure to comply with Fed, State, TBR, THEC, and COE regulations	HL	Failure to comply with Federal Title IV and state guidelines for Financial Aid Administration	HL	Non-compliance with Student "Right-to-Know" Act	MM	Inability to maintain high placement rate	MM	Inappropriate employee behavior	ML	Barriers to student success - course scheduling, counseling services, admissions processes
5	Instruction and Academic Support	HL	Low student retention	HL	Poor persistence to graduation	ML	Failure to meet community's continuing education needs	ML	Inability to attract and retain faculty	ML	Inadequate advising	ML	Inadequate quality of instruction
6	Information Technology	MM	Insufficient network security	ML	Inadequate IT staff training	ML	Ineffective disaster recovery plan	ML	Ineffective lead institution support	ML	Ineffective strategic planning and management	ML	Ineffective user training
7	Auxillary	ML	Breach of Contract/legal	ML	Student loss of access to textbooks and supplies	LL	Loss of Revenue						





**Tennessee Technology Center at Morristown  
Enterprise Risk Footprint  
February 2014**

#	ACTIVITIES	RISKS															
		1	2	3	4	5	6	7	8								
1	Financial Management	HH	Inadequate Title IV Compliance	HL	Non-Compliance with Accounting Guidelines	HL	Improper Record Management	HL	Inadequate Separation of Duties	HL	Inadequate Disaster Recovery Plan	M	Reduced State Appropriations	M	Inaccurate Financial Reporting	M	Inadequate plan to prevent theft, fraud, waste, and abuse
2	Instruction and Academic Support	HH	Failure to Maintain Accreditation	HH	Noncompliance with FERPA/ADA/Title IX	HH	Inappropriate faculty behavior	HL	Imbalance between full-time and adjunct faculty	HL	Inadequate Disaster Recovery Plan	M	Inadequate quality of instruction	M	Failure to meet training needs of communities served	M	Low student retention
3	Information Technology	HH	Insufficient data security measures	HH	Insufficient backup strategy	HL	Dependence on WSCC IT personnel	HL	Insufficient software license control and management	HL	Ineffective disaster recovery plan	M	Ineffective lead institution support	M	Loss of internet access	M	Ineffective user training
4	Institutional Support	HH	Failure to follow federal, state & other rules & regulations (IRS, TBR, ADA, EEOC, etc.)	HH	Inadequate records management	HL	Abuse of power - Nepotism	HL	Inappropriate employee/volunteer behavior	HL	Inadequate disaster management and recovery plan	M	Inadequate staff resources	M	Inadequate plan to prevent theft, fraud, waste, and abuse	M	Reduced State Appropriations
5	Student Services	HH	Failure to comply with internal, state, title IV, & federal regulations	HL	Inappropriate employee behavior	HL	Inadequate plan to prevent theft, fraud, waste, and abuse	M	Inability to maintain required placement rates	M	Competition	M	Failure to comply with accreditation agency requirements	M	Inadequate Emergency Preparedness Plan	M	Changes in Economy and Market Conditions
6	Physical Plant	HL	Inadequate resources to respond to campus security threat	HL	Inappropriate employee behavior	HL	Inadequate disaster management and recovery plan	HL	Failure to properly dispose of hazardous waste	M	Inadequate Emergency Preparedness Plan	M	Failure to maintain a clean and safe environment	M	Insufficient resources for physical plant renewals and replacements	M	Reduced State Appropriations
7	Auxiliary	HL	Inadequate plan to prevent theft, fraud, waste, and abuse	HL	Improper records management	HL	Inadequate disaster management and recovery plan	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a





Tennessee College Applied Technology at Murfreesboro  
Enterprise Risk Footprint  
February 2014

#	ACTIVITIES		1		2		3		4		5		6		7		8		9
3	Financial Management	H M	Fraud, Waste, & Abuse	HL	Inadequate preparedness for catastrophic events	M M	Failure to Perform Reconciliations	M M	Inadequate Cash Management	M M	Inadequate Collection Procedures	ML	Failure to Comply with Federal Reporting Guidelines	ML	Failure to conduct background reference checks for new employees	ML	Improper Documentation for Expenses and Revenue	ML	Improper Payments
2	Student Services	H M	Failure to comply with Federal Title IV, and state guidelines for Financial Aid Administration	HL	Failure to comply with Fed, State, TBR, THEC, & COE Regulations	HL	Failure to comply with Federal Title VI, Title IX and other federal guidelines.	M M	Failure to comply with FERPA/ADA	M M	Failure to follow student disciplinary policies and procedures (student due process)	ML	Improper administration assessment & security of testing materials	ML	Inappropriate Employee Behavior	ML	Inconsistent application of published student policies and procedures-catalogs, student handbook.	ML	Ineffective enrollment processes
6	Institutional Support	HL	Abuse of power	HL	Failure to follow fed, state & other rules & regulations (IRS, TBR, ADA, EEOC, etc.)	HL	Failure to meet COE accreditation standards	HL	Inadequate campus security	HL	Inadequate preparedness for catastrophic events	ML	Excessive employee turnover / inadequate planning for transfer of knowledge due to attrition	ML	Failure to maintain an appropriate cultural/ethical environment	ML	Failure to take advantage of collaborative opportunities	ML	Improper /negligent hiring
5	Maintenance & Operation	HL	Inaccurate reporting of capital assets and physical facilities inventory.	HL	Inaccurate valuation of plant assets for state insurance coverage	HL	Inadequate preparedness for a catastrophic event such as a natural disaster or terrorism	M M	Failure to investigate and resolve M & O complaints	M M	Failure to maintain a clean and safe environment	M M	Theft, abuse, waste	ML	Failure to follow federal, state, and other rules and regulations (ADA, OSHA, EPA, etc.)	ML	Failure to properly dispose of hazardous materials	ML	Inappropriate employee behavior
4	Information Technology	HL	Ineffective disaster recovery plan	M M	Ineffective planning and management of TAF	M M	Ineffective user training	M M	Insufficient software license control and management	ML	Ineffective IT staff training	ML	Ineffective strategic planning and management	ML	Insufficient data security measures	ML	Insufficient network resources	ML	Insufficient network security
1	Instruction	HL	Failure to meet community's workforce development needs	M M	Inadequate quality of instruction	M M	Inappropriate use 3rd party materials	M M	Inconsistency of grading practices	M M	Noncompliance with FERPA/ADA	ML	Inability to attract and retain faculty	ML	Inadequate promotion tenure process	ML	Inappropriate faculty credentials behavior	ML	Inconsistent attendance reporting



Tennessee College of Applied Technology at Nashville  
Enterprise Wide Risk Footprint  
February 2014

#	ACTIVITIES	RISKS															
		1	2	3	4	5	6	7	8								
1	Instruction and Academic Support (1 - 10)	HH	Inconsistent attendance reporting	HM	Inconsistency of grading practices	HM	Low student retention/graduation rate	HL	Inability to attract and retain faculty	HL	Inappropriate faculty behavior	HL	Inappropriate faculty credentials	HL	Noncompliance with FERPA/ADA/Identify Theft Policy	HL	Poor/Outdated programs
5	Physical Plant (44 - 52)	HL	Inaccurate evaluation of plant assets for state insurance coverage	HM	Inadequate energy conservation management	HL	Inadequate preparedness for a catastrophic event such as a natural disaster or terrorism	HL	Failure to follow federal, state, and other rules and regulations (ADA, OSHA, EPA, etc.)	HL	Failure to follow policies and procedures	HL	Failure to properly dispose of hazardous materials	HL	Failure to provide effective oversight of branch campus	HL	Inaccurate reporting of capital assets and physical facilities inventory.
6	Institutional Support (53 - 67)	HM	Inadequate campus security	HM	Inadequate preparedness for catastrophic events	HL	Abuse of power	HL	Excessive employee turnover / inadequate planning for transfer of knowledge due to attrition	HL	Failure to comply with community needs	HL	Failure to follow fed, state & other rules & regulations (IRS, TBR, ADA, EEOC, etc.)	HL	Failure to maintain an appropriate cultural/ethical environment	HL	Improper /negligent hiring
3	Financial Management (18 - 31)	HL	Failure to Comply with Federal Reporting Guidelines	HL	Failure to Perform Reconciliations	HL	Fraud, Waste, & Abuse	HL	Improper Documentation for Expenses and Revenue	HL	Improper Payments	HL	Improper Records Management	HL	Inaccurate Financial Reporting	HL	Inaccurate Record Keeping
2	Student Services (11 - 17)	HM	Inability to maintain high placement rate	HL	Barriers to student success - course scheduling, counseling services, admissions process, etc.	HL	Failure to comply with American Disabilities Act	HL	Failure to comply with Fed, State, TBR, THEC, and COE Standards	HL	Failure to comply with Federal Title IV and state guidelines for Financial Aid Administration	HL	Failure to comply with FERPA	HL	Failure to conduct background/reference checks for new employees	HL	Failure to have and follow student disciplinary policies and procedures
4	Information Technology (32 - 43)	HL	Ineffective lead institution support	ML	Ineffective planning and management of TAF	ML	Insufficient data security measures	ML	Insufficient level of qualified staff	ML	Insufficient network resources	HL	Insufficient network security	MM	Insufficient physical security of resources	ML	Insufficient servers and data storage
7	Auxiliary	MH	Loss of cash	MM	Improper Book Return Procedures	MM	Theft	ML	Improper ordering	ML	Inventory Control Procedures	ML	Purchasing of Outdated Books	-	n/a	-	n/a



Tennessee College of Applied Technology at Newbern  
Enterprise Wide Risk Footprint  
February 2014

#	ACTIVITIES	RISKS							
		1	2	3	4	5	6	7	8
1	Instruction and Academic Support	Insufficient/Loss of Accreditation <b>HH</b>	Inability to attract and retain faculty <b>HN</b>	Inadequate quality of instruction <b>HM</b>	Low student retention <b>HM</b>	Failure to meet community's continuing education needs <b>MN</b>	Inconsistency of grading practices <b>MN</b>	Inconsistent attendance reporting <b>MN</b>	Insufficient Professional development <b>MN</b>
4	Student Services	Failure to comply with Fed, State, TBR, THEC, and COE Regulations <b>HM</b>	Failure to comply with Federal Title IV and State guidelines for Financial Aid Administration <b>HN</b>	Inability to maintain high placement rates <b>HM</b>	Failure to comply with FERPA <b>MN</b>	Failure to have and follow student disciplinary policies and procedures <b>MN</b>	Inadequate communication with service area <b>MN</b>	Inconsistent application of published student policies and procedures-catalogs, student handbook <b>MN</b>	Barriers to student success-course scheduling, counseling services, admissions processes, etc <b>ML</b>
5	Financial Management	Failure to Comply with Federal Reporting Guidelines <b>HM</b>	Inadequate Title IV Compliance <b>HN</b>	Improper Records Management <b>MN</b>	Inadequate Collection Procedures <b>MN</b>	Inadequate registration/refund procedures <b>MN</b>	Inadequate Separation of Duties <b>MN</b>	Failure to Perform Reconciliations <b>ML</b>	Fraud, Waste, & Abuse <b>ML</b>
3	Information Technology	Insufficient physical security of resources <b>HM</b>	Ineffective disaster recovery plan <b>HL</b>	Ineffective desktop and lab support <b>MN</b>	Ineffective IT staff training <b>MN</b>	Ineffective lead institution support <b>MN</b>	Ineffective user training <b>MN</b>	Insufficient data security measures <b>MN</b>	Insufficient network resources <b>MN</b>
7	Auxiliary	Transaction error <b>HH</b>	Castastrophic inventory loss <b>HN</b>	Inadequate ordering <b>MN</b>	Failure to apply funding agencies' authorizations <b>ML</b>	Failure to follow policies and procedures <b>ML</b>	Failure to maintain billing/credit records <b>ML</b>	Inadequately trained employees <b>ML</b>	Lack of inventory control <b>ML</b>
6	Institutional Support	Failure to follow Federal, state, & other rules & regulations (IRS, TBR, ADA, EEOC, etc.) <b>HL</b>	Inadequate campus security <b>HL</b>	Inadequate preparedness for catastrophic events <b>HL</b>	Ineffective employee training/cross training <b>MN</b>	Abuse of power <b>ML</b>	Excessive employee turnover/inadequate planning for transfer of knowledge due to attrition <b>ML</b>	Failure to address community needs <b>ML</b>	Failure to maintain an appropriate professional/ethical environment <b>ML</b>
2	Physical Plant	Inaccurate reporting of capital assets and physical facilities inventory <b>HL</b>	Inadequate preparedness for a catastrophic event such as a natural disaster or terrorism <b>HL</b>	Inadequate resources (staffing, supplies, equipment, facilities) <b>MN</b>	Failure to follow Federal, state, and other rules and regulations (ADA, OSHA< EPA, etc.) <b>ML</b>	Failure to follow policies and procedures <b>ML</b>	Failure to investigate and resolve all complaints <b>ML</b>	Failure to maintain a clean and safe environment <b>ML</b>	Failure to properly dispose of hazardous materials <b>ML</b>

Tennessee College of Applied Technology at Newbern  
Enterprise Wide Risk Footprint  
February 2014

#	ACTIVITIES	9	10	11	12	13	14	15	16		
1	Instruction and Academic Support	ML Noncompliance with FERPA/ADA	ML Poor persistence to graduation	ML Imbalance between full-time and part-time faculty	ML Inadequate tenure process	ML Inappropriate faculty behavior	ML Inappropriate use of 3rd party materials	ML Poor/Outdated programs	-	n/a	
4	Student Services	ML Failure to comply with American Disabilities Act	ML Failure to conduct background/reference checks for new students as required	ML Improper assessment & security of testing materials	ML Inappropriate Employee Behavior	ML Ineffective enrollment processes	ML Ineffective student records management	ML Lack of security of confidential student records	ML	Non-compliance with Student Right-to-Know Act	
5	Financial Management	ML Improper Documentation for Expenses and Revenue	ML Improper Payments	ML Inaccurate Financial Reporting	ML Inadequate budget allocations	ML Inadequate external grant accounting (WIA, etc)	ML Non-Compliance with Accounting Guidelines	-	n/a	-	n/a
3	Information Technology	ML Insufficient network security	ML Insufficient servers and data storage	ML Loss of Internet access	ML Poor or insufficient backup strategy	ML Ineffective strategic planning and management	ML Insufficient level of qualified staff	ML Insufficient software licenses control and management	-	n/a	
7	Auxiliary	LL Theft, abuse, wast	LL Undervaluing	-	-	n/a	-	n/a	-	n/a	
6	Institutional Support	ML Inadequate and/or inconsistent application of policies & procedures	ML Inadequate internal audit/monitoring review process	ML Inadequate long-term planning	ML Inadequate records management	ML Inappropriate employee behavior	-	n/a	-	n/a	
2	Physical Plant	ML Inaccurate valuation of plant assets for state insurance coverage	ML Inadequate energy conservation management	ML Inadequately trained employees	ML Inappropriate employee behavior	ML Insufficient resources for physical plant renewals and replacements	ML Insufficient routine/preventative maintenance	ML Theft, abuse, waste	-	n/a	



Tennessee College of Applied Technology at Paris  
Enterprise Wide Risk Footprint  
February 2014

1	Student Services(1, 4, 7, 11, 12, 14, 25, 28, 29, 30)	H M	LOW ENROLLMENT	H M	POOR RETENTION	M H	SMALL SIZE STAFF	M M	FAILURE TO FOLLOW GOVERNING REGULATIONS	M M	INAPPROPRIATE BEHAVIOR	M M	OVERAWARDING STUDENTS	M L	BREACH OF CONFIDENTIALITY	M L	INACCURATE STUDENT RECORDS	M L	INADEQUATE COUNSELING	M L	IDENTITY THEFT	L L	POOR PUBLIC RELATIONS
2	Instruction(17, 18, 19, 27, 32, 33)	H M	FAILURE TO HIRE QUALIFIED & EFFECTIVE FACULTY	M M	FAILURE TO COMMUNICATE /COMPLY WITH INSTITUTIONAL POLICIES & PROCEDURES	M M	FAILURE TO MAINTAIN SAFETY CULTURE	M M	FAILURE TO RETAIN STUDENTS	M M	FAILURE TO STAY CURRENT IN FIELD OF EXPERTISE	M M	INAPPROPRIATE BEHAVIOR	M M	INEFFECTIVE CLASSROOM DELIVERY & EVALUATION	-	n/a	-	n/a	-	n/a	-	n/a
3	Physical Plant(9, 10, 20, 21, 23, 24, 26, 31)	H M	BREACH OF PHYSICAL PLANT SECURITY	M M	CONFLICT OF INTEREST	M M	FAILURE TO FOLLOW POLICIES & PROCEDURES	M M	FAILURE TO FOLLOW SAFETY PRACTICES	M M	FAILURE TO MAINTAIN FACILITIES	M M	FRAUD, WASTE, AND ABUSE	M M	INAPPROPRIATE BEHAVIOR	-	n/a	-	n/a	-	n/a	-	n/a
4	Institutional Support (2, 3, 6, 8, 13, 15, 16, 22)	M H	LOW STAFFING	M M	BREACH OF IT SECURITY SYSTEMS	M M	FAILURE TO FOLLOW POLICIES & PROCEDURES	M M	FAILURE TO MAINTAIN ACCURATE ACCOUNTING RECORDS	M M	FAILURE TO PAY/INVOICE IN A TIMELY MANNER	M M	FRAUD, WASTE, AND ABUSE	M M	MISUSE OF TECHNOLOGY	M L	CONFLICT OF INTEREST	M L	FAILURE TO FOLLOW GOVERNING REGULATIONS	M L	INAPPROPRIATE BEHAVIOR	-	n/a
5	Auxiliary(5)	M H	PRICE INFLATION	M M	FAILURE TO HANDLE RECEIPTS CORRECTLY	M M	FAILURE TO MAINTAIN ACCURATE INVENTORY RECORDS	M M	FAILURE TO MEET SUPPLY & DEMAND OF CUSTOMER BASE	M M	INEFFECTIVE COMMUNICATIONS	M M	POOR CUSTOMER SERVICE	M M	POOR VENDOR PERFORMANCE	M L	INAPPROPRIATE BEHAVIOR	-	n/a	-	n/a	-	n/a



Tennessee College Of Applied Technology at Pulaski  
Enterprise Risk Footprint  
February 2014

#	ACTIVITIES	1	2	3	4	5	6	7
5	Physical Plant	HM Inadequate preparedness for catastrophic event such as a natural disaster or terrorism	MM Failure to follow federal, state, and other rules and regulations (ADA, OSHA, EPA, etc.)	MM Failure to follow policies and procedures	MM Inadequate resources (staffing, supplies, equipment, facilities)	MM Insufficient resources for physical plant renewals and replacements	MM Theft, abuse, waste	ML Failure to investigate and resolve all complaints
1	Instruction and Academic Support	HM Loss/Lack program accreditation/certification	MM Poor/Outdated programs	ML Inability to attract and retain faculty	ML Inadequate tenure process	ML Inappropriate use 3rd party materials	ML Insufficient professional development	ML Noncompliance with FERPA/ADA
3	Financial Management	HL Inadequate registration/refund procedures	ML Failure to Comply with Federal Reporting Guidelines	ML Failure to Perform Reconciliations	ML Fraud, Waste, & Abuse	ML Improper Documentation for Expenses and Revenue	ML Improper Payments	ML Improper Records Management
6	Institutional Support	HL Inadequate preparedness for catastrophic events	MM Failure to follow fed, state, & other rules & regulations (IRS, TBR, ADA, EEOC, etc.)	MM Inadequate and/or inconsistent application of policies & procedures	MM Inadequate internal audit/monitoring review process	MM Inadequate long-term planning	ML Abuse of power	ML Excessive employee turnover / inadequate planning for transfer of knowledge due to attrition
4	Information Technology	ML Ineffective desktop and lab support	ML Ineffective disaster recovery plan	ML Ineffective IT staff training	ML Ineffective lead institution support	ML Ineffective planning and management of TAF	ML Ineffective strategic planning and management	ML Ineffective user training
2	Student Services	MM Failure to comply with American Disabilities Act	MM Failure to comply with Federal Title IV and state guidelines for Financial aid Administration	ML Barriers to student success - course scheduling, counseling services, admissions process, etc.	ML Failure to comply with Fed, State, TBR, THEC, and COE Regulations	ML Failure to comply with FERPA	ML Failure to have and follow student disciplinary policies and procedures	ML Improper assessment & security of testing materials
7	Auxiliary Enterprises	MM Confirm exact count of bookstore deliveries	ML End of day deposit at financial institution	ML End of day summary of cash and charge receipts	ML Having a key person for receiving department	ML Theft Books/Supplies	ML Theft of Funds	LL Departmental Transfer of Books/Supplies





Tennessee College of Applied Technology at Ripley  
Enterprise Risk Footprint  
February 2014

#	ACTIVITIES	RISKS											
		1	2	3	4	5	6						
1	Instruction and Academic Support	MH	Loss of Accreditation	MH	Compliance with COE on-line training program	MM	Failure to meet community's continuing education needs	ML	Noncompliance with FERPA/ADA/EEOC	MM	Fraud, Waste, and Abuse	LL	Inappropriate faculty behavior
4	Student Services	MH	Failure to comply with Fed, State, TBR, THEC, and COE Regulations	MM	Failure to comply with Federal and State guidelines for Financial Aid Administration	MM	Ineffective student records management	LM	Failure to comply with FERPA/EEO/ADA	LM	Failure to comply with Student Right to Know Act	LL	Low retention
3	Information Technology	HL	Ineffective disaster recovery plan	ML	Inadequate or ineffective telecom management	ML	Insufficient IT staff	LM	Ineffective strategic planning and management	LM	Insufficient data security/network measures	LM	Insufficient software license control and management
2	Physical Plant	MH	Inadequate preparedness for a catastrophic event such as a natural disaster or terrorism	MM	Inaccurate evaluation of plant assets for state insurance coverage	ML	Failure to maintain an up to date sensitive equipment inventory	ML	Failure to follow Federal, state, and other rules and regulations (ADA, OSHA, EPA, etc.)	ML	Failure to maintain a clean and safe environment	ML	Failure to properly dispose of hazardous materials
6	Institutional Support	MH	Preparedness for catastrophic events	MM	Inadequate and/or inconsistent application of policies & procedures	ML	Records management	ML	Campus security	MM	Failure to follow Federal, state, and other rules and regulations (IRS, TBR, ADA, EEOC, etc.)	LM	Continue long term planning
7	Auxiliary	ML	Theft of funds	LL	Loss of revenue	LL	Ineffective damage control	LL	Inventory control	-	n/a	-	n/a
5	Financial Management	LH	Budget allocations	LL	Inventory control and depreciation	LM	Separation of duties	LL	Fraud, waste, and abuse	LL	TAF/SAF Compliance	-	n/a



Tennessee College of Applied Technology at Shelbyville  
Enterprise Risk Footprint  
February 2014

#	ACTIVITIES	RISKS											
		1	2	3	4	5	6						
1	Instruction	HM	Failure to meet community's workforce development needs	HM	Inadequate quality of instruction	HL	Noncompliance with FERPA/ADA	ML	Inability to attract and retain faculty	ML	Inadequate promotion & tenure process	ML	Inappropriate faculty credentials/behavior
2	Student Services	HL	Failure to comply with Fed, State, TBR, THEC, and COE Regulations	HL	Failure to comply with Federal Title IV and state guidelines for Financial Aid Administration	HL	Failure to comply with Federal Title VI, Title IX, and other federal guidelines	HL	Failure to comply with FERPA/ADA	HL	Non-compliance with Student Right-to-Know Act & Campus Security Act	ML	Failure to have and follow student disciplinary policies & procedures (student due process)
6	Institutional Support	HL	Failure to meet COE accreditation standards	HL	Inadequate preparedness for catastrophic events	ML	Abuse of power	ML	Excessive employee turnover / inadequate planning for transfer of knowledge due to attrition	ML	Failure to follow fed, state & other rules & regulations (IRS, TBR, ADA, EEOC, etc.)	ML	Improper /negligent hiring
5	Operation & Maintenance	HL	Inadequate preparedness for a catastrophic event such as a natural disaster or terrorism	ML	Failure to follow federal, state, and other rules and regulations (ADA, OSHA, EPA, etc.)	ML	Failure to maintain a clean and safe environment	ML	Failure to properly dispose of hazardous materials	ML	Inaccurate reporting of capital assets and physical facilities inventory.	ML	Inaccurate valuation of plant assets for state insurance coverage
3	Financial Management	ML	Failure to Comply with Federal Reporting Guidelines	ML	Failure to conduct background/reference checks for new employees	ML	Fraud, Waste, & Abuse	ML	Improper Documentation for Expenses and Revenue	ML	Improper Payments	ML	Improper Records Management
4	Information Technology	MM	Insufficient number of qualified staff	ML	Ineffective disaster recovery plan	ML	Ineffective IT staff training	ML	Ineffective lead institution support	ML	Ineffective planning and management of TAF	ML	Ineffective strategic planning and management

Tennessee College of Applied Technology at Shelbyville  
Enterprise Risk Footprint  
February 2014

#	ACTIVITIES		7		8		9		10		11		12		13
1	Instruction	ML	Inappropriate use 3rd party materials	ML	Insufficient professional development	ML	Low student retention	LL	Inconsistency of grading practices	LL	Inconsistent attendance reporting				
2	Student Services	ML	Inappropriate Employee Behavior	ML	Inconsistent application of published student policies & procedures-catalogs, student handbook.	ML	Ineffective student records management	ML	Lack of security of confidential student records	LL	Improper assessment & security of testing materials	LL	Ineffective enrollment processes		
6	Institutional Support	ML	Inadequate and/or inconsistent application of policies & procedures	ML	Inadequate campus security	ML	Inadequate fact-based decision making	ML	Inadequate internal audit/monitoring review process	ML	Inadequate or offensive external/internal communications	ML	Inadequate records management	ML	Inappropriate employee/volunteer behavior
5	Operation & Maintenance	ML	Inadequate energy conservation management	ML	Inadequate resources (staffing, supplies, equipment, facilities)	ML	Inadequately trained employees	ML	Inappropriate employee behavior	ML	Insufficient resources for physical plant renewals and replacements	ML	Insufficient routine/preventative maintenance	ML	Theft, abuse, waste
3	Financial Management	ML	Inaccurate benefit, deduction, & taxes	ML	Inaccurate Financial Reporting	ML	Inadequate Cash Management	ML	Inadequate Collection Procedures	ML	Inadequate external grant accounting	ML	Inadequate Inventory Control and Depreciation	ML	Inadequate preparedness of catastrophic events
4	Information Technology	ML	Ineffective user training	ML	Insufficient data security measures	ML	Insufficient network resources	ML	Insufficient network security	ML	Insufficient physical security of resources	ML	Insufficient servers and data storage	ML	Insufficient software license control and management







**Tennessee Board of Regents  
Committee on Audit**

**DATE:** March 11, 2014

**AGENDA ITEM:** **Review of Comptroller's Office Audit Reports**

**PRESENTER:** Tammy Birchett

**ACTION REQUIRED:** Informational Report

**STAFF'S RECOMMENDATION:** Accept Report

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**BACKGROUND INFORMATION:**

The Comptroller of the Treasury, Division of State Audit, under the authority of TCA 4-3-304, performs financial and compliance audits of each Tennessee Board of Regents university, community college and the system office. Universities are audited annually and community colleges and the system office are audited every other year. A description of the standards followed by the Comptroller's Office and the types of findings that may be reported follow this transmittal.

The Comptroller's Office also performs performance audits of the Tennessee Board of Regents and higher education operations, as needed.

The Committee will review audit reports received during the quarter; a summary of these reports is included.

**FINANCIAL AND COMPLIANCE AUDITS – NO FINDINGS**

East Tennessee State University  
— FYE June 30, 2013

Middle Tennessee State University  
— FYE June 30, 2013

Southwest Tennessee Community College  
— FYE June 30, 2011 and June 30, 2010

**FINANCIAL AND COMPLIANCE AUDITS – FINDINGS**

Austin Peay State University  
— FYE June 30, 2013

Tennessee Tech University  
— FYE June 30, 2012

PERFORMANCE AUDIT – FINDINGS

Tennessee Board of Regents  
— January 2014

NCAA – INTERCOLLEGIATE ATHLETIC PROGRAMS FYE 2012

Austin Peay State University

NCAA – INTERCOLLEGIATE ATHLETIC PROGRAMS FYE 2013

Austin Peay State University  
East Tennessee State University  
Middle Tennessee State University  
Tennessee State University  
Tennessee Tech University  
University of Memphis

STATUS SUMMARY FOR PREVIOUSLY REPORTED FINDINGS

Following the summary of reports is a summary on the status of previously reported Comptroller's Office findings for informational purposes. Internal Audit generally performs a follow-up review of Comptroller's Office findings within six months of issuance. A follow-up report is prepared and submitted to the Comptroller's Office and the Legislature's Office of Fiscal Review. An executive summary of each follow-up audit is included in the Audit Committee's quarterly materials.

**Standards followed by the Comptroller of the Treasury  
In Relation to Audits of Tennessee Board of Regents Institutions**

Audit reports issued for TBR institutions indicate that the Division of State Audit conducts audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in generally accepted government auditing standards. Standards generally accepted in the U.S. are generally the accounting standards issued by the Governmental Accounting Standards Board or Financial Accounting Standards Board of the American Institute of Certified Public Accountants. Generally accepted government auditing standards are those included in Government Auditing Standards, issued by the Comptroller General of the United States. The types of findings described below are based on the guidance provided in these standards.

**Types of Findings**

**Deficiencies in Internal Control<sup>1</sup>**

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

**Significant Deficiency<sup>1</sup>**

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

**Material Weakness<sup>1</sup>**

A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

*A finding normally results when auditors consider a deficiency in internal control to be a significant deficiency or a material weakness.*

**Instance of Non-Compliance Required to be Reported<sup>2</sup>**

When performing GAGAS financial audits, auditors should communicate in the report on internal control over financial reporting and compliance, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

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<sup>1</sup> Statement on Auditing Standard 115, *Communicating Internal Control Related Matters Identified in an Audit*, was effective for periods ending on or after December 15, 2009.

<sup>2</sup> The December 2011 Revision of Government Auditing Standards, issued by the Comptroller General of the United States, Government Accountability Office.

**Tennessee Board of Regents**  
**Audit Committee**  
**March 11, 2014**  
*Review of Comptroller's Office Audit Reports*  
*Financial and Compliance Audits—No Findings Reported*

<b>Institution</b>	<b>For the Years Ended</b>	<b>Fairness of Financial Statement Presentation</b>	<b>Report on Internal Control</b>	<b>Report on Compliance</b>	<b>Findings</b>
East Tennessee State University	June 30, 2013	Unmodified Opinion	No material weaknesses identified	No instances of noncompliance required to be reported	0
Middle Tennessee State University	June 30, 2013	Unmodified Opinion	No material weaknesses identified	No instances of noncompliance required to be reported	0
Southwest Tennessee Community College	June 30, 2011 and June 30, 2010	Unqualified Opinion	No material weaknesses identified	No instances of noncompliance required to be reported	0

**Tennessee Board of Regents**  
**Audit Committee**  
**March 11, 2014**  
*Review of Comptroller's Office Audit Reports*  
*Financial and Compliance Audits—Findings Reported*

<b>Institution</b>	<b>For the Year Ended</b>	<b>Fairness of Financial Statement Presentation</b>	<b>Report on Internal Control</b>	<b>Report on Compliance</b>	<b>Findings</b>
Austin Peay State University	June 30, 2013	Unmodified Opinion	Three findings were identified as material weaknesses	No instances of noncompliance required to be reported	3

**Finding 1 – As noted in the prior audit, the institution needs to improve its system of internal control for the preparation of the financial statements.**

Control deficiencies resulted in these significant reporting errors in the university's financial statements. The audited statements and notes as well as information included in MD&A were corrected.

- The unaudited statement of net position incorrectly reported unrestricted net position of \$4,159,484 as restricted net position – expendable for debt service.
- The Executive Director of University Advancement misclassified one of 14 endowments tested (7.1%) as a true endowment rather than a quasi-endowment. As a result, restricted nonexpendable net position was overstated and restricted expendable net position was understated by \$456,603 on the statement of net position at June 30, 2013.

**Management's Comment** – Management concurred and stated corrective actions include training in the areas noted, internal meetings on new accounting pronouncements and review and adjustment to the year-end financial statement preparation schedule to allow more time for review.

**Finding 2 – The university did not properly report gifts pledged to its foundation.**

- The Office of University Advancement did not include a pledge with a future start date in its listing of outstanding pledges, resulting in a pledge of \$330,000 annually for life beginning in 2016 not being reported. As a result, pledges receivable and gifts and contributions revenue were understated by \$2,486,273, the discounted present value of the gift.
- A gift of \$10,000,000, placed in an irrevocable trust in the foundation's name to be paid upon the donor's death, was not reported in the financial statements and included as a bequest rather than an irrevocable trust. As a result, pledges receivable and additions to permanent endowments were understated by \$5,050,680, the discounted present value of the gift.
- One of six pledges receivable tested (16.7%) had been paid by the donor prior to June 30, 2013. Because the pledge was paid with a land donation instead of cash, the Office of University Advancement did not reduce the receivable, causing the pledges receivable and gifts and contributions to be overstated by \$167,195.

**Management's Comment** – Management concurred and stated review by the Office of University Advancement and the Assistant Vice President of Finance will be performed to ensure all pledges are accurately presented.

**Tennessee Board of Regents**  
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*Financial and Compliance Audits—Findings Reported*

**Finding 3 – The university did not provide adequate information technology controls over the Banner computer system.**

Management allowed four conditions that were in violation of university policy and/or industry-accepted best practices. The lack of proper information technology controls across the university's computing environment increases the risk of unauthorized system activity, including fraud or error. Specific vulnerabilities were not identified to protect the university from exploitation of the university's systems.

**Management's Comment** – Management concurred with the finding and is in the process of identifying and implementing a corrective action plan to address the items detected by State Audit.

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

**Tennessee Board of Regents**  
**Audit Committee**  
**March 11, 2014**  
*Review of Comptroller's Office Audit Reports*  
*Financial and Compliance Audits—Findings Reported*

<b>Institution</b>	<b>For the Year Ended</b>	<b>Fairness of Financial Statement Presentation</b>	<b>Report on Internal Control</b>	<b>Report on Compliance</b>	<b>Findings</b>
Tennessee Technological University	June 30, 2012	Unqualified Opinion	No material weaknesses identified	No instances of noncompliance required to be reported	2

**Finding 1 – The university did not routinely compare commission receipts with the food services contract to ensure compliance, resulting in the university not recording revenues of approximately \$825,000 over the course of four years.**

The vendor contract providing food services gives the university the right to collect a commission on the funds collected. For the fiscal year ended June 30, 2012, the fourth year of the contract, auditors found the calculations were not made in accordance with the terms of the contract. As a result, the vendor did not remit \$825,900 that the university earned during the first four years of the contract. Revenues for fiscal year ended June 30, 2012 were understated by \$235,203. Revenues for the previous three fiscal years were understated by \$590,697. An audit adjustment was made to increase beginning net assets and to recognize a receivable for \$825,900 and the understated revenue for the year ended June 30, 2012.

**Management's Comment** – Management concurred and indicated procedures have been put into place to provide contract monitors with the most recent contracts available. Also, commissions in addition to the guarantee will be calculated using a software program, RevenueVision. Arrangements were made with the vendor to collect the additional commissions.

**Finding 2 – The university did not provide adequate access controls over the Banner computer system, which increased the risk of fraud or error.**

Management allowed two conditions in violation of university policy and/or industry-accepted best practices. The lack of proper information technology controls across the university's computing environment increases the risk of unauthorized system activity, including fraud or error. Specific vulnerabilities were not identified to protect the university from exploitation of the university's systems.

**Management's Comment** – Management concurred and is implementing a corrective action plan. The risks noted in the finding have been documented in the university's risk assessment, including controls that mitigate the risks and identifies the staff responsible for those controls.

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



**Tennessee Board of Regents**  
**Audit Committee**  
**March 11, 2014**  
*Review of Comptroller's Office Audit Reports*  
*Performance Audit—Findings Reported*

**Performance Audit – January 2014**

**Introduction** – The Comptroller's Office conducted a performance audit of the Tennessee Board of Regents under Section 4-29-111 of *Tennessee Code Annotated*, the Governmental Entity Review Law, to aid the Joint Government Operations Committee of the General Assembly in determining whether the Tennessee Board of Regents should be continued, restructured, or terminated. The board is scheduled to terminate June 30, 2014; in a hearing on February 10, 2014, the Committee recommended continuing the TBR system for four years.

**Findings**

**1 – The Office of System-wide Internal Audit has not conducted audits of funding formula data submitted by Tennessee Board of Regents institutions.**

**2 – Tennessee Board of Regents universities need to develop monitoring systems to ensure that transfer students obtain all allowable college credit for all transferable courses.**

**3 – Not all Tennessee Transfer Pathways have been put in place, as required by the Complete College Tennessee Act of 2010.**

**4 – TBR institutions need to improve how they publicize the Tennessee Transfer Pathways (TTP) on their websites.**

**5 – Not all required dual-admission agreements between universities and community colleges are in place.**

**6 – Tennessee Board of Regents universities and community colleges have not included General Counsel recommended provisions in foundation agreements.**

**7 – The foundations affiliated with the Tennessee Board of Regents universities and community colleges failed to disclose in-kind services provided by those institutions.**

**8 – Tennessee Board of Regents institutions have emergency preparedness plans, but additional steps should be taken to ensure campus community safety.**

**9 – Because the background checks for housing staff applicants conducted by the Tennessee Board of Regents universities are not based on fingerprint submissions and fingerprint procedures are not consistent with statute, the General Assembly may wish to consider amending the statute to clarify the type of background check and fingerprint procedures the universities should require.**

**Tennessee Board of Regents**  
**Audit Committee**  
**March 11, 2014**  
*Review of Comptroller's Office Audit Reports*  
*Performance Audit—Findings Reported*

**Summary of Management's Comments:** Management concurred with all of the findings except numbers 4 and 9; for these issues, management concurred in part. For Finding 4, management did not agree that the campus homepage is the appropriate location for the Tennessee Transfer Pathways link to appear and believes the better placement would be in locations where perspective or current students might search for information related to transferring courses. For Finding 9, management did not agree that TBR's interpretation of the statute, *Tennessee Code Annotated*, Section 49-7-149, is incorrect regarding the use of vendor-provided background checks instead of TBI or FBI background checks from fingerprints.

For each of the findings, management has implemented corrective actions to address the matters noted by the auditors and is monitoring the corrective actions routinely to ensure the matters are resolved.

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

**Tennessee Board of Regents**  
**Audit Committee**  
**March 12, 2013**  
*Review of Comptroller's Office Audit Reports*  
*NCAA Agreed-Upon Procedures Review*

**Review of Certain Agreed-upon Procedures Related to the Statement of Revenues and Expenses of the Intercollegiate Athletic Programs**

The Comptroller of the Treasury, Division of State Audit, performs certain agreed-upon procedures each year to determine compliance with the National Collegiate Athletic Association's financial reporting requirements (NCAA Bylaw 3.2.4.16). The review includes certain procedures to determine the accuracy of information presented in each institution's Statement of Revenues and Expenses of the Intercollegiate Athletics Programs and the related Notes to that statement.

The auditors noted that amounts on the statements (1) agreed or reconciled to supporting records; (1) did not agree and were corrected; or (3) did not agree, but were not material and not corrected. Misstatements noted below were adjusted by the auditors. No other significant, unexplained or unusual matters were included in the reports.

For the year ended June 30, 2012:

**Austin Peay State University**

- Foundation funds totaling \$208,800 were misclassified by personnel but corrected for the final schedule.

For the year ended June 30, 2013:

**Austin Peay State University**

- Royalties, advertisements and sponsorship revenues included errors of unspecified amounts where revenues were recorded twice, misclassified as to type and one item that was not athletics related.
- Some endowment contributions were improperly reported as endowment income.
- Any significant differences in operating expenses were corrected.

**East Tennessee State University** – None

**Middle Tennessee State University** – None

**Tennessee State University** – None

**Tennessee Tech University** – None

**University of Memphis**

- Immaterial differences in indirect facilities and administrative support expenses and revenue were revised.

**TBR SWIA -- State Audit Finding Status Summary**

(Reports sorted by Date of Final Report)

Institution	Date of Final Report	Finding	Responsible Unit	Follow-up Review Scheduled	Follow-up Review Completed	Status of Finding
APSU FY2013	1/2/2014	<b>Finding 1 of 3:</b> The university needs to improve its system of internal control for the preparation of the financial statements.	Vice President for Business and Finance and Assistant Vice President of Finance	5/1/14		
APSU FY2013	1/2/2014	<b>Finding 2 of 3:</b> The university did not properly report gifts pledged to its foundation.	Executive Director of University Advancement and Assistant VP of Finance	5/1/14		
APSU FY 2013	1/2/2014	<b>Finding 3 of 3:</b> The university did not provide adequate information technology controls over the Banner computer system.	Director of Information Technology	5/1/14		
TTU FY2012	11/22/2013	<b>Finding 1 of 2:</b> The university did not routinely compare commission receipts with the food services contract to ensure compliance, resulting in the university not recording revenues of approximately \$825,000 over the course of four years.	Vice President for Business and Planning	3/1/14		
TTU FY 2012	11/22/2013	<b>Finding 2 of 2:</b> The university did not provide adequate access controls over the Banner computer system, which increased the risk of fraud or error.	Chief Information Officer	3/1/14		
APSU FY 2012	8/19/2013	<b>Finding 1 of 3:</b> The university needs improved preparation and review procedures to prevent errors in its financial statements.	Executive Director of University Advancement, VP of Business and Finance and Assistant VP of Finance	3/14/14		
APSU FY 2012	8/19/2013	<b>Finding 2 of 3:</b> The Office of University Advancement did not maintain adequate documentation to support the classification of endowments for the university.	Vice President of Business and Finance and Assistant Vice President of Finance	3/14/14		
APSU FY 2012	8/19/2013	<b>Finding 3 of 3:</b> The Student Financial Aid Office did not always perform Title IV return-of-funds calculations, did not always properly verify documents, incorrectly awarded Title IV funds, and did not always comply with satisfactory academic progress policies, resulting in federal questioned dollars of \$4,486.50.	Director of Student Financial Aid and Veterans Affairs	3/14/14		
VSCC FY 2011-2012	7/31/2013	<b>Finding 1 of 1:</b> As noted in the prior audit, the college did not ensure the foundation properly classified endowment net assets.	Accounting Management Staff	12/1/13	11/27/13	Actions Completed

**TBR SWIA -- State Audit Finding Status Summary**

(Reports sorted by Date of Final Report)

Institution	Date of Final Report	Finding	Responsible Unit	Follow-up Review Scheduled	Follow-up Review Completed	Status of Finding
TSU FY 2012	7/9/2013	<b>Finding 2 of 5:</b> The university failed to provide adequate access controls over the Banner computer system, which increased the risk of fraud or error.	Vice President for Administration	11/1/13	10/15/13	Actions Completed
TSU FY 2012	7/9/2013	<b>Finding 3 of 5:</b> The university did not assess and mitigate the risks associated with inappropriate user access to information systems, increasing the risk of fraudulent activity.	Vice President for Administration	11/1/13	10/15/13	Actions Completed
TSU FY 2012	7/9/2013	<b>Finding 4 of 5:</b> Management has not assessed and mitigated the risks associated with its failure to develop written policies and procedures over information systems.	Vice President for Administration	11/1/13	10/15/13	Actions Completed
TSU FY 2012	7/9/2013	<b>Finding 5 of 5:</b> Both the employee and employer portions of insurance premiums charged in the payroll system have conflicted with actual remittances to the state's Division of Benefits Administration.	Vice President of Business and Finance	11/1/13	10/15/13	Actions Completed
MSCC FY 2011-2012	6/26/2013	<b>Finding 1 of 1:</b> As reported in the previous two audits, the college needs improved preparation and review procedures to prevent errors in its financial statements.	Vice President for Business Affairs	4/1/14	1/24/14	Actions Completed
RSCC FY 2010-2011	9/14/2012	<b>Finding 1 of 1:</b> The college did not ensure the foundation properly classified net assets and included all required disclosures.	Foundation Coordinator	I. 11/30/12 II. 11/30/13	I. 11/30/12 II. 10/23/13	Actions Completed
RSCC Foundation FY 2010-2011	9/14/2012	<b>Finding 1 of 1:</b> The foundation did not properly classify net assets and did not include all required disclosures.	Foundation Coordinator	I. 11/30/12 II. 11/30/13	I. 11/30/12 II. 10/23/13	Actions Completed

**Status Legend:**

- No Progress** - Management has not implemented the actions stated in their response to this finding.
- In Progress** - Management has implemented some, but not all, of the the actions stated in their response to this finding.
- Actions Completed** - Management has implemented the actions stated in their response to this finding.

**Tennessee Board of Regents  
Committee on Audit**

**DATE:** March 11, 2014

**AGENDA ITEM:** **Review of Internal Audit Reports**

**PRESENTER:** Tammy Birchett

**ACTION REQUIRED:** Informational Report

**STAFF'S RECOMMENDATION:** Accept Report

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**BACKGROUND INFORMATION:**

The following internal audit reports were completed during the quarter; an executive summary of each report is attached. The first group listed will be reviewed with the committee. The other reports will not be reviewed unless the members have questions or comments about the reports.

**Internal Audit Reports for Review with the Committee**

TTU	Personnel	Page 2
NeSCC	Academic Advising	Page 3
VSCC	International Education Fee	Page 4

**Internal Audit Reports for Informational Purposes**

ETSU	Mobile Device Security	Page 6
ETSU	IT Governance	Page 7-8
ETSU	WETS-FM Radio	Page 9
ETSU	Procurement Card Program	Page 10
MTSU	Football Attendance Fall 2013	Page 11
ChSCC	Equipment	Page 12
ChSCC	Food Services	Page 13
CISCC	NACHA Operating Rules	Page 14
NeSCC	Data Security	Page 15-16
PSCC	Faculty Credentials	Page 17
TCAT Covington	Focused Operational Review	Page 18
TCAT Crossville	Focused Operational Review	Page 19
TCAT Hohenwald	Focused Operational Review	Page 20
TCAT Oneida	Focused Operational Review	Page 21
TCAT Shelbyville	Focused Operational Review	Page 22

### **Internal Audit Follow-Up Reports for Informational Purposes**

TTU	Follow-Up to State Audit FYE 2011-12	Page 24
UOM	Follow-Up to Sponsored Agreements Research	Page 25
UOM	Follow-Up to Athletics Gifts-In-Kind	Page 26
MSCC	Follow-Up to State Audit FYE June 30, 2011 and 2012	Page 27
CoSCC	Follow-Up to State Audit FYE June 30, 2011 and 2012	Page 28
VSCC	Follow-Up to State Audit FYE June 30, 2011 and 2012	Page 29

### **Internal Audit Investigations for Informational Purposes**

MTSU	Allegation of Unauthorized Removal of Topsoil	Page 31
TSU	Falsification of Travel Expenses by Graduate Assistant	Page 32
TSU	Allegation of IT Mismanagement	Page 33
TSU	Allegation of Nursing Student Misconduct	Page 34
UOM	Time Reporting Issues in Physical Plant	Page 35
UOM	Time Reporting in Physical Plant	Page 36-37
UOM	Misuse of Procurement Policies in Physical Plant	Page 38
UOM	Possible Alteration of Documents for Meal Expenses	Page 39
ChSCC	Enrollment Services Center Employee Incident	Page 40-41

### **Status Summary for Previously Issued Internal Audit Reports**

Following the executive summaries of internal audit reports is a summary on the status of previously reported Internal Audit findings and observations as of January 31, 2014. Campus auditors will 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.

**Tennessee Board of Regents  
Audit Committee  
March 11, 2014**

***Internal Audit Reports  
To be Reviewed with the Audit Committee***



**TENNESSEE TECH UNIVERSITY**  
**Personnel**  
**July 3, 2013**  
**Executive Summary**

**Key Staff Persons:** Interim Co-Directors of Human Resources

**Auditor:** Assistant Director of Internal Audit

**Introduction:** This audit covered Personnel operations for fiscal year 2012-13.

**Objectives:** The objective of the Personnel audit was to determine that TTU policies and procedures and personnel operations are in compliance with TBR and other applicable regulations.

**Total Questioned Costs/Losses:** None

**Total Recoveries:** NA

**Findings**

**Finding 1: Policy Revisions.** Several sections of the TTU Human Resources written policies and procedures need to be updated.

**Finding 2: Employment Contracts.** Of 33 new hires reviewed, 8 had signed the employment contract after their employment date.

**Finding 3: Employment Eligibility Verification (I-9's).** Of 33 new hires reviewed, 4 of the I-9's were signed after the hire date.

**Finding 4: Telecommuting.** Four of five employees who were telecommuting did not have an approved telecommuting agreement on file.

**Finding 5: Application Procedures.** The successful candidate for a faculty position had not completed the application procedure as required.

**Finding 6: Limited English Proficiency Postings.** The Limited English Proficiency postings had not been distributed and displayed as required.

**Finding 7: Discrimination and Harassment Complaints.** Notice of delays in completion of investigation reports is not always made in writing as required.

**Finding 8: Non-Discrimination Notice.** The non-discrimination policy has not been included in all TTU publications as required.

**Conclusion:** Management has taken or will take appropriate action to correct the findings.

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

**Northeast State Community College**  
**Academic Advising**  
**Fiscal Year Ending June 30, 2013**  
**Executive Summary**

<b>Key Staff Person:</b> Allana Hamilton, Kathy Coleman	<b>Auditor:</b> Shane Lewis
<p><b>Introduction:</b>  An audit of the academic advising process at Northeast State Community College was conducted according to the Annual Audit Plan. The audit focused largely on assessing the process by which academic advising is provided and substantiated to students at Northeast State as well as evaluating the commitment and availability of academic advisement resources to both new and existing Northeast State students.</p>	
<p><b>Objectives:</b>  The main objective of the audit was to evaluate the academic advisement process at Northeast State in terms of how and to whom academic advisement is provided, the means by which academic advising is documented and communicated, and the measures taken to ensure that academic advisors receive the proper training and updates necessary to enable them to provide accurate and useful guidance advisement to students.</p>	
<b>Total Questioned Costs or Losses:</b> None	<b>Total Recoveries:</b> Not Applicable
<p><b>Observations:</b></p> <ol style="list-style-type: none"> <li>1. There is no common central repository for storing and sharing academic advising information previously provided to students that can be readily accessed by both Academic Affairs and Student Affairs advisors. Limited or inefficient access to academic advising information previously provided to students increases the potential for errors, inconsistencies, and duplication in the advising process and creates a potential break in the continuum of the academic advisement of a student.</li> <li>2. Faculty advisors are given the responsibility for maintaining their own academic advising records in the manner and fashion in which they choose. This makes it unclear how well the institution is meeting TBR record retention guidelines relating to academic advisor files and also makes it more difficult to hold faculty accountable for their academic advising function and for validating the extent and the quality of the academic advising being provided by the faculty. Given the increased emphasis being placed by the institution on academic advising initiatives, it appears that more emphasis should also be placed upon ways to measure and evaluate faculty commitment and performance with respect to academic advising.</li> <li>3. Academic Advising is not a pre-requisite for student registration at Northeast State. It is strongly encouraged, but not required, and would likely require additional resources to enact such a requirement. At the time of testwork, the school was considering making academic advising a pre-requisite for Spring 2014 priority registration for certain student subgroup(s) considered to be more at-risk for failure to complete and was assessing the feasibility of implementing that requirement. The school subsequently decided to implement a pilot program in the Fall of 2013 which would require academic advisement as a pre-requisite for Spring 2014 priority registration for a defined subgroup of students considered to be more at-risk for failure to complete. Results of that pilot program will be analyzed by management and the degree of success evaluated.</li> </ol>	
<p><b>Audit Conclusion:</b>  The College shows a very strong commitment to the academic advising function and views it as a primary means to help its students succeed. This commitment appears to be in line with the CCTA of 2010 and TBR initiatives which have an increased focus on student outcomes. The observations and recommendations in this review suggest ways to improve and further benefit from an already proven and unified commitment by faculty and staff to the success of its students. In its responses, management has indicated it's concurrence with the observations and recommendations contained within this report, and is already taking steps to address them. The objectives of the audit were met.</p>	

**Volunteer State Community College  
Audit of International Education Fee  
For the July 1, 2012 - June 30, 2013  
Executive Summary**

<b>Responsible Department</b> Business Division, Office of International Education	<b>Auditor</b> Nancy Batson
<b>Objective</b> <ul style="list-style-type: none"> <li>▪ To determine controls over the International Education Fee.</li> <li>▪ To determine that revenue is properly recorded to the General Ledger.</li> <li>▪ To review expenditures and determine that expenditures are made within policy and guidelines.</li> <li>▪ To make recommendations for correcting deficiencies or improving operations.</li> </ul>	
<b>Results and Recommendations</b> <p>The TBR Policy for Development and Operation of Off-Campus International Educational Programs (Policy 2-08-10-00) states that the institution shall maintain a reserve/contingency fund for responding to emergencies and unforeseen problems in international programs. The Coordinator of International Education allocates \$20,000 of the annual International Education budget to emergency reserve, but the allocation is not recorded in Banner system. <b>Recommendation: Management should record the emergency reserve allocation in the International Education Fee fund.</b></p> <p>The Director of International Education and the Coordinator of International Education are not included in the membership of the International Education standing committee. The committee Ex-Officio members include the Vice President of Academic Affairs, Director of Student Life and Diversity, and the Director of Grants. <b>Recommendation: Management should consider adding the Director of International Education and the Coordinator of International Education as Ex-Officio members of the International Education Committee.</b></p> <p>Students participating in faculty-led trips each contributed \$500.00 to the College for travel expenses. These payments were posted in a Class Trip Fee restricted fund, but the money was not applied to the travel expenses. <b>Recommendation: Management should ensure that student payments for travel are applied to the international education expenses.</b></p> <p>Reimbursements were made for spouses or personal guests of employees attending a business dinner; however, the College's Purchase of Business Meals and Events policy does not address a spouse or personal guests attending a business meal. The policy states that expenses may be incurred only for those individual whose presence is necessary to the business discussion. Although it appears reasonable that a spouse may attend a dinner when hosting or entertaining an international guest; it is not addressed in the Purchase of Business Meal and Events policy, nor on the Meal Reimbursement Request Form. <b>Recommendation: Management should consider addressing the attendance of a spouse or personal guest at a business meal and whether they contribute to the guest entertainment in the Purchase of Business Meals and Events policy. Management should also consider how this information should be disclosed on the Meal Reimbursement Request Form and whether any additional approvals are needed beyond the applicable Vice President.</b></p> <p>There are no expense or activity reporting requirements for the International Education fund. Regardless, the Coordinator should review the fund transactions for correctness. <b>Recommendation: Management should reconcile the expenses in the Banner accounting system to ensure the accuracy of the fund.</b></p> <p>Travel, meal, and operating expenses appear to be in compliance with policies and incurred for the purpose of the International Education program. Errors noted during the review were discussed with Management.</p>	
<b>Conclusion</b> <p>Except as noted above, the College appears to operate the International Education program in accordance with policy. Management should consider the Recommendations regarding the emergency reserve allocation, committee membership, student payments, the business meal policy, and expense reconciliation in order to improve the program operations.</p>	

**Tennessee Board of Regents  
Audit Committee  
March 11, 2014**

*Internal Audit Reports  
For Informational Purposes*

**East Tennessee State University  
Mobile Device Security  
For the Period of September 1 to December 10, 2013  
Executive Summary**

<p><b>Title of Key Staff Person:</b> OIT Associate Vice President/CIO</p>	<p><b>Auditor:</b> Richard Scheuch, CISSP</p>
<p><b>Background:</b></p> <p>An audit of East Tennessee State University’s Mobile Device Security was conducted by the Office of Internal Audit in accordance with the annual audit plan.</p>	
<p><b>Objectives:</b></p> <p>The objectives of the audit were to assess whether policies have been defined to support a controlled implementation of mobile devices; assure that risks associated with mobile computing are thoroughly evaluated and that security risk is minimized; ensure that mobile devices are managed and secured according to the risk of data loss; ensure that access control rules are established for mobile device types; determine whether mobile computing will not be disrupted by malware nor will malware be introduced by mobile devices; and assess whether employees, contractors, and students utilizing mobile devices receive initial and ongoing training relative to the mobile devices they use.</p>	
<p><b>Total Questioned Costs/Losses:</b> None</p>	<p><b>Total Recoveries:</b> N/A</p>
<p><b>Audit Results:</b></p> <p>There were no findings in this audit. The Office of Information Technology has implemented Bring Your Own Device (BYOD) security processes, including password complexity, idle device locking and remote erasure. Furthermore, authentication via the Active Directory and Banner provide role-based access security. In addition, wireless network access implements encryption technology as data is transmitted over the air. OIT is investigating mobile device management technology to enhance its present mobile security strategy.</p>	

**East Tennessee State University  
Information Technology Governance Committee Audit  
For the Period January 1 to September 30, 2013  
Executive Summary  
Page 1 of 2**

<p><b>Title of Key Staff Person:</b> Chairman of the ITGC (Vice President of Finance and Administration), OIT Associate Vice President/CIO</p>	<p><b>Auditor:</b> Richard Scheuch, CISSP</p>
<p><b>Background:</b>  An audit of East Tennessee State University’s Information Technology Governance Committee (ITGC) was conducted by the Office of Internal Audit in accordance with the annual audit plan.</p>	
<p><b>Objectives:</b>  The objectives of the audit were to assess whether information technology (IT) governance sustains and supports the institution’s strategies and objectives; to perform a general review of the IT governance structures in order to gain an understanding of the IT governance program, related policies, and procedures; to ensure that the ITGC activities meet basic governance expectations; and to assess risks that may adversely affect the IT environment.</p>	
<p><b>Total Questioned Costs/Losses:</b> None</p>	<p><b>Total Recoveries:</b> N/A</p>
<p><b>Audit Results and Conclusion:</b>  Based on the audit conducted, it appears that ITGC performs in a manner such that the goals stated in the policy are being met and are effective in implementation of the principles set down in the strategic plan of the Office of Information Technology. The objectives of the audit were met. There were no findings as a result this audit. There were, however, several observations which are duly noted below.</p> <p><b>Observation 1:</b>  Although the reporting structure is different than published policies, the decisions that require approval of the President are not hindered in being addressed. As a member of the President’s Senior Staff, the Vice President for Finance and Administration represents the ITGC to ensure decisions that require approvals of the President are properly addressed.</p> <p><b>Recommendation 1:</b>  Management should ensure that the actual reporting structure is properly reflected in published structure policies.</p> <p><b>Management’s Response 1:</b>  We concur with the observation and recommendation. We will update the structure to reflect the actual reporting structure.</p>	

**East Tennessee State University**  
**Information Technology Governance Committee Audit**  
**For the Period January 1 to September 30, 2013**  
**Executive Summary**  
**Page 2 of 2**

**Observation 2:**

The ITGC policy posted on the ETSU website was created in January 1998 and revised in July 2001. Due to numerous changes in the University's administrative offices, the policy needs to be updated. The policy contains the actual names of individuals as opposed to their titles. Many of these individuals are no longer employed by the University.

**Recommendation 2:**

Based on the age of the current ITGC policies, management needs to review and updated the current ITGC policy as deemed necessary.

**Management's Response 2:**

We concur with the observation and recommendation. We will begin an update of the current ITGC policy to be completed by the end of December.

**Observation 3:**

During the course of the audit, it was mentioned that several times a year issues arise relative to the Research Technology area regarding access to the network from "antiquated equipment". Having a member from Research Technology on the ITGC would provide voice on the committee as well as being part of first-hand discussions into their requirements, especially the risks involved in such access using outdated equipment to connect to the Internet.

**Recommendation 3:**

Management should consider adding a member of Research Technology to the ITGC.

**Management's Response 3:**

We concur with the observation and recommendation. A separate research subcommittee will be established as part of the ITGC structure to provide regular reports. In addition, the Vice Provost for Research and Sponsored Programs will be added as a permanent member to the ITGC.

**East Tennessee State University**  
**WETS-FM Radio**  
**For the Period July 1, 2012 to June 30, 2013**  
**Executive Summary**

<p><b>Key Staff Person:</b> Wayne Winkler, Director, WETS-FM Radio Station</p>	<p><b>Auditor:</b> Martha Stirling, Internal Auditor</p>
<p><b>Background</b>  A financial statement audit for WETS-FM radio was performed to determine the fair presentation of the financial statements for FY 2013 as required by the Corporation for Public Broadcast (CPB).</p>	
<p><b>Objectives</b></p> <ol style="list-style-type: none"> <li>1. To determine the accuracy of the existing system of internal control.</li> <li>2. To determine the fairness of financial presentation.</li> <li>3. To determine accuracy and completeness of financial records, and compliance to University policies and procedures.</li> <li>4. To determine if the Station is in compliance with CPB regulations and to certify the CPB Annual Financial Report.</li> <li>5. To produce audited reports for CPB reporting purposes.</li> </ol>	
<p><b>Total Questioned Costs or Losses:</b> None</p>	<p><b>Total Recoveries:</b> Not Applicable</p>
<p><b>Findings</b> None</p>	
<p><b>Observations</b> None</p>	
<p><b>Audit Conclusion</b>  The audit report for WETS-FM radio was issued with an unqualified opinion. The financial statements appeared to fairly present the financial position of the radio station as of June 30, 2013. The results of audit tests disclosed no instances of noncompliance with certain provisions of laws, regulations, contracts and grants which could have a direct and material effect on the financial statement amounts. No material weaknesses were found involving the internal control over financial reporting and operations of WETS-FM.</p>	



**East Tennessee State University  
Procurement Card Program  
For the Period from January – May 2013  
Executive Summary**

<b>Responsible Department:</b> Procurement & Contract Services		<b>Auditor:</b> Martha Stirling
<p><b>Background:</b> The procard program, administered by Procurement &amp; Contract Services (Procurement), was developed to streamline the procurement process of routine purchases less than \$5,000. The program utilizes Visa-based procurement cards (procard) as the payment-processing medium. Cardholders use their Procard in lieu of purchase orders much the same as an individual uses a personal credit card as opposed to writing checks or paying cash. An audit was conducted of the procard program in accordance with the annual audit plan. The sample contained 209 different accounts and consisted of 1,310 transactions totaling \$611,220.30.</p>		
<p><b>Objectives:</b></p> <ol style="list-style-type: none"> <li>1. To evaluate the adequacy of the internal controls over procurement cards.</li> <li>2. To determine compliance with university and TBR policies and procedures.</li> <li>3. To make recommendations for correcting deficiencies or improving operations.</li> </ol>		
<b>Total Questioned Costs/Losses: \$328.33</b>		<b>Total Recoveries: \$187.71</b>
<p><b>Observation:</b> During Fiscal Year 2010, five employees in various departments were issued procards from a summer session innovative program account. This account was used to support innovative course offerings. According to the Director of Summer and Winter Sessions, funds were available for use by the procard holders only in Fiscal Year 2010. These procards cards were not cancelled until 2013. Procurement should establish proper internal controls to ensure that procards, which are needed on a temporary basis, are promptly cancelled. Management should consider monitoring temporary procards in a similar manner as procards issued from grant accounts.</p>		
<p><b>Finding:</b> The audit revealed several charges which violated procurement card policies and/or ETSU financial procedures. According to the Procard Manual, several purchases are not allowed using a procard including such things as advertisement, personal computational devices, animals, and personal purchases. Failure to adhere to university policies could result in misuse of state or grant funds. Even though the total amount of unallowable procard expenditures was minimal in relation to the total expenditures tested, a few items were classified as questioned costs. In addition, proper approvals were not obtained on all monthly procard statements. During the course of the audit, 424 monthly procard statements were reviewed to ensure proper approvals were obtained. The review of monthly procard statements revealed the following discrepancies:</p> <ul style="list-style-type: none"> <li>• Eighty-nine of the procard statements (21%) were neither signed nor initialed by the reviewer. In addition, seventy-three statements (17%) were initialed rather than signed. According to Procurement, signatures of the reviewer rather than initials are now required on the monthly procard statements effective December 2011.</li> <li>• One hundred eighteen of the monthly procard statements (28%) were not dated by the approver.</li> <li>• Four of 424 monthly procard statements (1%) could not be found by the cardholder.</li> </ul>		
<p>Both Procurement and department heads should take appropriate steps to ensure monthly procard statements and receipts are properly approved.</p>		
<p><b>Audit Conclusions:</b> Based on the quantity of transactions tested, minimal discrepancies were discovered. Overall, it appears the procard program operates effectively and efficiently. The audit objectives were met.</p>		

**Middle Tennessee State University**  
**Audit of Football Ticket Sales and Paid Attendance**  
**For Fall 2013**  
**Executive Summary Report**

**Background:**

The National Collegiate Athletic Association (NCAA) has established football attendance requirements which an institution shall meet to be a member of Division I Football Bowl Subdivision. The football attendance requirement must be met once every two years on a rolling basis and must average at least 15,000 in actual or paid attendance for all home football games. The NCAA requires the football attendance to be verified annually by audit.

**Objectives:**

To verify that football ticket sales and paid attendance for the 2013 football season were reported in accordance with NCAA criteria for paid attendance for Division I Football Bowl Subdivision.

**Scope:**

The audit scope included all tickets sales and attendance for the home football games for the fall 2013 season. The audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*, issued by the Institute of Internal Auditors and accordingly included tests of the accounting records and such other auditing procedures considered necessary.

**Observations:**

The audit revealed compliance with the NCAA criteria for calculating paid attendance and no material discrepancies were noted with the ticket sales reports and the supporting documentation. Ticket sales revenue was agreed to the accounting records. The audit report contains no findings or recommendations. Below are the details of the calculation of average football paid attendance per NCAA criteria for fall 2013.

Ticket Type	MTSU vs Western Carolina	MTSU vs Memphis	MTSU vs East Carolina	MTSU vs Marshall	MTSU vs FIU	MTSU vs UTEP	Total Paid Attendance
Season Tickets	5,676	5,676	5,676	5,676	5,676	5,676	34,056
Reserved	268	993	720	670	152	110	2,913
Endzone Reserved	54	145	87	125	37	13	461
General Admission	811	1,415	708	1,488	336	466	5,224
Group/Student Guest	2,323	4,476	4,526	2,662	14,422	7,998	36,407
Student Gate	4,551	2,974	2,390	1,809	725	190	12,639
Band Members	334	333	332	334	334	333	2,000
Totals	14,017	16,012	14,439	12,764	21,682	14,786	93,700
<b>Average Football Paid Attendance Per NCAA Criteria for Fall 2013</b>							<b>15,617</b>

**Audit Conclusions:**

The football ticket sales and paid attendance for fall 2013 appear to be reported in compliance with the NCAA criteria. The average paid attendance for 2013 home football games was 15,617 which exceeds the NCAA Division I Football Bowl Subdivision attendance requirement of 15,000 that must be met once every two years for all home football games.

Chattanooga State Community College  
 Audit of Equipment  
 Fiscal Year Ended June 30, 2013  
 Executive Summary

<b>Key Staff Personnel</b>	Luke Kilburn - Systems Accountant; Kathy Streetman - Data Coordinator; Nora Burke – Supervisor, Computer Projects	<b>Internal Auditor</b>	W. Jude Weidner Audit Specialist
<b>Introduction</b>	An internal audit of Equipment for the fiscal year ended June 30, 2013 was conducted by the Chattanooga State Community College (ChSCC) Internal Audit department. The value of ChSCC’s equipment at June 30, 2013 was \$14,865,069. This total was comprised of ChSCC - \$11,943,837, Tennessee College of Applied Technology (TCAT) - \$2,649,782, and Works of Art - \$271,450. ChSCC’s capitalization policy requires a threshold of \$5,000. Insurance is provided through the State of Tennessee’s Department of Risk Management.		
<b>Objectives</b>	<ul style="list-style-type: none"> <li>• To determine the effectiveness of internal controls over capitalized and sensitive equipment.</li> <li>• To determine whether equipment purchases were properly authorized, recorded, identified, tagged and tracked as required by TBR and ChSCC policies and procedures.</li> <li>• To determine whether detailed property records (equipment subsidiary ledgers) were reconciled to the general ledger.</li> <li>• To determine whether equipment reflected in the balance sheet physically exists and equipment records are accurate and complete.</li> <li>• To determine whether equipment deletions are identified timely and recorded correctly as to account, amount and period.</li> </ul>		
<b>Conclusion</b>	ChSCC’s capitalized and sensitive equipment have been accounted for in accordance with TBR and ChSCC policies and procedures. However, Internal Audit noted opportunities for improvement for which we have made five recommendations.		
<b>Recommendations</b>	<p>Based on the performed audit procedures, Internal Audit recommends:</p> <ul style="list-style-type: none"> <li>• Business Office management should modify the program script which generates the Banner Inventory List to achieve a more accurate and efficient reconciliation of equipment to the general ledger.</li> <li>• Bar code technology should be considered for sensitive equipment to achieve greater inventory management efficiencies.</li> <li>• Instances of stolen property reported by Campus Police should be reported to Internal Audit in accordance with TBR Guideline B-080.</li> <li>• Written loan agreements with the artist(s) or owner(s) for the Art Work on Loan to the College should be executed.</li> <li>• A listing of Art Work on Loan should be submitted to the State of Tennessee’s Department of Risk Management to properly insure these items.</li> </ul>		
<b>Management Response</b>	Management concurs with Internal Audit’s recommendations.		

**Chattanooga State Community College**  
**Audit of Food Services**  
**Fiscal Year Ended June 30, 2013**  
**Executive Summary**

<b>Key Staff Person</b>	Greg Schuck Director of Food Services	<b>Internal Auditor</b>	Kimberly Clingan Director of Internal Audit
<b>Introduction</b>	An internal audit of Food Services for the fiscal year ended June 30, 2013 was conducted by the Chattanooga State Community College (ChSCC) Internal Audit department. ChSCC has managed its Food Services since fiscal year 1999. Prior to that time Food Services were managed by an outside contractor. Food Services generated \$659,687 in revenues during the fiscal year ended June 30, 2013.		
<b>Objectives</b>	<ul style="list-style-type: none"> <li>• To determine if there is an adequate system of internal control.</li> <li>• To verify that revenue was accounted for adequately and monies deposited in accordance with Tennessee Board of Regents (TBR) and institutional policies and procedures.</li> <li>• To verify purchasing transactions were processed in accordance with TBR and institutional policies and procedures.</li> <li>• To verify food inventory and other products were maintained and secured in accordance with documented policies and procedures.</li> </ul>		
<b>Questioned Costs</b>	None	<b>Recoveries</b>	N/A
<b>Findings</b>	None		
<b>Conclusion</b>	<p>Based on procedures performed, Internal Audit determined:</p> <ul style="list-style-type: none"> <li>• Food Services revenue was accounted for adequately and monies were deposited in accordance with TBR and ChSCC policies and procedures.</li> <li>• Stores for Resale (food inventory) purchasing transactions were processed in accordance with TBR and ChSCC policies and procedures.</li> <li>• Management has developed procedures to adequately manage, secure and control the food inventory.</li> </ul>		

**Cleveland State Community  
NACHA WEB Audit  
December 2013  
Executive Summary**

<b>Title of Key Staff Person:</b> Chris Mowery	<b>Auditor:</b> Alvin Bishop
<p><b>Background:</b> Cleveland State has online registration and also permits students to pay fees. Cleveland State was informed by First Tennessee Bank that since we receive ACH web payments, NACHA required that CLSCC conduct an audit of the IT department data security yearly. This audit is to help ensure that individual financial information is secure.</p>	
<p><b>Objectives:</b> To determine that Cleveland Sate Community College is in compliance with NACHA Operating Rules relative to Web entries.</p>	
<b>Total Questioned Costs/Losses:</b> N/a	<b>Total Recoveries:</b> None
<p><b>Findings:</b> N/a</p>	
<p><b>Observations/Opportunities for Improvement:</b> The IT department is continually reviewing policies to make sure that data security is up to date. Cleveland State just recently transferred the data and administrative software for Banner and integrated support software to OIR Data Center South.</p>	
<p><b>Audit Conclusions:</b> Based on the review Cleveland State Community College is compliance with NACHA Operating Rules relative web entries.</p>	

**Northeast State Community College**  
**Data Security**  
**Fiscal Year Ending June 30, 2013**  
**Executive Summary**  
**Page 1 of 2**

<b>Key Staff Person:</b> Fred Lewis, Margaret Lester, Patsy Bowers, Tom Huskisson	<b>Auditor:</b> Shane Lewis
<p><b>Introduction:</b></p> <p>An audit of data security at Northeast State Community College was conducted according to the Annual Audit Plan. The audit focused largely on the appropriateness of database access rights (including both the granting and termination of database access) and the proper physical accountability for computer devices and the electronic data contained therein.</p>	
<p><b>Objectives:</b></p> <p>The main objectives of the audit were to evaluate the adequacy of the internal controls and procedures of the Information Technology (IT) department in order to determine: (1) if processes are in place to ensure network and database access rights (specifically in relation to INB Banner databases) are granted and terminated in an appropriate manner and (2) if there are sufficient processes in place to properly account for computer devices and the data they may contain.</p>	
<b>Total Questioned Costs or Losses:</b> None	<b>Total Recoveries:</b> Not Applicable
<p><b>Finding:</b></p> <p>During the course of the audit, weaknesses were identified which allowed for system and resource access to continue in some instances beyond the termination of an employee. Proper communication channels and processes should be in place to permit timely notification and appropriate termination of system access when an employee leaves his/her position. TBR Policy 1:08:00:00 Information Technology Resources provides that “A user shall not use TBR information resources for purposes other than for those for which they were intended or authorized” and that “a user shall not use TBR information technology resources for any private or personal for-profit activity.” Allowing access to TBR information technology resources to continue beyond termination of employment with TBR clearly creates risk exposure for unauthorized use to occur.</p> <p>In addition, the policy states “Users shall obtain proper authorization before using TBR information technology resources.” Documentation granting original Banner functional area access could not be located for all of the employees who were selected for sample testing. Similarly, for some of the employees selected for in the sample, there was incomplete documentation of training being provided to help ensure that proper use would occur once authorization was granted.</p>	
<p><b>Observations:</b></p> <ol style="list-style-type: none"> <li>1. Maintaining successful data security is largely a function of maintaining adequate inventory controls over the computer devices that contain data. There were several factors identified during this audit that create the potential for inventory control concerns: (1) There is no formal real-time tracking process for computer inventory. An inventory reconciliation of computer items is performed annually, and it is often difficult to locate items that have switched locations during the year due to changing employee roles, employee terminations, office relocations, etc. because the system is not updated with the tracking changes. Further, because the inventory is only performed once a year, it could prevent the detection of inventory control concerns in a timely manner. (2) There is nothing in the check-out process that documents the return of assigned computer equipment when an employee leaves, and therefore there is no formal check to hold the employee accountable for the return of assigned devices prior to leaving the institution. (3) There is no formally defined process to ensure that data security issues are addressed in the event of a device being stolen or misplaced.</li> </ol>	

**Northeast State Community College**  
**Data Security**  
**Fiscal Year Ending June 30, 2013**  
**Executive Summary**  
**Page 2 of 2**

**Observations: (Cont'd)**

2. During the audit, the process of setting up and editing access to shared information drives was reviewed. Currently this is an informal process by which the IT Systems Manager sets up shared drives at management's request and grants access based on either an email request or some other informal type of communication (i.e., verbal request, etc.) from the office/person overseeing the shared drive. Once an employee is granted access to a shared drive, that person retains access until there is a notification/request to have them removed. There is no regular maintenance of the user groups or editing of the user lists, nor is there any change in the access when someone assumes a new role unless or leaves their position unless there is a notification sent to request an access change. The informal process currently in place could result in inappropriate access as well as insufficient documentation as to why the drive was created, who approved it, who has been granted access and why, when that access was granted, etc.
3. The IT Department's set of operational policies and procedures contains both current/relevant policies and outdated polices that are no longer applicable with the current system. This makes it difficult to determine which policies still apply, and which policies are now obsolete and/or superseded.
4. Mobile devices present an additional set of risks. TCA 47-18-2901 (a) provides that *"each state agency shall create safeguards for ensuring that confidential information regarding citizens is securely protected on all laptop computers and other removable storage devices used by the state agency."* While data is protected by system protections and safeguards when the user is logged in and working within the Northeast State system, any data that exists on the mobile device outside of the pathway may or may not be protected, depending largely upon user-chosen settings. The degree to which data is secure and protected outside of the Northeast State secured system appears to depend largely upon the discretion of the individual user and individual user precautions, as there are no formal data encryption requirements on information outside the secured system and no device lock requirements on the mobile devices themselves.
5. During the audit, the process of setting up VPN remote user access was reviewed. Currently this is a relatively informal process by which a request for a VPN access account comes to IT for CIO for approval and once approved by the CIO the access account is set up by the IT Systems Manager. Depending upon the request, the access is set up for either a defined time period or until further notification. Once the account is set up, there is no further monitoring or editing of the VPN user access list unless another notification comes through. This creates the potential for VPN users to maintain their VPN access even after their job role changes or they are terminated from their employment with the institution. Although it would be unlikely that a terminated employee would be able to gain remote access into the system (because there must still be user authentication with an active account to gain access to the system), a more formally structured process to include some type of regular evaluation and monitoring of the VPN access list would allow for the list to be kept current and updated as employee status changes.

**Audit Conclusion:**

With continued growth and advancements in technology, the importance of maintaining proper data security controls continues to increase. The College shows a strong commitment to maintaining the security of sensitive data housed within its computer resources. The finding, observations, and recommendations in this review suggest ways to improve the existing state of data security within the institution. The objectives of the audit were met.

**Pellissippi State Community College**  
**Audit: Faculty Credentials**  
**Period: Fall 2013**  
**Executive Summary**

**Background**

The audit of faculty credentials was requested by the president of the College. This audit is an annual audit requested by the president to ensure that all full- and part-time faculty hired by the College each fall meet the requirements of the College's accrediting agency. Additionally, the ability to hire qualified faculty continues to be an area of concern as documented in the College's risk assessment for instruction and academic support.

**Objectives**

To determine whether the requirements necessary for compliance with Southern Association of Colleges and Schools (SACS) criteria were being met; to determine whether the documentation maintained by the College was sufficient to document compliance with the criteria; and to recommend improvements, if any are necessary.

**Conclusion**

The College needs to continue to make improvement in documenting that faculty hired to teach are qualified. After discussions with the President, as well as with the Vice President of Academic Affairs, it appears that management understands the problem and has been making every effort to prevent it from occurring in the future. Management also will continue their efforts to obtain transcripts in a timely fashion for all employees hired. It should be noted that significant improvement was made related to this area fall semester 2013.



**Tennessee College of Applied Technology at Covington  
Internal Audit Report on Operations  
Executive Summary**

College Director: Mr. William Ray	Internal Auditor: Helen Vose, CIA, CFE
Report Date: November 26, 2013	Audit Period: Fiscal Year Ending June 30, 2013
Purpose and Scope:	To assess the adequacy of management's system of internal controls for specific areas identified as higher risk during the past operational reviews of all College of Applied Technology. Transactions were tested on a sample basis and other audit procedures were performed on controls in the following areas: <ul style="list-style-type: none"> <li>• Cash Receipts</li> <li>• Cash Deposits</li> <li>• Livework Projects</li> <li>• Accounts Receivable</li> <li>• Federal Financial Aid <ul style="list-style-type: none"> <li>– Title IV Eligibility</li> <li>– Title IV Refunds</li> <li>– Student Award Process</li> </ul> </li> <li>• Pell reconciliation to FISAP</li> <li>• Lottery reconciliation to TSAC</li> </ul>
Prior Audit Results:	<b>Observation:</b> The TCAT Guideline TCAT-010, for <i>Instructional Projects</i> states “An approved agreement form must be completed by the appropriate instructor prior to initiating work on any individual project”, and the TCAT Handbook stated, “a fee or personal project fee may be charged.” The fee may be waived by management, but the livework form does not document if the administrative fee was waived or paid. <b>Corrective Action Plan:</b> All faculty, staff and students pay the administrative fee which is documented on the livework form.
Current Audit Results:	Based on observations, discussions with management, and the testwork performed in several areas listed above for the period covered, management's systems of internal controls appear generally adequate. Management monitors key controls on a regular basis. The audit revealed no significant issues of noncompliance with TBR or institutional policies, nor was any significant deficiency in operations noted. However, one opportunity for improvement was noted.

**Observation**

1. Accounts Receivable

The collection letter did not state that for accounts with balances over \$100, the accounts would be sent to a collection agency if not paid within a specified time.

**Corrective Action:** Management has revised the collection letter to include the notification that accounts with balances over \$100 would be sent to a collection agency in 180 days if arrangements were not made for repayment of the debt.

**Audit Results**

1. Cash Receipts and Deposits

Cash receipts traced to the deposits and were properly recorded. The deposits were made timely, within TBR Policy 4:01:01:10.

2. Livework

Livework forms were properly logged, approved by the instructor, signed and dated; related receipts traced to the bank deposit.

3. Accounts Receivable

Students who owe monies to the college were notified in the required time period and, if necessary, more than one collection letter was sent. The accounts receivable account is reconciled to the lead institution monthly.

4. Financial Aid - Federal Title IV and Lottery

Students were determined by the college to be eligible for financial aid prior to requesting funds. If applicable, Title IV and Lottery refunds were returned to the grantors within the required time frame. The process to award and notify the student of financial aid eligibility and award was adequate. The fiscal year 2012 Federal Fiscal Operations Report and Application to Participate (FISAP) was reconciled to the general ledger, Tennessee Student Assistance Corporation (TSAC) and the Department of Education.

**Tennessee College of Applied Technology at Crossville**  
**Focused Operational Review**  
**Executive Summary**

College Director: Mr. Don Sadler	Internal Auditor: Helen Vose, CIA, CFE
Report Date: January 17, 2014	Audit Period: Fiscal Year Ending June 30, 2013
Purpose and Scope:	<p>To assess the adequacy of management's system of internal controls for specific areas identified as higher risk during the past operational reviews of all Colleges of Applied Technology. 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 Receipts</li> <li>• Cash Deposits</li> <li>• Livework Projects</li> <li>• Accounts Receivable</li> <li>• Federal Financial Aid <ul style="list-style-type: none"> <li>– Title IV Eligibility</li> <li>– Title IV Refunds</li> <li>– Student Award Process</li> </ul> </li> <li>• Pell reconciliation to FISAP</li> <li>• Lottery reconciliation to TSAC</li> </ul>
Prior Audit Results:	<p>The TCAT Crossville had two observations during the operational audit released June 10, 2011. The first observation noted the lack of segregation of duties for logging checks, receipting cash, preparing deposits and billing accounts receivable. The second observation noted that management was not reviewing the accounts receivable reconciliations.</p> <p>The duty for logging checks has been reassigned and other duties are sufficiently segregated. Also, management now reviews and initials accounts receivable reconciliations.</p>
Current Audit Results:	<p>Based on observations, discussions with management, and the testwork performed in the areas listed above for the period covered, management's systems of internal controls appear generally adequate. Management monitors key controls on a regular basis. The audit revealed no significant issues of noncompliance with TBR or institutional policies, nor was any significant deficiency in operations noted.</p>

**Audit Results**

1. Cash Receipts and Deposits  
Cash receipts traced to the deposits and were properly recorded. Bank statements were promptly reconciled with the checkbook or general ledger and deposits are made timely, within TBR Policy 4:01:01:10.
2. Livework  
Livework forms were properly logged, approved by the instructor, signed and dated; related receipts traced to the bank deposits.
3. Accounts Receivable  
Students who owe monies to the college were notified in the required time period and, if necessary, more than one collection letter was sent. The accounts receivable account maintained by the college is reconciled monthly to Banner, which is maintained by the lead institution. The accounts receivable reconciliation is periodically reviewed and the review is documented by management.
4. Financial Aid - Federal Title IV and Lottery  
Students were determined by the college to be eligible for financial aid prior to requesting funds. If applicable, Title IV and Lottery refunds were returned to the grantors within the required time frame. The processes to award and notify students of financial aid eligibility and awards were adequate. The fiscal year 2012 Federal Fiscal Operations Report and Application to Participate (FISAP) was reconciled to the general ledger, Tennessee Student Assistance Corporation (TSAC) and the Department of Education.

**Tennessee College of Applied Technology at Hohenwald  
 Focused Operational Review  
 Executive Summary**

College Director: Mr. Rick Brewer	Internal Auditor: Helen Vose, CIA, CFE
Report Date: November 26, 2013	Audit Period: Fiscal Year Ending June 30, 2013 and Fiscal Year Ending June 30, 2014
Purpose and Scope:	To assess the adequacy of management's system of internal controls for specific areas identified as higher risk during the past operational reviews of all College of Applied Technology. Transactions were tested on a sample basis and other audit procedures were performed on controls in the following areas: <ul style="list-style-type: none"> <li>• Cash Receipts</li> <li>• Cash Deposits</li> <li>• Livework Projects</li> <li>• Accounts Receivable</li> <li>• Federal Financial Aid           <ul style="list-style-type: none"> <li>– Title IV Eligibility</li> <li>– Title IV Refunds</li> <li>– Student Award Process</li> </ul> </li> <li>• Pell reconciliation to FISAP</li> <li>• Lottery reconciliation to TSAC</li> </ul>
Prior Audit Results:	There were no prior audit observations or findings.
Current Audit Results:	Based on observations, discussions with management, and the testwork performed in several areas listed above for the period covered, management's systems of internal controls appear generally adequate. Management monitors key controls on a regular basis. The audit revealed no significant issues of noncompliance with TBR or institutional policies, nor was any significant deficiency in operations noted. However, one opportunity for improvement was noted.

**Observation**

1. Livework

**Observation:** Neither Livework forms or the Livework Log included the QuickBooks receipt number for Livework fees received and included in the deposit.

**Corrective Action:** A column was added to the Livework Log to record the QuickBooks receipt number for easier identification of Livework fees on the bank deposit slip.

**Audit Results**

1. Cash Receipts and Deposits

Cash receipts traced to the deposits and were properly recorded. The deposits were made timely, within TBR Policy 4:01:01:10.

2. Livework

Livework forms were properly logged, approved by the instructor, signed and dated; related receipts traced to the bank deposit.

3. Accounts Receivable

Students who owe monies to the college were notified in the required time period and, if necessary, three collection letters were sent. The accounts receivable account is reconciled to the lead institution monthly.

4. Financial Aid - Federal Title IV and Lottery

Students were determined by the college to be eligible for financial aid prior to requesting funds. If applicable, Title IV and Lottery refunds were returned to the grantors within the required time frame. The process to award and notify the student of financial aid eligibility and award was adequate. The fiscal year 2013 Federal Fiscal Operations Report and Application to Participate (FISAP) was reconciled to the general ledger, Tennessee Student Assistance Corporation (TSAC) and the Department of Education.

**Tennessee College of Applied Technology at Oneida/Huntsville**  
**Focused Operational Review**  
**Executive Summary**

College Director: Mr. Dwight Murphy	Internal Auditor: Helen Vose, CIA, CFE
Report Date: February 27, 2014	Audit Period: Fiscal Year Ending June 30, 2013 Livework and Cash Receipts/Cash Deposits for July, August, and September 2013
Purpose and Scope:	To assess the adequacy of management's system of internal controls for specific areas identified as higher risk during the past operational reviews of all College of Applied Technology. Transactions were tested on a sample basis and other audit procedures were performed on controls in the following areas: <ul style="list-style-type: none"> <li>• Cash Receipts</li> <li>• Cash Deposits</li> <li>• Livework Projects</li> <li>• Accounts Receivable</li> <li>• Federal Financial Aid <ul style="list-style-type: none"> <li>– Title IV Eligibility</li> <li>– Title IV Refunds</li> <li>– Student Award Process</li> </ul> </li> <li>• Pell reconciliation to FISAP</li> <li>• Lottery reconciliation to TSAC</li> </ul>
Prior Audit Results:	<p><b>Observation:</b> Letters notifying students a debt was owed to the school were not disbursed within 30 days of incurring the debt.</p> <p><b>Corrective Action Plan:</b> The TCAT set dates each month to send out the debt letters.</p> <p><b>Observation:</b> The TCAT established a SkillsUSA bank account with a single instructor as sole administrator creating a potential liability.</p> <p><b>Corrective Action Plan:</b> The SkillsUSA account was closed and funds are now processed through an agency fund at the lead institution.</p>
Current Audit Results:	Based on observations, discussions with management, and the testwork performed in several areas listed above for the period covered, management's systems of internal controls appear generally adequate. Management monitors key controls on a regular basis. The audit revealed no significant issues of noncompliance with TBR or institutional policies, nor was any significant deficiency in operations noted.

**Audit Results**

1. Cash Receipts and Deposits  
Cash receipts traced to the deposits and were properly recorded. Bank statements were promptly reconciled with the checkbook or general ledger and deposits are made timely, within TBR Policy 4:01:01:10.
2. Livework  
Livework forms were properly logged, approved by the instructor, signed and dated; related receipts traced to the bank deposit.
3. Accounts Receivable  
Students who owe monies to the college were notified in the required time period and, if necessary, more than one collection letter was sent. The accounts receivable account maintained by the college is reconciled monthly to Banner, which is maintained by the lead institution. The accounts receivable reconciliation is reviewed and the review documented each month by management.
4. Financial Aid - Federal Title IV and Lottery  
Students were determined by the college to be eligible for financial aid prior to requesting funds. If applicable, Title IV and Lottery refunds were returned to the grantors within the required time frame. The process to award and notify the student of financial aid eligibility and award was adequate. The fiscal year 2013 Federal Fiscal Operations Report and Application to Participate (FISAP) was reconciled to the general ledger, Tennessee Student Assistance Corporation (TSAC) and the Department of Education.

**Tennessee College of Applied Technology at Shelbyville**  
**Focused Operational Review**  
**Executive Summary**

College Director: Mr. Ivan Jones	Internal Auditor: Helen Vose, CIA, CFE
Report Date: February 27, 2014	Audit Period: Fiscal Year Ending June 30, 2013 Livework and Cash Receipts/Cash Deposits for August, September and October 2013
Purpose and Scope:	To assess the adequacy of management's system of internal controls for specific areas identified as higher risk during the past operational reviews of all Colleges of Applied Technology. Transactions were tested on a sample basis and other audit procedures were performed on controls in the following areas: <ul style="list-style-type: none"> <li>• Cash Receipts</li> <li>• Cash Deposits</li> <li>• Livework Projects</li> <li>• Accounts Receivable</li> <li>• Federal Financial Aid <ul style="list-style-type: none"> <li>– Title IV Eligibility</li> <li>– Title IV Refunds</li> <li>– Student Award Process</li> </ul> </li> <li>• Pell reconciliation to FISAP</li> <li>• Lottery reconciliation to TSAC</li> </ul>
Prior Audit Results:	The operational audit released March 11, 2011, did not contain any findings or observations.
Current Audit Results:	Based on observations, discussions with management, and the testwork performed in the areas listed above for the period covered, management's systems of internal controls appear generally adequate. Management monitors key controls on a regular basis. The audit revealed no significant issues of noncompliance with TBR or institutional policies, nor was any significant deficiency in operations noted.

**Audit Results**

1. Cash Receipts and Deposits

Cash receipts traced to the deposits and were properly recorded. Bank statements were promptly reconciled with the checkbook or general ledger and deposits are made timely, within TBR Policy 4:01:01:10.

2. Livework

Livework forms were properly logged, approved by the instructor, signed and dated; related receipts traced to the bank deposit.

3. Accounts Receivable

Students who owe monies to the college were notified in the required time period and, if necessary, more than one collection letter was sent. The accounts receivable account maintained by the college is reconciled monthly to Banner, which is maintained by the lead institution. The accounts receivable reconciliation is reviewed and the review documented each month by management.

4. Financial Aid - Federal Title IV and Lottery

Students were determined by the college to be eligible for financial aid prior to requesting funds. If applicable, Title IV and Lottery refunds were returned to the grantors within the required time frame. The process to award and notify the student of financial aid eligibility and award was adequate. The fiscal year 2012 Federal Fiscal Operations Report and Application to Participate (FISAP) was reconciled to the general ledger, Tennessee Student Assistance Corporation (TSAC) and the Department of Education.

**Tennessee Board of Regents  
Audit Committee  
March 11, 2014**

*Internal Audit Follow-Up Reports  
For Informational Purposes*

**TENNESSEE TECH UNIVERSITY**  
**Follow-Up to State Audit for Fiscal Year 2011-12**  
**February 26, 2014**  
**Executive Summary**

**Key Staff Persons:** Tennessee Tech University (TTU) Chief Information Officer, Vice President for Planning and Finance, Associate Vice President of Enrollment Management and Student Success.

**Auditor:** TTU Director of Internal Audit

**Objective:** The objective of this follow-up to the Comptroller's State Audit of TTU for fiscal year 2011-12 issued October 30, 2013, was to determine if management had taken actions to alleviate the conditions identified in the findings. This follow-up also addressed a finding that will not be published until the Comptroller's State Audit of TTU for 2012-13 is released.

**Total Contract Underpayment:** \$825,900                      **Total Recoveries:** \$825,900

**Findings:**

2011-12

- 1) TTU did not routinely compare food service commission reports to current contract terms, resulting in the university not receiving revenues of \$825,900 over the course of four years.
- 2) TTU did not provide adequate access controls over the Banner computer system, which increased the risk of fraud or error.

2012-13

- 3) TTU did not have accessible written policies and procedures regarding financial aid verification.

**Management's Response:**

- 1) The Director of Auxiliaries will use a software program, RevenueVision, to recalculate commissions and compare the commissions received to the contract provisions, and a monthly summary of commissions received will be provided to the Vice President for Planning and Finance. Arrangements were made, and the \$825,900 was collected.
- 2) A corrective action plan has been developed and is being implemented to address the conditions identified by state audit.
- 3) A current Policies and Procedures manual is available in hard copy in the Financial Aid Director's Office, and an electronic version is also available on a shared drive which is accessible by all Financial Aid Staff and backed-up daily.

**Conclusion:** TTU Management followed through with actions to alleviate the conditions identified in the findings.

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

**University of Memphis**  
**Charges to Sponsored Agreements-Follow Up**  
**July 1, 2013 through October 25, 2013**  
**December 2, 2013**  
**Executive Summary**

<p><b>Title of Key Staff Persons:</b>  Assistant Vice President - Finance  Accounting Controller  Provost Office-Director of Academic Affairs – Finance and Planning</p>	<p><b>Auditors:</b>  Vicki D. Deaton, Senior Internal Auditor  Paul Gogonelis, Financial Compliance Auditor</p>
<p><b>Background:</b></p> <p>Internal Audit personnel recently completed a follow-up review to determine whether management has adequately addressed the prior audit recommendation of providing and promoting training and communications on a regular basis throughout the year to Principal Investigators and Business Officers regarding their roles and responsibilities in reviewing and monitoring administrative expenses charged to grants and contracts per University Policy UM1719.</p> <p>Indirect or Facilities and Administrative (F&amp;A) costs are usually incurred for common objectives and cannot be easily identified as specifically related to a particular sponsored project or other institutional activity. F &amp; A costs are usually within the institution’s indirect cost rate and are not normally charged directly to a grant unless there is an “<i>unlike circumstance</i>” as defined in University Policy UM1719. This policy indicates that Principal Investigators and Business Officers are responsible for reviewing and monitoring F&amp;A costs that are directly charged to sponsored projects that meet the criteria of “<i>unlike circumstances</i>”.</p> <p>The prior audit report was issued May 10, 2013, and included one observation.</p>	
<p><b>Objective:</b></p> <p>The objective of this review was to determine whether the recommendation from the observation in the prior audit report was properly addressed by providing training for monitoring administrative expenses charged to sponsored projects.</p>	
<p><b>Findings:</b></p> <p>The current audit resulted in no new findings or observations.</p>	
<p><b>Conclusion:</b></p> <p>Since the prior audit report was issued, management has provided four training opportunities related to monitoring grant expenditures. More training is scheduled for 2013 and the spring of 2014.</p> <p>Internal Audit will continue to evaluate the environment related to research and grant accounting and monitoring administrative costs. We will include this on the annual audit plan as necessary based upon the annual risk assessment of the audit universe.</p>	



**University of Memphis**  
**Athletics-Tiger Fund Donations-Gift-In-Kind Follow Up**  
**July 1, 2012 – August 31, 2013**  
**Executive Summary**

<p><b>Title of Key Staff Persons:</b> Senior Associate Athletic Director for Finance Athletics Business Manager Business &amp; Finance Coordinator-Athletics Development Office</p>	<p><b>Auditor:</b> Vicki D. Deaton</p>
<p><b>Background:</b></p> <p>Internal Audit personnel recently completed a follow-up review in the Athletics Department to determine whether management had adequately addressed the recommendation in the prior audit. The prior audit report was issued November 1, 2012, and included one finding.</p>	
<p><b>Objective:</b></p> <p>The objective of this review was to determine whether the recommendation from the finding in the prior audit report was properly addressed as to proper oversight and internal controls with the Gift-In-Kind (GIK) program.</p>	
<p><b>Findings:</b></p> <p>The current audit resulted in no new findings.</p>	
<p><b>Conclusion:</b></p> <p>Management has taken action and significant steps have been taken to revise, change and improve the internal controls over the GIK process and activity. This is a continuing process and Management plans to continue evaluation of the GIK process and initiate more revisions and changes in the future as the circumstances dictate.</p> <p>Internal Audit will continue to evaluate the GIK program and include on the annual audit plan as necessary based upon the annual risk assessment of the audit universe.</p>	

**Motlow State Community College**

**Follow-up Review of the State Audit Report  
Issued For Fiscal Years Ended June 30, 2012 and June 30, 2011**

**Executive Summary**

**Background:**

When the Comptroller of the Treasury, Division of State Audit issues an audit report that includes an audit finding at a Tennessee Board of Regents (TBR) institution, the TBR requires a follow-up review be performed by the internal audit office to ensure management's corrective action plan is implemented. Motlow State Community College's (MSCC) state audit report for fiscal years ended June 30, 2012 and June 30, 2011 contained an audit finding addressing errors in the financial statements. MSCC contracted with Audit and Consulting Services at Middle Tennessee State University to perform the follow-up review.

**Objectives:**

To determine if management has implemented or made progress with the corrective action proposed in response to the state audit finding and to make recommendations for correcting any deficiencies or for improving operations.

**State Audit Finding:**

**As reported in the previous two audits, the college needs improved preparation and review procedures to prevent errors in its financial statements.**

Motlow State Community College's procedures for financial statement preparation should be improved to ensure the accuracy and proper classification of information presented in its financial statements. Similar findings were reported in the previous two audits. Though the specific errors noted in the prior findings were not repeated, other errors in financial reporting occurred. The audit finding discussed errors with both the college's and foundation's statements, and with one of the college's notes to the financial statements.

Management concurred with the finding and recommendation.

**Conclusion:**

Management at Motlow State Community College is implementing the corrective action plan to ensure that the financial statements are accurately prepared and reviewed.

**Columbia State Community College**

**Follow-up Review of the State Audit Report  
Issued For Fiscal Years Ended June 30, 2012 and June 30, 2011**

**Executive Summary**

**Background:**

The Tennessee Board of Regents (TBR) requires a follow-up review of all audit findings included in reports issued by the Comptroller of the Treasury, Division of State Audit to ensure management has taken corrective action. Columbia State Community College's (CoSCC) state audit report for fiscal years ended June 30, 2012 and June 30, 2011 contained an audit finding addressing the classification of foundation accounts in the financial statements. CoSCC has contracted with Middle Tennessee State University (MTSU) for MTSU Audit and Consulting Services to perform audit services including this follow-up review.

**Objectives:**

To determine if management has implemented or made progress with the corrective action proposed in response to the state audit finding and to make recommendations for correcting any deficiencies or for improving operations.

**State Audit Finding:**

**The college did not ensure that endowment amounts were adequately supported or that amounts were properly reported in the foundation's financial statements and accompanying notes to the financial statements.**

The audit found that Columbia State Community College did not have established procedures for recording gifts to the foundation in the appropriate category of net assets. The audit finding discussed errors with the college's component unit note and the Statement of Net Assets for the component unit.

Management concurred with the finding and recommendation.

**Conclusion of Follow-up Review:**

Management at Columbia State Community College has implemented the corrective action plan to ensure that the financial statements and notes to the financial statements are accurately prepared.

**Volunteer State Community College  
Follow-Up to the State Audit Report Issued July 18, 2013  
For Fiscal Years Ended June 30, 2012, and June 30, 2011**

**Executive Summary**

<p><b>Responsible Department</b> Business Office College Foundation Office</p>	<p><b>Auditor</b> Nancy Batson</p>
<p><b>Objective</b></p> <p>The objective of the follow-up review was to determine whether adequate corrective actions have been implemented to comply with the audit recommendations.</p>	
<p><b>Audit Report Finding: The college did not ensure the foundation properly classified endowment net assets.</b></p> <p><b>Recommendation:</b> The accounting management staff at Volunteer State Community College should ensure all sources of the foundation's endowment funds including gifts, realized gains and losses, unrealized gains and losses, interest, and dividends are analyzed to ensure proper classification consistent with the FASB [Financial Accounting Standards Board] ASC [Accounting Standards Codification].</p> <p><b>Management's Comment:</b> We concur that the foundation's net assets were not properly classified according to Financial Accounting Standards Board's Accounting Standards Codification (FASB ASC). Going forward, the college will receive a copy of new foundation endowment agreements and supporting documentation for each new endowment. This documentation will be the basis for classification for each new endowment fund created using FASB reporting standards. The net assets detail presented in the component unit's financial statements and notes will be reviewed and verified against these documents to ensure compliance with FASB ASC.</p> <p><b>Current Status:</b> Management reviewed each endowment agreement to determine its proper classification and corrected as necessary. These changes were reflected in the fiscal year 2013 financial statements and notes. Business and Finance plans to review all new endowment agreements to determine the proper classification.</p>	
<p><b>Conclusion</b></p> <p>Based upon the review, it appears that management has taken corrective action to implement the audit recommendation.</p>	

**Tennessee Board of Regents  
Audit Committee  
March 11, 2014**

***Internal Audit Investigations  
For Informational Purposes***

Middle Tennessee State University  
CASE RESOLUTION REPORT – MTSU 14-01  
Executive Summary

Date: January 17, 2014 Department: Parking Services Unit: Special Events

1. Date of the loss: Monday, December 16, 2013. Date the topsoil was delivered to the employee's residence.
2. Reported by: Alan Thomas, Controller on January 7, 2014.
3. Investigation/unit conducted by: Campus Police received the incident report on December 18, 2013 and interviewed individuals involved. It was determined the incident would be handled administratively. On January 3, 2014 Audit and Consulting Services was requested to review the incident.
4. Description of the loss: An employee asked a dump truck driver working for a subcontractor on a campus construction project for a free load of dirt to be hauled to the employee's personal residence. The employee stated that he met the driver at his residence to show him where to dump the dirt. The employee also stated that he has only received one load of dirt.
5. Total amount of loss: The value of the load of topsoil is estimated at \$200 - \$250. The expense for loading and transporting the topsoil to the employee's residence will be charged to the MTSU construction project since the dump truck driver was working for a subcontractor on a construction project. Per the subcontractor, the rental rate for a dump truck and driver is \$80 - \$85 per hour.
6. Name(s) of employee(s) involved: Mr. Byron Barnes, Special Event Supervisor.
7. Was employee dishonesty discovered? Yes. When Mr. Barnes was first asked if he had approached any other drivers about hauling dirt, he responded there was none. After further questioning, Mr. Barnes admitted that he had approached another dump truck driver about getting dirt hauled to his house and had given the driver his business card. This driver never contacted Mr. Barnes.
8. Methodology used to determine loss: The witnesses to the removal of the topsoil were interviewed along with the employees involved in the reporting of the incident. The employee who requested the topsoil, Mr. Barnes was also interviewed.
9. Internal control weakness found: None. The request made by Mr. Barnes for topsoil for his personal residence was beyond the scope of his employment authority. According to Mr. Barnes, when he requested the topsoil from the dump truck driver, he did not consider that his request could be perceived as a university official using his position for personal gain.
10. Recommendations:  
Management should administer appropriate disciplinary action giving consideration to MTSU Policy I:01:25, Ethics and Code of Conduct, Section IV. C which states "Employees shall actively avoid conflicts between personal and university interests by . . . Conducting their affairs so that they shall not derive private gain from their association with the university." Restitution should be requested from Mr. Barnes for the value of the topsoil and an amount to cover the expenses incurred by the MTSU construction project related to the delivery of the topsoil. The restitution amount should not exceed \$499. Management should ensure all departmental employees are trained and knowledgeable of the expected code of conduct for MTSU employees.
11. Action Taken by Management:

Mr. Barnes was placed on administrative leave with pay on Friday, January 3, 2014 until the investigation was completed. On Friday, January 10, 2014 Mr. Barnes received a written letter of reprimand outlining the details of the sanctions that would be placed upon him. The letter will be placed in his permanent personnel file. He was placed on three days Leave Without Pay effective January 13, 2014. Upon his return on January 16, 2014 he was placed on six months' probation. He is also being required to attend an Ethics and Supervision Class that will be identified by his immediate supervisor. He was required to pay \$350 restitution to the university for the value of the topsoil and expenses incurred.

Repayment of \$350 was made by Mr. Barnes to the university on January 16, 2014.

**INTERNAL AUDIT REPORT  
 TENNESSEE STATE UNIVERSITY  
 INVESTIGATION OF THE FALSIFICATION OF  
 TRAVEL EXPENSES BY A GRADUATE ASSISTANT  
 EXECUTIVE SUMMARY  
 January 28, 2014**

<b>Key Staff Person:</b> Travel Office	<b>Auditor:</b> Mike Batson
<b>Background:</b> The Office of Business and Finance reported to our office that a graduate assistant had submitted questionable receipts with a travel claim for travel to a professional conference.	
<b>Objectives:</b> The objectives of this investigation included the following: <ul style="list-style-type: none"> <li>• To determine compliance with University policies and procedures.</li> <li>• To determine the amount of any losses.</li> <li>• To review the applicable internal controls.</li> </ul>	
<b>Total Losses:</b> \$1,073.82	<b>Total Recoveries:</b> \$0
<p><b>Summary:</b> The graduate assistant admitted to us that he submitted falsified receipts for lodging and cab fare for his travel to make a poster presentation at a professional conference. We confirmed with the conference that the student did sign in at the conference. The conference could not determine if he made his presentation because they had no way to track that information.</p> <p>The student received a travel advance through his sponsoring faculty member for \$1,695, for lodging, per diem, and ground transportation. The student received a grant from the conference to cover his airfare. In support of the travel advance, the student submitted a receipt for lodging for \$1,010.82. The receipt reflected a balance due, so the Travel Office requested a final receipt, which the student submitted. Both hotel receipts appeared questionable to the Travel Office, so the Office of Business and Finance reported the matter to our office. When we reviewed the receipts, we found the format for the lodging receipt on an internet site that provides blank hotel receipt formats. We also determined that two taxi receipts totaling \$63 were questionable.</p> <p>In our interview with the student, he stated that he wanted to recover the cost of replacing his passport, which had been stolen from his office in August 2013. He made an on-line hotel reservation for six nights, and submitted this amount in the request for a travel advance. He then cancelled the reservation, and booked a less expensive hotel for only two nights. He arrived at the conference on Sunday evening, and he said that he made his presentation on Monday. He left the conference on Tuesday to travel seven hours by bus to stay with a friend for three nights. He stated that on the sixth night he returned to the conference city by bus, and slept on a bench outside the conference site, so that he could save money from the advance he received. He created a receipt from the internet to support the \$1,010.82 lodging amount from the advance. The student also admitted that the two taxi receipts were falsified. He showed us a confirmation for \$120, for the hotel he said he used for the first two nights of the trip.</p> <p><b>Conclusion:</b> The student initially told us several scenarios to explain the receipts, but eventually admitted that he had falsified the three receipts totaling \$1,073.82 for the lodging and cab fares. The faculty sponsor was not aware of the falsified documents. He provided the student with cashier's checks for the amount of the advance, and required the student to sign the travel receipt form required by the university. The Travel Office noted and reported the discrepancies during their review of the travel. We did not note any weaknesses in internal controls.</p> <p><b>Recommendations:</b> We recommend that the University consider disciplinary actions with regard to the student, and seek restitution for the \$1,073.82.</p>	

**Note: This report is intended solely for the use of Tennessee State University and the Tennessee Board of Regents. It is not intended to be and should not be used for any other purpose. Distribution of this report to external parties must be approved by the Department of Internal Audit and handled in accordance with institutional policies.**

TENNESSEE STATE UNIVERSITY  
**CASE RESOLUTION REPORT**  
EXECUTIVE SUMMARY

February 27, 2014

Department: Information Technology

Unit: N/A

Case: 13-1003

1. Date of the loss: N/A
2. Reported by: Anonymous
3. Investigation/unit conducted by: Department of Internal Audit.
4. Description of the issue: We received an allegation of general mismanagement in the Office of Information Technology, including disagreements regarding redistribution of job responsibilities and other management decisions.
5. Total amount of loss: \$0                      Restitution: N/A
6. Was employee dishonesty discovered?    Yes                      No
7. Name(s) of employee(s) involved: N/A
8. Action taken: Implementation of State Audit recommendations.
9. Methodology used to determine loss: No loss was noted. We interviewed IT personnel and other personnel deemed appropriate. We also reviewed organizational charts, job descriptions, and other information. The allegations primarily involved disagreement with management decisions. The department was undergoing organizational changes due to changes in administration, including president, interim president, and the applicable vice presidents, as well as a State Audit of Information Technology during the time in question. It appears that the management decisions were being made in good faith. Information Technology management has been outsourced, and the Office is implementing improvements in internal controls recommended by State Audit. We will continue to monitor the IT environment during our follow-up to State Audit recommendations.
10. Internal control weaknesses found: State Audit identified internal control weaknesses related to adherence to some policies, and other outdated policies.
11. Actions taken to resolve weaknesses: The university, in cooperation with the IT management consulting company is completing implementation of State Audit's recommendations.



TENNESSEE STATE UNIVERSITY  
**CASE RESOLUTION REPORT**  
EXECUTIVE SUMMARY

February 27, 2014

Department: College of Nursing  
Case: 13-1006

Unit: N/A

10. Date of the loss: N/A
11. Reported by: Anonymous
12. Investigation/unit conducted by: Tennessee State University Department of Internal Audit.
13. Description of the issue: A former student allegedly told other students that a professor (her mother) had allowed the student to assist in updating information in the E-learn system, which does not interface with Banner.
14. Total amount of loss: \$0                      Restitution: N/A
15. Was employee dishonesty discovered?    Yes                      No X
16. Name(s) of employee(s) involved: N/A
17. Action taken: No further action was deemed necessary.
18. Methodology used to determine loss: No loss was noted. We interviewed other personnel and the department head. According to the department head, both the student and professor denied that this had happened. The student was no longer attending the university when we received the allegation. We reviewed the E-learn log-in/out files for the professor, and noted no irregularities. We also reviewed E-Learn logs and the Banner system transcripts for all students enrolled in the relevant courses for the semester. We noted no irregularities in the grades. We did not find sufficient evidence to warrant additional investigation.
12. Internal control weaknesses found: N/A
13. Actions taken to resolve weaknesses: N/A

**CASE RESOLUTION REPORT**  
**Physical Plant Custodial Services – Case # 14-006**

**January 8, 2014**

**Date of incident:** Various Times During 2013

**Reported by:** UOM Hotline (Reported 10-29-2013)

**Investigation conducted by:** Internal Audit

**Description of Incident:**

Custodial employees leaving work station for extended period and not clocking out.

**Total amount of loss:** None Indicated.

**Was employee dishonesty discovered?** No

**Action taken:** Interviewed employees, reviewed parking records and time records.

**Conclusion:**

It was discovered that three custodial employees on the 3am to 11am shift did periodically leave their work stations and go off-campus by personal vehicle for coffee breaks at various times during 2013. Breaks are allowed per policy however, it was learned that Physical Plant management had advised all custodial employees that going off-campus for breaks was not allowed without clocking out and in when leaving campus. This policy was put in place so breaks taken away from the general work area could be monitored by the Supervisor.

**Internal control weaknesses found:** No

**Action Taken By Management:**

The pursuit of disciplinary action is in process by Physical Plant Management. Human Resources and Legal Counsel are also involved in the disciplinary action process.



Byron Morgan  
Director Internal Audit

**CASE RESOLUTION REPORT**  
**Physical Plant Landscape Services – Case # 14-007**  
**Page 1 of 2**

**January 23, 2014**

**Date of incident:** July 11, 2013 (Date Reported to State Audit)

**Reported by:** TBR (From State Audit Hotline)(Received 11/12/2013)  
(No State Audit Case Number Indicated)

**Investigation conducted by:** Internal Audit

**Description of Incident:**  
Alleged potential conflict of interest issues, potential time reporting issues and potential misuse of University equipment. (see attached for details)

**Total amount of loss:** None Indicated.

**Was employee dishonesty discovered?** No

**Action taken:** Interviewed employees, reviewed financial records and time records.

**Conclusion:**  
There was no evidence discovered to substantiate the allegations.

**Internal control weaknesses found:** No



Byron Morgan  
Director Internal Audit

**ATTACHMENT - CASE RESOLUTION REPORT  
UNIVERSITY OF MEMPHIS**

**Physical Plant Landscape Services – Case # 14-007 – January 23, 2014**

**Page 2 of 2**

**Details of Allegations Reported:**

**1. Tree Service Vendor Favoritism**

**Allegation:** *The Physical Plant Manager separated the tree crew (but in June put it back together because of allegations) so he could give the contract to a friend. The friend paid for the 2012 annual employee picnic for the Physical Plant Department.*

**The contract for tree services was found to be properly awarded and there was no evidence discovered to indicate any payments for the annual picnic from this vendor or payments from any vendors for the annual employee picnic. There was no evidence discovered to indicate improper management of tree work by UOM Physical Plant.**

**2. Body Shop Vendor Favoritism**

**Allegation:** *From 2011-2013, sent all wrecked cars to an Auto Body Shop owned by the Physical Plant Manager's brother-in-law (or former brother-in-law?).*

**We found no evidence of favoritism regarding the Auto Body Shop identified in the allegation. The Auto Body Shop has performed work for the University dating back to 1998. There is a family relationship (brother-in-law) between this vendor and the Physical Plant Manager that was disclosed in the past to Physical Plant Management. In addition, The Physical Plant Manager does not have sole authority over the selection of vendors for body shop services.**

**3. Stealing Time – Pay for Time Not Worked**

**Allegation:** *The Physical Plant Assistant Manager allows one employee to steal time by not making the employee clock in/out when leaving to pick up the employee's wife and/or grandkids. Check the time on Kronos. (the electronic time-keeping system).*

**There was no evidence discovered to substantiate this allegation.**

**4. Using University Resources for Personal Purposes**

**Allegation:** *Two Physical Plant employees got state overtime for moving furniture for the Physical Plant Assistant Manager on a Sunday, but the Assistant Manager discriminates against other employees getting overtime. Also on several occasions, a Physical Plant employee has used state equipment to cut the Assistant Manager's yard.*

**There was no evidence discovered to substantiate this allegation.**

**CASE RESOLUTION REPORT**  
**Physical Plant HVAC Department – Case # 14-005**

**December 11, 2013**

**Date of incident:** October 2, 2013

**Reported by:** UOM Hotline

**Investigation conducted by:** Internal Audit

**Description of Incident:**

Alleged that the Physical Plant HVAC Department was potentially not following procurement policies when purchasing parts for HVAC maintenance projects. During the investigation it was also alleged that an employee in the department may be receiving payments from a vendor in order to give preference to the vendor when purchasing parts.

**Total amount of loss:** None Indicated.

**Was employee dishonesty discovered?** No

**Action taken:** Interviewed employees and reviewed financial records.

**Conclusion:**

There was no evidence discovered to substantiate the allegations. During the investigation complaints were communicated to Internal Audit regarding employee relations issues in the HVAC Department. Those issues were communicated to Human Resources and addressed by that office.

**Internal control weaknesses found:** No

**Actions taken by Management:**

UOM Physical Plant has new senior management. The new management has taken steps to evaluate the current purchasing process in Physical Plant and is working with the UOM Office of Procurement and Contract Services to ensure compliance with procurement policies.



Byron Morgan  
Director Internal Audit

**CASE RESOLUTION REPORT**  
**Provost Office University College – Case # 14-004**

**December 18, 2013**

**Date of incident:** September 16, 2013

**Reported by:** Provost Office

**Investigation conducted by:** Internal Audit and Controller's Office

**Description of Incident:**

Management expressed concern that an employee may have possibly altered documents regarding meal expenses charged to a grant. (Questionable documentation for meals totaling \$73.70)

**Total amount of loss:** None (Charges of **\$9,731.84** removed from grant)

**Was employee dishonesty discovered?** No

**Action taken:** Interviewed employees and reviewed financial records.

**Conclusion:**

There was no evidence discovered to clearly confirm documents were altered. However, the documentation and circumstances surrounding the meal expenses were questionable. Management removed the meal expenses as charges to the grant.

**Internal control weaknesses found:** Yes.

During the investigation our review of financial records noted weaknesses regarding the review and approval process for expenses within University College. The weaknesses indicated noncompliance with UOM policy UM1719 "*Charges to Sponsored Agreements*".

**Management Action:**

Management changed the approval process to improve controls. In addition, based upon the review of charges to the grant by Internal Audit and the Controller's Office management removed charges of **\$9,731.84** from the grant as the supporting documentation was not in compliance with policy UM1719.



Byron Morgan  
Director Internal Audit

**Chattanooga State Community College**  
**Investigation 2014-01: Enrollment Services Center Employee Incident**  
**November 2013**  
**Executive Summary**  
**Page 1 of 2**

<b>Reported by</b>	Lisa Hancock, Bursar	<b>Internal Auditor</b>	Kimberly Clingan Director of Internal Audit
<b>Description of Incident</b>	<p>The incident involved an employee of the Enrollment Service Center (ESC ) circumventing over-ride controls in the SFAREGS system thus bypassing holds on a couple of students that had not paid their fees and reenrolling students into those classes. The Employee attempted to pay the fees for these students but bounced checks on two occasions. The Employee also used his system access to change a student’s address to his home address for at least 2 students. Upon discovery of the control over-rides, Management dismissed the employee.</p> <p>Subsequent to the employees’ dismissal, cash receipt forms for application fees were discovered in the employee’s desk that were completed but had not been processed through the bursar’s office. Additionally, 8 cash receipt forms for application fees processed by another employee and given to the dismissed employee for Touchnet completion were not processed in Touchnet or with the bursar’s office.</p>		
<b>Objective</b>	The objective of this investigation is to determine the amount of lost revenue and to evaluate the internal control issues that allowed the incident to occur.		
<b>Amount of Loss</b>	\$710	<b>Recoveries</b>	\$1,878.41
<b>Results of Investigation</b>	Internal Audit determined a total loss of \$710 in student application fees and a need for additional internal controls for cash receipt forms, cash, and system over-ride access during the ESC incident investigation.		
<b>Actions taken by Management</b>	<p>Management has taken the following actions during the course of the investigation to strengthen internal controls:</p> <ul style="list-style-type: none"> <li>• ESC Management required all cash receipt forms in the ESC to be returned to the Bursar’s Office and that all transactions to be processed through the Touchnet system. Students are directed to the ESC employees with Touchnet terminals to make cash payments of the application fee.</li> <li>• A daily exception report is run nightly to identify registration activity for students with active registration holds. The report is received by the Assistant Vice President Student Affairs for review and to obtain explanation for over rides.</li> <li>• The number of cash receipt forms obtained at one-time by a department will be limited by the Bursar’s office to 25 with exceptions given for satellite locations and consideration of normal usage during a semester. Access to the Touchnet system will be considered when determining an appropriate amount of cash receipt forms for a department/location.</li> </ul>		

**Chattanooga State Community College**  
**Investigation 2014-01: Enrollment Services Center Employee Incident**  
**November 2013**  
**Executive Summary**  
**Page 2 of 2**

<p><b>Actions taken by Management (cont'd)</b></p>	<ul style="list-style-type: none"> <li>• The Bursar's Office will make physical observations of the cash receipt forms checked out by college personnel at all locations each semester.</li> <li>• On November 19, 2013, a Human Resources representative met with the dismissed employee for completion of the employee exit form. During this meeting the dismissed employee was informed of the amounts owed ChSCC from this incident and from their time as a student in accordance with TBR policy B-010: Collection of Accounts Receivable. A form giving permission to withhold the total balance of \$1,878.41 from the final paycheck was signed by the dismissed employee and notarized.</li> </ul>
<p><b>Recommendations</b></p>	<p>Based on the procedures performed, Internal Audit recommends</p> <ul style="list-style-type: none"> <li>• The Human Resources Department should develop a written policy for when background checks should be performed during the hiring process. The policy should include a listing of departments/positions which require a background check such as for employees who handle cash or working with children in the day care center. The policy should comply with TBR policy as well as Federal and State Regulations for usage of background checks.</li> <li>• A reconciliation report for night receipts should be developed by the ESC and performed by the department supervisor during times of the year when the ESC is open late for student registration.</li> <li>• The safe in the ESC should be bolted to the floor due to its small size and ease of removal from the department.</li> <li>• The purchase of a small drop style safe should be evaluated by the ESC Management. This type of safe would allow employees to drop receipts taken after the Bursar's Office closes without the need for the safe combination thus limiting the number of employees with access to the ESC safe.</li> </ul>
<p><b>Management Response</b></p>	<p>Management concurs with Internal Audit's recommendations. ESC Management and Human Resources will take appropriate implementation steps by June 30, 2014.</p>



TBR SWIA -- Status Report on Internal Audit Recommendations -- Universities

(Reports sorted by Institution, Date of Report)

Institution	Date of Report	Title and Recommendation(s)	Responsible Staff	Date Management's Actions to be Implemented	Date Internal Audit's Follow-up Review Completed	Internal Audit's Conclusion on Management's Actions
ETSU	12/17/13	<b>Procurement Card Program</b> <b>1 of 1:</b> Several charges violated procurement card policies and/or ETSU financial procedures.	Director of Procurement & Contract Services	8/30/14		In Progress
ETSU	8/12/13	<b>Buccaneer Athletic Scholarship Association Gift-In-Kind</b> <b>1 of 3:</b> Policies and procedures over BASA's Gift-In-King process need improvement.	Associate Athletic Director for Development/ Executive Director of BASA	4/30/14		In Progress
ETSU	8/12/13	<b>Buccaneer Athletic Scholarship Association Gift-In-Kind</b> <b>2 of 3:</b> The basis for gift-in-kind medical services credit is unknown.	Associate Athletic Director for Development/ Executive Director of BASA	4/30/14		In Progress
ETSU	8/12/13	<b>Buccaneer Athletic Scholarship Association Gift-In-Kind</b> <b>3 of 3:</b> Gift-in-kind donations need to be entered into NeuLion in a more timely fashion.	Associate Athletic Director for Development/ Executive Director of BASA	4/30/14		In Progress
ETSU	7/15/13	<b>University School Student Activity Funds</b> <b>1 of 3:</b> Record disposal policies and guidelines were not followed by University School.	Dean of College of Education	6/30/14		In Progress
ETSU	7/15/13	<b>University School Student Activity Funds</b> <b>2 of 3:</b> Cash receipting procedures need improvement.	Dean of College of Education	6/30/14		In Progress
ETSU	7/15/13	<b>University School Student Activity Funds</b> <b>3 of 3:</b> Accountability over student activity funds needs improvement.	Dean of College of Education	6/30/14		In Progress
ETSU	5/29/13	<b>Advancement Services and Buccaneer Athletic Scholarship Association Cash Receipts Process</b> <b>1 of 1:</b> Cash receipting procedures need improvement.	Director of Advancement Services and Associated Athletic Director	9/30/13		In Progress

**TBR SWIA -- Status Report on Internal Audit Recommendations -- Universities**

(Reports sorted by Institution, Date of Report)

Institution	Date of Report	Title and Recommendation(s)	Responsible Staff	Date Management's Actions to be Implemented	Date Internal Audit's Follow-up Review Completed	Internal Audit's Conclusion on Management's Actions
ETSU	8/28/12	<b>COM Residency Program Investigation</b> <b>1 of 3:</b> An environment of low morale and a perception of favoritism did exist in the residency program under the Program Director.	Associate Dean for Graduate Medical Education	1/31/14		In Progress
ETSU	8/28/12	<b>COM Residency Program Investigation</b> <b>2 of 3:</b> Policies and procedures did not exist for various activities including elective assignments, call and back-up call schedules, program meeting locations/times, resident recruitment processes, resident awards, chief resident selections, and resident rounds conducted outside normal duty hours. GMEC policies and procedures to enroll observers were not always followed by the Program Director.	Associate Dean for Graduate Medical Education	1/31/14		In Progress
ETSU	8/28/12	<b>COM Residency Program Investigation</b> <b>3 of 3:</b> A conflict of interest did exist between the Program Director and a resident who was renting residential property owned by the Program Director.	Associate Dean for Graduate Medical Education	1/31/14		In Progress
MTSU	3/13/13	<b>Special Review of Classroom Technology July 1, 2010 - June 30, 2012 Recommendation 1 of 3:</b> Establish an inventory system for computer monitors and peripheral supply items.	ITD Classroom Technology	9/30/2013	Follow-up Review In Progress	
MTSU	3/13/13	<b>Special Review of Classroom Technology July 1, 2010 - June 30, 2012 Recommendation 2 of 3:</b> Ensure employees are knowledgeable of work time requirements and leave policies & procedures.	ITD Classroom Technology	9/30/2013	Follow-up Review In Progress	
MTSU	3/13/13	<b>Special Review of Classroom Technology July 1, 2010 - June 30, 2012 Recommendations 3 of 3:</b> ITD is seeking reimbursement for former employee's personal use of the department vehicle and establishing a process for monthly reviewing and reporting of vehicle mileage.	ITD Classroom Technology	9/30/2013	Follow-up Review In Progress	

TBR SWIA -- Status Report on Internal Audit Recommendations -- Universities

(Reports sorted by Institution, Date of Report)

Institution	Date of Report	Title and Recommendation(s)	Responsible Staff	Date Management's Actions to be Implemented	Date Internal Audit's Follow-up Review Completed	Internal Audit's Conclusion on Management's Actions
MTSU	3/27/13	<b>Review of Procurement Cards FY2012</b> <b>Finding 1 of 1:</b> Written policies and guidance for the procurement card program need updating	Business and Finance Services and Procurement Services	3/31/14		
MTSU	5/17/13	<b>Special Review of Dance Program</b> <b>4 of 4: (Other 3 findings addressed)</b> The dance program needs to improve cash receipting procedures.	MTSU Dance Program Management	1/14/14	Follow-up Not Started	
TSU	1/28/13	<b>Falsification of Student Travel Expenses:</b> <b>1 of 1:</b> Recommendation for disciplinary action and reimbursement for the overpayment of \$1,073.82.	Student Affairs and Travel Office	4/30/14		
TTU	11/15/13	<b>Personnel:</b> <b>1 of 8: Policy Revisions.</b> Several sections of the TTU Human Resources written policies and procedures need to be updated.	Interim Co-Directors of Human Resources	7/31/14		
TTU	11/15/13	<b>Personnel:</b> <b>2 of 8: Employment Contracts.</b> Of 33 new hires reviewed, 8 had signed the employment contract after their employment date.	Interim Co-Directors of Human Resources	7/31/14		
TTU	11/15/13	<b>Personnel:</b> <b>3 of 8: Employment Eligibility Verification (I-9's).</b> Of 33 new hires reviewed, 4 of the I-9's were signed after the hire date.	Interim Co-Directors of Human Resources	7/31/14		
TTU	11/15/13	<b>Personnel:</b> <b>4 of 8: Telecommuting.</b> Four of five employees who were telecommuting did not have an approved telecommuting agreement on file.	Interim Co-Directors of Human Resources	7/31/14		
TTU	11/15/13	<b>Personnel:</b> <b>5 of 8: Application Procedures.</b> The successful candidate for a faculty position had not completed the application procedure as required.	Interim Co-Directors of Human Resources	7/31/14		

TBR SWIA -- Status Report on Internal Audit Recommendations -- Universities

(Reports sorted by Institution, Date of Report)

Institution	Date of Report	Title and Recommendation(s)	Responsible Staff	Date Management's Actions to be Implemented	Date Internal Audit's Follow-up Review Completed	Internal Audit's Conclusion on Management's Actions
TTU	11/15/13	<b>Personnel:</b> <b>6 of 8: Limited English Proficiency Postings.</b> The Limited English Proficiency postings had not been distributed and displayed as required.	Interim Co-Directors of Human Resources	7/31/14		
TTU	11/15/13	<b>Personnel:</b> <b>7 of 8: Discrimination and Harassment Complaints.</b> Notice of delays in completion of investigation reports is not always made in writing as required.	Interim Co-Directors of Human Resources	7/31/14		
TTU	11/15/13	<b>Personnel:</b> <b>8 of 8: Non-Discrimination Notice.</b> The non-discrimination policy has not been included in all TTU publications as required.	Interim Co-Directors of Human Resources	7/31/14		
TTU	10/3/13	<b>Athletic Gifts-In-Kind</b> <b>1 of 2:</b> Sales tax was not excluded from GIK valuations.	Athletics Department Director for Development	2/28/14	2/3/14	Actions Completed
TTU	10/3/13	<b>Athletic Gifts-In-Kind</b> <b>2 of 2:</b> Vehicles provided to athletics staff was not acknowledged.	Athletics Department Director for Development	2/28/14	2/3/14	Actions Completed
TTU	6/20/12	<b>Physical Plant</b> <b>1 of 3: Key inventory.</b> The campus key inventory is not verified/updated on an annual basis and employees are not required to present a completed Request for Transferal of Form for keys during the exit interview as required in the TTU Key Control Regulations.	Facilities and Business Services	I. 6/30/13 II. 5/31/14	5/28/13	
UOM	11/6/12	<b>Athletics Tiger Scholarship Fund Gifts In-Kind</b> <b>1 of 1:</b> The gift-in-kind (GIK) process is not formally authorized by current policy and procedures resulting in a weakened control structure that allowed an over-extension of GIK credit for some goods or services, inadequate documentation to support some GIK valuations, and inadequate evidence of regular review and reauthorization of GIK services.	Athletics Department Director and Associates	11/30/13	11/14/13	Actions Completed

**TBR SWIA -- Status Report on Internal Audit Recommendations -- Universities**

(Reports sorted by Institution, Date of Report)

Institution	Date of Report	Title and Recommendation(s)	Responsible Staff	Date Management's Actions to be Implemented	Date Internal Audit's Follow-up Review Completed	Internal Audit's Conclusion on Management's Actions
UOM	5/10/13	<b>Charges to Sponsored Agreements Research 1 of 1:</b> Management should provide and promote training and communications on a regular basis throughout the year to Pls and Business Officers regarding this key control to ensure reviews are conducted as noted in the policy. The training and communication should include information about the report developed by Financial Management in Banner ePrint for the purposes of monitoring administrative charges.	Vice-President Business and Finance and Provost	1/31/14	12/2/13	Actions Completed
UOM	4/19/13	<b>Extra Compensation – Faculty and Staff 1 of 1:</b> Management should review the current request form and the process for reviewing these requests to ensure that the documentation submitted for extra compensation requests clearly describes how the services will comply with the definition for extra compensation as defined in the policy.	Vice-President Business and Finance and Provost	3/31/14		In-Progress

**Status Legend for Management's Action:**

**No Progress** - Management has not implemented the actions stated in their response to this recommendation. Additional review scheduled.

**In Progress** - Management has implemented some of the actions stated in their response to this recommendation. Additional review scheduled.

**Actions Completed** - Management has implemented the actions stated in their response to this recommendation. Issue closed.

TBR SWIA -- Status Report on Internal Audit Recommendations -- Community Colleges

(Reports sorted by Institution, Date of Report)

Institution	Date of Report	Title and Recommendation(s)	Responsible Staff	Date Management's Actions to be Implemented	Date Internal Audit's Follow-up Review Completed	Internal Audit's Conclusion on Management's Actions
ChSCC	1/31/14	<b>Enrollment Services Center Employee Incident</b> <b>1 of 4:</b> • The Human Resources Department should develop a written policy for when background checks should be performed during the hiring process. The policy should include a listing of departments/positions which require a background check such as for employees who handle cash or working with children in the day care center. The policy should comply with TBR policy as well as Federal and State Regulations for usage of background checks.	Human Resources Director	6/30/14		
ChSCC	1/31/14	<b>Enrollment Services Center Employee Incident</b> <b>2 of 4:</b> • A reconciliation report for night receipts should be developed by the ESC and performed by the department supervisor during times of the year when the ESC is open late for student registration.	ESC management	3/1/14		
ChSCC	1/31/14	<b>Enrollment Services Center Employee Incident</b> <b>3 of 4:</b> • The safe in the ESC should be bolted to the floor due to its small size and ease of removal from the department.	ESC management	3/1/14		
ChSCC	1/31/14	<b>Enrollment Services Center Employee Incident</b> <b>4 of 4:</b> • The purchase of a small drop style safe should be evaluated by the ESC Management. This type of safe would allow employees to drop receipts taken after the Bursar's Office closes without the need for the safe combination thus limiting the number of employees with access to the ESC safe.	ESC management	6/30/14		
CISCC	12/17/12	<b>Missing Money at Athens Campus</b> <b>1 of 3:</b> Key box and key code book is not secure.	Director of Budget and Finance	3/31/14		
CISCC	12/17/12	<b>Missing Money at Athens Campus</b> <b>2 of 3:</b> Key request logs not up to date.	Director of Budget and Finance	3/31/14		
CISCC	12/17/12	<b>Missing Money at Athens Campus</b> <b>3 of 3:</b> Cashier's Office is not secure.	Director of Budget and Finance	3/31/14		
CISCC	10/18/13	<b>Misuse of State Funds in Maintenance Department</b> <b>1 of 3:</b> Procedures need to be developed for hauling off scrap metal.	Director of Maintenance and Plant Operations	3/31/14		

TBR SWIA -- Status Report on Internal Audit Recommendations -- Community Colleges

(Reports sorted by Institution, Date of Report)

Institution	Date of Report	Title and Recommendation(s)	Responsible Staff	Date Management's Actions to be Implemented	Date Internal Audit's Follow-up Review Completed	Internal Audit's Conclusion on Management's Actions
CISCC	10/18/13	<b>Misuse of State Funds in Maintenance Department</b> <b>2 of 3:</b> No procedures exist for the issuing of credit cards or review of purchases on charge accounts.	Director of Maintenance and Plant Operations	3/31/14		
CISCC	10/18/13	<b>Misuse of State Funds in Maintenance Department</b> <b>3 of 3:</b> Fuel logs are not maintained properly.	Director of Maintenance and Plant Operations	3/31/14		
JSCC	10/11/12	<b>IT Governance:</b> <b>Observation 1 of 1:</b> The process for technology purchases, maintenance agreements, and the equipment location and design that cross over both departments may need to be reviewed to ensure that resources are effectively managed for the benefit of the institution.	Dana Nails, Director of Information Technology	6/30/13		
JSCC	4/2/13	<b>Data Security:</b> <b>Observation 1 of 2:</b> The data security policy may need to be reviewed and updated to provide more complete guidance regarding the collection, access, transmission, storage, and disposal of personally identifiable information.	Dana Nails, Director of Information Technology	10/31/13		
JSCC	4/2/13	<b>Data Security:</b> <b>Observation 1 of 2:</b> Training should be provided for employees to ensure compliance with the data security policy and other regulations including Family Educational Rights and Privacy Acts, Federal Trade Commission Red Flags Rule, and Gramm-Leach-Bliley Act. Representatives from each area of data security responsibility should be included in the development of training.	Dana Nails, Director of Information Technology	10/31/13		
NeSCC	1/2/14	<b>Data Security FY 2013</b> <b>1 of 1:</b> Information Technology Resources policy is not being followed as stated in Policy 1:08:00:00.	Director of Information Technology	9/30/14		In Progress
VSCC	4/19/13	<b>Audit of Key Controls</b> <b>1 of 2:</b> Communication should be enhanced between Human Resources, Campus Police, and the Locksmith for exiting employees.	Campus Police and Locksmith	4/30/14	4/30/14	

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

Institution	Date of Report	Title and Recommendation(s)	Responsible Staff	Date Management's Actions to be Implemented	Date Internal Audit's Follow-up Review Completed	Internal Audit's Conclusion on Management's Actions
VSCC	4/19/13	<b>Audit of Key Controls</b> <b>2 of 2:</b> The Keystone software system is not utilizing internal control best practices.	Campus Police and Locksmith	4/30/14	4/30/14	
VSCC	12/18/13	<b>Audit of International Education Fee</b> <b>1 of 5:</b> Management should record the emergency reserve allocation in the International Education Fee fund.	Office of International Education and Business Office	6/30/14	6/30/14	
VSCC	12/18/13	<b>Audit of International Education Fee</b> <b>2 of 5:</b> Management should consider adding the Director of International Education and the Coordinator of International Education as Ex-Officio members of the International Education Committee.	Office of International Education and Business Office	6/30/14	6/30/14	
VSCC	12/18/13	<b>Audit of International Education Fee</b> <b>3 of 5:</b> Management should ensure that student payments for travel are applied to the international education expenses.	Office of International Education and Business Office	6/30/14	6/30/14	
VSCC	12/18/13	<b>Audit of International Education Fee</b> <b>4 of 5:</b> Management should consider addressing the attendance of a spouse or personal guest at a business meal and whether they contribute to the guest entertainment in the Purchase of Business Meals and Events policy. Management should also consider how this information should be disclosed on the Meal Reimbursement Request Form and whether any additional approvals are needed beyond the applicable Vice President.	Office of International Education and Business Office	6/30/14	6/30/14	
VSCC	12/18/13	<b>Audit of International Education Fee</b> <b>5 of 5:</b> Management should reconcile the expenses in the Banner accounting system to ensure the accuracy of the fund.	Office of International Education and Business Office	6/30/14	6/30/14	
TBR	6/5/13	<b>Travel Expenses July 1, 2012 - December 9, 2012</b> <b>Finding 1 of 1:</b> Business Office review of travel expenses should be improved.	Vice Chancellor of Business and Finance and Director of Fiscal Services	3/31/14		

**Status Legend for Management's Action:**

**No Progress** - Management has not implemented the actions stated in their response to this recommendation. Additional review scheduled.

**In Progress** - Management has implemented some of the actions stated in their response to this recommendation. Additional review scheduled.

**Actions Completed** - Management has implemented the actions stated in their response to this recommendation. Issue closed.



TBR SWIA -- Status Report on Internal Audit Recommendations -- Tennessee Colleges of Applied Technology

(Reports sorted by Institution, Date of Report)

Institution	Date of Report	Title and Recommendation(s)	Responsible Staff	Date Management's Actions to be Implemented	Date Internal Audit's Follow-up Review Completed	Internal Audit's Conclusion on Management's Actions
Pulaski	7/23/13	<b>Operational Audit</b> <b>1 of 1:</b> Financial Aid Refunds and Financial Aid Student Accounts Receivable were not initiated within the required time frames.	Director	6/30/14		

**Status Legend for Management's Action:**

**No Progress** - Management has not implemented the actions stated in their response to this recommendation. Additional review scheduled.

**In Progress** - Management has implemented some of the actions stated in their response to this recommendation. Additional review scheduled.

**Actions Completed** - Management has implemented the actions stated in their response to this recommendation. Issue closed.

**Tennessee Board of Regents  
Committee on Audit**

**DATE:** March 11, 2014

**AGENDA ITEM:** **Review of CCTA Funding Formula Audits of Progression Data**

**PRESENTER:** Tammy Birchett

**ACTION REQUIRED:** Informational Report

**STAFF’S RECOMMENDATION:** Accept Report

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**BACKGROUND INFORMATION:**

The Complete College Tennessee Act of 2010 (the Act) charged the Tennessee Higher Education Commission (THEC) with developing a statewide master plan for the state’s public higher education institutions and for directing those institutions to be accountable for increasing the educational attainment levels of Tennesseans. In implementing the plan, the Act requires that THEC use an outcomes-based model for making funding recommendations. The outcome measures identified for use in the funding formula are different for universities and community colleges and are further distinguished by weighting the measures by institutional mission. The outcomes may be grouped into student progression, student completion (degrees and certificates awarded), efficiency measures and other important institutional factors.

<b>Universities</b>	<b>Community Colleges</b>
Students accumulating 24, 48 and 72 credit hours (Progression)	Students accumulating 12, 24 and 36 credit hours (Progression)
Research and Service Expenditures	Dual Enrollment Students
Bachelor and Associate Degrees	Associate Degrees and Certificates
Master and Ed Specialist Degrees	Workforce Training
Doctoral and Law Degrees	Job Placements
Degrees per 100 FTE	Awards per 100 FTE
Transfers Out with at least 12 Credit Hours	Transfers Out with 12 Credit Hours
Six-Year Graduation Rate	Remedial and Developmental Success

Each university and community college prepares end of term data files from Banner and provides them to the TBR Office of Research and Assessment where they files are compiled into academic year data files for THEC. At THEC, the data is combined for a three year average of student information for use in determining funding recommendations.

Because of the numerous data elements used in the formula, it was determined that audits would be performed in three phases.

<u>Data Elements</u>	<u>Scheduled Completion</u>
Progression and Dual-Enrollment Completions	February 2014
Other (Transfers, Remedial & Developmental Success)	July 2014
	December 2014

The audits of progression and dual-enrollment (community colleges only) covered data from the 2011 – 2012 academic year. The objectives were to provide reasonable assurance that student enrollment data reported to THEC was accurate based on instructions provided by TBR and that student hours calculated for progression outcomes and unduplicated headcounts were accurate and supported by student records.

### **Summary of Results of Audits:**

The audits found that institutional internal controls were generally adequate and that data submitted was substantially accurate. However, the audits did identify several matters that should be further evaluated by TBR Office of Research and Assessment and consult with the Tennessee Higher Education Commission. Based on the results of tests, these issues do not appear to cause significant differences in the formula data but TBR should consider whether procedures should be revised to further minimize the risk of data errors or whether the risk from these matters is at an acceptable level.

- There is an inherent risk of timing differences in certain limited instances that may cause inaccurate calculations of hours from one academic year to the next. Depending on the timing of the institution's posting of hours transferred in or a student's completion of course grades of Incomplete or repeated courses, THEC may not count a student progression or may count a progression twice.
- TBR uses a calculation for progression counts that was in place before the funding formula, but it is slightly different from the THEC Data Dictionary definition regarding the calculation since it includes graduate course hours for undergraduate students. The Data Dictionary issued by THEC does not indicate these hours should be included. THEC staff said the possibility of graduate hours for undergraduate students had not been considered in the formula definitions. The TBR, Office of Research and Assessment performed a test to search for undergraduate students who had graduate hours in the current year's formula data; they determined that only five of these students in the three years of data had crossed progression thresholds.
- TBR uses a calculation of age to identify those in the Adult Sub-population that differs from THEC's calculation, which causes a difference when comparing the data.
- One audit report noted there were issues with the sample data provided by TBR, Office of Research and Assessment and referred the matter to System-wide Internal Audit. The institution's Summer end of term report included data for the subsequent Fall term because the Summer term report was dated six months later than the end date of the

Summer term. TBR Office of Research and Assessment is looking into this matter, but System-wide Internal Audit is also examining the data handling procedures used by the Office of Research and Assessment and will issue a report when it is completed. (University of Memphis)

- One audit report noted that because the school posted grades for two students after the end-of-term reporting deadlines, the hours did not count towards progression; the students were dual-enrolled high school students and the high-school's year-end occurred later than the college's, which may have contributed to the late posting. The report also noted a student missed a progression benchmark because of the design of the college's course numbering for certain courses. (Northeast State Community College)
- One audit report noted that for students reported to THEC with missing social security numbers, THEC creates a value to populate the social security field when counting the student. However, if the college submits a record with the valid social security number in a subsequent term, THEC counts the student a second time creating a duplicate headcount. (Volunteer State Community College)
- One audit report noted that hours for a branch campus for the Fall and Summer terms of the reporting period were not included in the data files provided to TBR, resulting in inaccurate hours reported. (Austin Peay State University)

**Austin Peay State University  
Complete College Tennessee Act (CCTA)  
Progression Outcomes for Academic Year 2011 – 2012  
Executive Summary**

<p><b>Key Staff Person:</b> Interim Provost and VP of Academic Affairs</p>	<p><b>Auditor:</b> Jacqueline Struckmeyer, Director</p>
<p><b>Introduction:</b> The CCTA of 2010 (the Act) charged the Tennessee Higher Education Commission (THEC) with developing a statewide master plan for the state’s public higher education institutions and for directing those institutions to be accountable for increasing the educational attainment levels of Tennesseans. In implementing the plan, the Act requires that THEC use an outcomes-based model for making funding recommendations. The outcome measures identified for use in the funding formula are different for universities and community colleges and are further distinguished by weighting the measures by institutional mission. The outcomes may be grouped into student progression, student completion (degrees and certificates awarded), efficiency measures and other important institutional factors.</p>	
<p><b>Scope:</b> This audit reviewed progression data from the 2011 – 2012 academic year. Future audits will focus on the other outcome measures used in the funding formula.</p>	
<p><b>Objectives:</b> The objectives of the audit were to determine whether the university’s internal controls provide reasonable assurance that 1) the student enrollment data reported to THEC was accurate and in compliance with the reporting instructions provided by TBR; and 2) that the student hours calculated for progression outcomes were accurate and supported by student records.</p>	
<p><b>Observations:</b>            Observation 1: Data used by TBR to determine progression did not include the correct term and/or cumulative hours for Fort Campbell Summer and Fall 2011. As a result, progression outcomes reported for APSU are likely understated.            Observation 2: Institutional and TBR management should consult with THEC to evaluate the effect of certain timing differences on progression outcomes.</p>	
<p><b>Audit Conclusion:</b> Based on audit tests performed on a sample of students, the undergraduate student hours reported to the TBR and subsequently to THEC by the TBR for Austin Peay State University for the 2011 – 2012 academic year used for progression outcomes are likely understated because an error was identified in the data that was reported to TBR by the institution. Also, the review of the system of internal controls over student data indicated that the university has established controls to provide reasonable assurance that the data is accurately reported, however, for the year 2011-2012, the controls in place were not adequate. The audit revealed matters warranting audit observations.</p> <p>The progression outcomes reported by THEC for the 2011 – 2012 academic year for the university by progression thresholds for all students (and the adult sub-population) were 1502 (240 adults) at 24 credit hours; 1438 (322 adults) at 48 credit hours; and 1386 (456 adults) at 72 credit hours.</p>	

Restriction on Use of the Report

This report is intended solely for the internal use of the Tennessee Board of Regents. It is not intended to be and should not be used for any other purpose. The distribution of the report to external parties must be approved by the Office of System-wide Internal Audit.

**East Tennessee State University**  
**Complete College Tennessee Act (CCTA)**  
**Progression Outcomes for Academic Year 2011 – 2012**  
**Executive Summary**

<b>Key Staff Person:</b> Registrar and Director of Institutional Research	<b>Auditor:</b> Martha Stirling
<p><b>Introduction:</b> The CCTA of 2010 (the Act) charged the Tennessee Higher Education Commission (THEC) with developing a statewide master plan for the state’s public higher education institutions and for directing those institutions to be accountable for increasing the educational attainment levels of Tennesseans. In implementing the plan, the Act requires that THEC use an outcomes-based model for making funding recommendations. The outcome measures identified for use in the funding formula are different for universities and community colleges and are further distinguished by weighting the measures by institutional mission. The outcomes may be grouped into student progression, student completion (degrees and certificates awarded), efficiency measures and other important institutional factors.</p>	
<p><b>Scope:</b> This audit reviewed progression data from the 2011 – 2012 academic year. Future audits will focus on the other outcome measures used in the funding formula.</p>	
<p><b>Objectives:</b> The objectives of the audit were to determine whether East Tennessee State University’s internal controls provide reasonable assurance that 1) the student enrollment data reported to THEC was accurate and in compliance with the reporting instructions provided by the Tennessee Board of Regents (TBR); and 2) that the student hours calculated for progression outcomes were accurate and supported by student records.</p>	
<p><b>Observation:</b> The audit testwork did not identify inaccuracies in the data submitted to THEC, but did identify an inherent risk that outcomes may not be counted correctly by THEC in certain limited instances. Depending on the timing of the posting or completion of course grades of incomplete, repeated courses, or transfer hours, THEC may not recognize a student progression or may count the progression in more than one academic year. This inherent risk exists because THEC calculates whether students cross progression thresholds for an academic year from the data submitted at a point in time (i.e., the end of the term) while the institution continues to adjust student cumulative hours based on students’ activity in subsequent terms. With each Incomplete course grade, transfer hours, or repeated course, there is a risk that when the resolution of one of these activities originates in one academic year and is resolved in a subsequent academic year, the progression point may not be accurately recognized.</p> <p>Institutional management should consult with THEC via TBR System Office management to determine the significance of the risk of inaccurate progression outcomes resulting from certain timing differences and whether the risk warrants mitigating actions. East Tennessee State University will continue to consult with the Tennessee Board of Regents on these concerns.</p>	
<p><b>Audit Conclusion:</b> Based on audit tests performed on a sample of students, the undergraduate student hours reported to the TBR and subsequently to THEC by the TBR for East Tennessee State University for the 2011 – 2012 academic year used for progression outcomes appeared accurate. Also, the review of the system of internal controls over student data indicated that the university has established controls to provide reasonable assurance that student data is accurately reported. The audit did reveal matters warranting one audit observation which is detailed above and on pages 3 through 4 of this report.</p> <p>The progression outcomes reported by THEC for the 2011 – 2012 academic year for the university by progression thresholds for all students were 1823 at 24 credit hours; 1716 at 48 credit hours; and 2040 at 72 credit hours.</p>	

**Middle Tennessee State University  
Complete College Tennessee Act (CCTA)  
Progression Outcomes for Academic Year 2011 – 2012**

**Executive Summary**

**Introduction**

The CCTA of 2010 (the Act) charged the Tennessee Higher Education Commission (THEC) with developing a statewide master plan for the state’s public higher education institutions and for directing those institutions to be accountable for increasing the educational attainment levels of Tennesseans. In implementing the plan, the Act requires that THEC use an outcomes-based model for making funding recommendations. The outcome measures identified for use in the funding formula are different for universities and community colleges and are further distinguished by weighting the measures by institutional mission. The outcomes may be grouped into student progression, student completion (degrees and certificates awarded), efficiency measures and other important institutional factors.

**Scope**

This audit reviewed progression data from the 2011 – 2012 academic year. Future audits will focus on the other outcome measures used in the funding formula.

**Objectives**

The objectives of the audit were to determine whether the university’s internal controls provide reasonable assurance that 1) the student enrollment data reported to the Tennessee Board of Regents (TBR) and subsequently to THEC by the TBR was accurate and in compliance with the reporting instructions provided by TBR; and 2) that the student hours calculated for progression outcomes were accurate and supported by student records.

**Audit Conclusion**

Based on audit tests performed on a sample of students, the undergraduate student hours reported to the TBR and subsequently to THEC by the TBR for Middle Tennessee State University for the 2011 – 2012 academic year used for progression outcomes appeared accurate. Also, the review of the system of internal controls over student data indicated that the university has established controls to provide reasonable assurance that student data is accurately reported.

The progression outcomes reported by THEC for the 2011 – 2012 academic year for the university by progression thresholds for all students (and the adult sub-population) were 3,297 (207 adults) at 24 credit hours; 3,458 (374 adults) at 48 credit hours; and 3,804 (663 adults) at 72 credit hours. The institutional adult sub-population progression count was less than the THEC data by a total of 101 (8.12%). It appears the institution and THEC are using different methods to determine the age of students.

**Observation: Inherent Risk Identified With Data Used in Determining Progression Outcomes**

The audit testwork did not identify inaccuracies in the data submitted to THEC, but did identify an inherent risk that outcomes may not be counted correctly by THEC in certain limited instances. Students near a progression point with end of term data that includes course grades of incomplete, grade changes from F’s, or transfer hours, may not be recognized in the progression counts due to the methodology used in determining progression. It also appears in limited circumstances this methodology can cause a progression outcome for a student to be met in two separate academic years if the student repeats courses.

**Tennessee State University**  
**Complete College Tennessee Act (CCTA)**  
**Progression Outcomes for Academic Year 2011 – 2012**  
**Executive Summary**

<b>Key Staff Person:</b> Associate VP for Academic Affairs	<b>Auditor:</b> Mike Batson, Director
<p><b>Introduction:</b> The CCTA of 2010 (the Act) charged the Tennessee Higher Education Commission (THEC) with developing a statewide master plan for the state’s public higher education institutions and for directing those institutions to be accountable for increasing the educational attainment levels of Tennesseans. In implementing the plan, the Act requires that THEC use an outcomes-based model for making funding recommendations. The outcome measures identified for use in the funding formula are different for universities and community colleges and are further distinguished by weighting the measures by institutional mission. The outcomes may be grouped into student progression, student completion (degrees and certificates awarded), efficiency measures, and other important institutional factors.</p>	
<p><b>Scope:</b> This audit reviewed progression data from the 2011 – 2012 academic year. Future audits will focus on the other outcome measures used in the funding formula.</p>	
<p><b>Objectives:</b> The objectives of the audit were to determine whether the university's internal controls provide reasonable assurance that 1) the student enrollment data reported to THEC was accurate and in compliance with the reporting instructions provided by TBR; and 2) that the student hours calculated for progression outcomes were accurate and supported by student records.</p>	
<p><b>Observation:</b> Institutional and TBR management should consult with THEC to evaluate the effect of certain timing differences on progression outcomes.</p> <p><b>Management's Comment:</b> We concur. Tennessee State University's Office of Institutional Research performs quality control reviews of the data prior to submission, in order to reduce the risk that the errors noted above may go undetected.</p>	
<p><b>Audit Conclusion:</b> Based on audit tests performed on a sample of students, the undergraduate student hours reported to the TBR and subsequently to THEC by the TBR for Tennessee State University for the 2011 – 2012 academic year used for progression outcomes appeared accurate. Also, the review of the system of internal controls over student data indicated that the university has established controls to provide reasonable assurance that student data is accurately reported. As noted above, we did not identify inaccuracies in the data reported to THEC; however, we have included an observation to identify an inherent risk that inaccuracies could occur in limited situations.</p> <p>The progression outcomes reported by THEC for the 2011 – 2012 academic year for the university by progression thresholds for all students (and the adult sub-population) were 976 (94 adults) at 24 credit hours; 901 (128 adults) at 48 credit hours; and 892 (203 adults) at 72 credit hours.</p>	



**TENNESSEE TECH UNIVERSITY**  
**Complete College Tennessee Act (CCTA)**  
**Progression Outcomes for Academic Year 2011 – 2012**  
**February 5, 2014**  
**Executive Summary**

<b>Key Staff Person:</b> Registrar	<b>Auditor:</b> Assistant Director of Internal Audit
<p><b>Introduction:</b> The CCTA of 2010 (the Act) charged the Tennessee Higher Education Commission (THEC) with developing a statewide master plan for the state’s public higher education institutions and for directing those institutions to be accountable for increasing the educational attainment levels of Tennesseans. In implementing the plan, the Act requires that THEC use an outcomes-based model for making funding recommendations. The outcome measures identified for use in the funding formula are different for universities and community colleges and are further distinguished by weighting the measures by institutional mission. The outcomes may be grouped into student progression, student completion (degrees and certificates awarded), efficiency measures, and other important institutional factors.</p>	
<p><b>Scope:</b> This audit reviewed progression data from the 2011 – 2012 academic year. Future audits will focus on the other outcome measures used in the funding formula.</p>	
<p><b>Objectives:</b> The objectives of the audit were to determine whether Tennessee Tech’s internal controls provide reasonable assurance that 1) the student enrollment data reported to THEC was accurate and in compliance with the reporting instructions provided by TBR; and 2) that the student hours calculated for progression outcomes were accurate and supported by student records.</p>	
<p><b>Observation:</b> When the resolution of an incomplete course grade, transfer hour, or repeated course originates in one academic year and is resolved in a subsequent academic year, the progression point may not be accurately recognized.</p>	
<p><b>Audit Conclusion:</b> Based on audit tests performed on a sample of students, the undergraduate student hours reported to TBR and subsequently to THEC by TBR for Tennessee Tech for the 2011 – 2012 academic year used for progression outcomes appeared accurate except for two errors which had been detected and corrected prior to the audit that did not affect the progression counts and an instance where the 24 credit hour progression for one student was recognized in a later term due to the student’s late submission of transfer transcripts. Also, the review of the system of internal controls over student data indicated that Tennessee Tech has established controls to provide reasonable assurance that student data is accurately reported. The audit did not reveal matters warranting audit findings.</p> <p>The progression outcomes reported by THEC for the 2011 – 2012 academic year for Tennessee Tech by progression thresholds for all students were 1645 at 24 credit hours; 1545 at 48 credit hours; and 1728 at 72 credit hours.</p>	

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

**University of Memphis**  
**Complete College Tennessee Act (CCTA)**  
**Progression Outcomes for Academic Year 2011 – 2012**  
**Executive Summary**

<p><b>Key Staff :</b> Provost and Vice-President of Business and Finance</p>	<p><b>Auditors:</b> Byron Morgan and Jesse Pierce</p>
<p><b>Introduction:</b> The CCTA of 2010 (the Act) charged the Tennessee Higher Education Commission (THEC) with developing a statewide master plan for the state’s public higher education institutions and for directing those institutions to be accountable for increasing the educational attainment levels of Tennesseans. In implementing the plan, the Act requires that THEC use an outcomes-based model for making funding recommendations. The outcome measures identified for use in the funding formula are different for universities and community colleges and are further distinguished by weighting the measures by institutional mission. The outcomes may be grouped into student progression, student completion (degrees and certificates awarded), efficiency measures and other important institutional factors.</p>	
<p><b>Scope:</b> This audit reviewed progression data from the 2011 – 2012 academic year. Future audits will focus on the other outcome measures used in the funding formula.</p>	
<p><b>Objectives:</b> The objectives of the audit were to determine whether the University of Memphis internal controls provide reasonable assurance that 1) the student enrollment data reported to THEC was accurate and in compliance with the reporting instructions provided by TBR; and 2) that the student hours calculated for progression outcomes were accurate and supported by student records.</p>	
<p><b>Findings:</b> None</p>	
<p><b>Audit Conclusion:</b>  Based on audit tests performed on a sample of students, the undergraduate student hours reported to the TBR and subsequently to THEC by the TBR for the University of Memphis for the 2011 – 2012 academic year used for progression outcomes appeared accurate, however we did note some issues with the sample of students data provided to us for this audit which could possibly impact the audit conclusion. The database environment at TBR was not within the audit scope for our audit at the University of Memphis. We noted no material differences based upon the data provided and the instructions provided for this audit by the TBR System-Wide Internal Audit (SWIA) office.</p> <p>The review of the system of internal controls over student data indicated that the University of Memphis has established controls to provide reasonable assurance that the data is accurately reported to TBR.</p> <p>The audit did not reveal matters warranting audit findings or observations for the University of Memphis. However, we did note certain issues with the sample data provided by the TBR Office of Assessment and Research that, in our opinion, should be reviewed and considered by the SWIA office regarding the student sample data provided to us for this audit. We have communicated the issues noted and our concerns with the sample data to the SWIA for review and consideration.</p>	

**Chattanooga State Community College**  
**Complete College Tennessee Act (CCTA)**  
**Progression and Dual-Enrollment Outcomes for Academic Year 2011 – 2012**  
**Executive Summary**

<p><b>Key Staff Person:</b> Eva Lewis, Associate Vice President  Institutional Effectiveness and Research</p>	<p><b>Auditor:</b> Kimberly Clingan, Director  Internal Audit</p>
<p><b>Introduction:</b> The CCTA of 2010 (the Act) charged the Tennessee Higher Education Commission (THEC) with developing a statewide master plan for the state’s public higher education institutions and for directing those institutions to be accountable for increasing the educational attainment levels of Tennesseans. In implementing the plan, the Act requires that THEC use an outcomes-based model for making funding recommendations. The outcome measures identified for use in the funding formula are different for universities and community colleges and are further distinguished by weighting the measures by institutional mission. The outcomes may be grouped into student progression, student completion (degrees and certificates awarded), efficiency measures and other important institutional factors.</p>	
<p><b>Scope:</b> This audit reviewed progression and dual-enrollment data from the 2011 – 2012 academic year. Future audits will focus on the other outcome measures used in the funding formula.</p>	
<p><b>Objectives:</b> The objectives of the audit were to determine whether the college’s internal controls provide reasonable assurance that 1) the student enrollment data reported to THEC was accurate and in compliance with the reporting instructions provided by TBR; and 2) that the student hours calculated for progression outcomes and unduplicated headcounts determined for dually-enrolled high school students taking degree-credit courses were accurate and supported by student records.</p>	
<p><b>Observation:</b> Institutional and TBR management should consult with THEC to evaluate the effect of certain timing differences on progression outcomes.</p>	
<p><b>Audit Conclusion:</b> Based on audit tests performed on a sample of students, the undergraduate student hours reported to the TBR and subsequently to THEC by the TBR for Chattanooga State Community College for the 2011 – 2012 academic year used for progression and dual-enrollment outcomes appeared accurate. Also, the review of the system of internal controls over student data indicated that the college/university has established controls to provide reasonable assurance that student data is accurately reported. The audit did reveal matters warranting an audit observation concerning certain timing differences that represent and inherent risk to the outcomes and should be evaluated with TBR management and THEC.</p> <p>The progression outcomes reported by THEC for the 2011 – 2012 academic year for the college by progression thresholds for all students and the adult sub-population were 2,351 (723 adults) at 12 credit hours; 1,872 (765 adults) at 24 credit hours; and 1,646 (783 adults) at 36 credit hours. The unduplicated headcount of dual-enrolled high school students taking degree credit courses totaled 1,155.</p>	

**Cleveland State Community College**  
**Complete College Tennessee Act (CCTA)**  
**Progression [and Dual-Enrollment] Outcomes for Academic Year 2011 – 2012**  
**Executive Summary**

<b>Key Staff Person:</b> Michael Stokes	<b>Auditor:</b> Alvin Bishop
<p><b>Introduction:</b> The CCTA of 2010 (the Act) charged the Tennessee Higher Education Commission (THEC) with developing a statewide master plan for the state’s public higher education institutions and for directing those institutions to be accountable for increasing the educational attainment levels of Tennesseans. In implementing the plan, the Act requires that THEC use an outcomes-based model for making funding recommendations. The outcome measures identified for use in the funding formula are different for universities and community colleges and are further distinguished by weighting the measures by institutional mission. The outcomes may be grouped into student progression, student completion (degrees and certificates awarded), efficiency measures and other important institutional factors.</p>	
<p><b>Scope:</b> This audit reviewed progression and dual-enrollment data from the 2011 – 2012 academic year. Future audits will focus on the other outcome measures used in the funding formula.</p>	
<p><b>Objectives:</b> The objectives of the audit were to determine whether the college’s internal controls provide reasonable assurance that 1) the student enrollment data reported to THEC was accurate and in compliance with the reporting instructions provided by TBR; and 2) that the student hours calculated for progression outcomes and unduplicated headcounts determined for dually-enrolled high school students taking degree-credit courses were accurate and supported by student records.</p>	
<p><b>Observation:</b> Institutional and TBR management should consult with THEC to evaluate the effect of certain timing differences on progression outcomes.</p>	
<p><b>Audit Conclusion:</b> Based on audit tests performed on a sample of students, the undergraduate student hours reported to the TBR and subsequently to THEC by the TBR for Cleveland State Community College for the 2011 – 2012 academic year used for progression and dual-enrollment outcomes appeared accurate. Also, the review of the system of internal controls over student data indicated that the college has established controls to provide reasonable assurance that student data is accurately reported. The audit did reveal one matter warranting an observation.</p> <p>The progression outcomes reported by THEC for the 2011 – 2012 academic year for the college by progression thresholds for all students (and the adult sub-population) were 1164 (371 adults) at 12 credit hours; 817 (328 adults) at 24 credit hours; and 659 (315 adults) at 36credit hours. The unduplicated headcount of dual-enrolled high school students taking degree credit courses totaled 627.</p>	

**Columbia State Community College**  
**Complete College Tennessee Act (CCTA)**  
**Progression and Dual-Enrollment Outcomes for Academic Year 2011 – 2012**  
**Executive Summary**

**Introduction**

The CCTA of 2010 (the Act) charged the Tennessee Higher Education Commission (THEC) with developing a statewide master plan for the state’s public higher education institutions and for directing those institutions to be accountable for increasing the educational attainment levels of Tennesseans. In implementing the plan, the Act requires that THEC use an outcomes-based model for making funding recommendations. The outcome measures identified for use in the funding formula are different for universities and community colleges and are further distinguished by weighting the measures by institutional mission. The outcomes may be grouped into student progression, student completion (degrees and certificates awarded), efficiency measures and other important institutional factors.

**Scope**

This audit reviewed progression and dual-enrollment data from the 2011 – 2012 academic year. Future audits will focus on the other outcome measures used in the funding formula.

**Objectives**

The objectives of the audit were to determine whether the college’s internal controls provide reasonable assurance that 1) the student enrollment data reported to the Tennessee Board of Regents (TBR) and subsequently to THEC by the TBR was accurate and in compliance with the reporting instructions provided by TBR; and 2) that the student hours calculated for progression outcomes and unduplicated headcounts determined for dually-enrolled high school students taking degree-credit courses were accurate and supported by student records.

**Audit Conclusion**

Based on audit tests performed on a sample of students, the undergraduate student hours reported to the TBR and subsequently to THEC by the TBR for Columbia State Community College for the 2011 – 2012 academic year used for progression and dual-enrollment outcomes appeared accurate. Also, the review of the system of internal controls over student data indicated that the college has established controls to provide reasonable assurance that student data is accurately reported. The audit did not reveal matters warranting audit findings or recommendations.

The progression outcomes reported by THEC for the 2011 – 2012 academic year for the college by progression thresholds for all students (and the adult sub-population) were 1558 (350 adults) at 12 credit hours; 1304 (380 adults) at 24 credit hours; and 1050 (355 adults) at 36 credit hours. The unduplicated headcount of dual-enrolled high school students taking degree credit courses totaled 791. The institutional adult sub-population progression count total was 1,168 which is 83 (7.65%) more than the THEC data. It appears the TBR/Institution and THEC are using different methodologies for determining the age of students.

**Dyersburg State Community College**  
**Complete College Tennessee Act (CCTA)**  
**Progression and Dual-Enrollment Outcomes for Academic Year 2011 – 2012**  
**Executive Summary**

<p><b>Key Staff Person:</b> Vice President of Business and Administrative Services</p>	<p><b>Auditor:</b> Assistant Director of System-wide Internal Audit</p>
<p><b>Introduction:</b> The CCTA of 2010 (the Act) charged the Tennessee Higher Education Commission (THEC) with developing a statewide master plan for the state’s public higher education institutions and for directing those institutions to be accountable for increasing the educational attainment levels of Tennesseans. In implementing the plan, the Act requires that THEC use an outcomes-based model for making funding recommendations. The outcome measures identified for use in the funding formula are different for universities and community colleges and are further distinguished by weighting the measures by institutional mission. The outcomes may be grouped into student progression, student completion (degrees and certificates awarded), efficiency measures and other important institutional factors.</p>	
<p><b>Scope:</b> This audit reviewed progression and dual-enrollment data from the 2011 – 2012 academic year. Future audits will focus on the other outcome measures used in the funding formula.</p>	
<p><b>Objectives:</b> The objectives of the audit were to determine whether the college’s internal controls provide reasonable assurance that 1) the student enrollment data reported to THEC was accurate and in compliance with the reporting instructions provided by TBR; and 2) that the student hours calculated for progression outcomes and unduplicated headcounts determined for dually-enrolled high school students taking degree-credit courses were accurate and supported by student records.</p>	
<p><b>Observation:</b> The audit did not identify inaccuracies in the data submitted to THEC. However, the audit did find that depending on the timing of the posting or completion of course grades of Incomplete, repeated courses, or transfer hours, THEC may not recognize a student progression or may count the progression in more than one academic year. Since the audit scope focused on a single academic year, the audit was not designed to detect errors that crossed multiple reporting years. Therefore, while the audit identified the inherent risk of inaccurate progression points over multiple reporting years in limited instances, it did not provide information to determine the frequency or significance of the risk. The scope of subsequent audits of progression data will consider this risk.</p>	
<p><b>Audit Conclusion:</b> Based on audit tests performed on a sample of students, the undergraduate student hours reported to the TBR and subsequently to THEC by the TBR for Dyersburg State Community College for the 2011 – 2012 academic year used for progression and dual-enrollment outcomes appeared accurate except as noted in the observation above. Also, the review of the system of internal controls over student data indicated that the college has established controls to provide reasonable assurance that student data is accurately reported.</p> <p>The progression outcomes reported by THEC for the 2011 – 2012 academic year for the college by progression thresholds for all students (and the adult sub-population) were 1,039 (327 adults) at 12 credit hours; 780 (277 adults) at 24 credit hours; and 542 (252 adults) at 36 credit hours. The unduplicated headcount of dual-enrolled high school students taking degree credit courses totaled 803.</p>	

**Jackson State Community College**  
**Complete College Tennessee Act (CCTA)**  
**Progression and Dual-Enrollment Outcomes for Academic Year 2011 – 2012**  
**Executive Summary**

<b>Key Staff Person:</b> Robin Marek, Director of Admissions and Records	<b>Auditor:</b> Angie Brown, Director of Internal Audit
<p><b>Introduction:</b> The CCTA of 2010 (the Act) charged the Tennessee Higher Education Commission (THEC) with developing a statewide master plan for the state’s public higher education institutions and for directing those institutions to be accountable for increasing the educational attainment levels of Tennesseans. In implementing the plan, the Act requires that THEC use an outcomes-based model for making funding recommendations. The outcome measures identified for use in the funding formula are different for universities and community colleges and are further distinguished by weighting the measures by institutional mission. The outcomes may be grouped into student progression, student completion (degrees and certificates awarded), efficiency measures and other important institutional factors.</p>	
<p><b>Scope:</b> This audit reviewed progression and dual-enrollment data from the 2011 – 2012 academic year. Future audits will focus on the other outcome measures used in the funding formula.</p>	
<p><b>Objectives:</b> The objectives of the audit were to determine whether the college’s internal controls provide reasonable assurance that 1) the student enrollment data reported to THEC was accurate and in compliance with the reporting instructions provided by TBR; and 2) that the student hours calculated for progression outcomes and unduplicated headcounts determined for dually-enrolled high school students taking degree-credit courses were accurate and supported by student records.</p>	
<p><b>Observations:</b></p> <ol style="list-style-type: none"> <li>1.) When a student repeats a course, the original credit hours earned are deducted from the cumulative hours earned and the repeated hours are included as current hours earned. As a result THEC’s calculation of beginning cumulative hours may be reset below a progression threshold that was previously recognized, allowing the same progression threshold to be recognized again.</li> <li>2.) When a student has hours transferred in from another institution, the hours are recorded in the earlier term in which the student earned them. In some instances, the institution may not receive and record the transfer hours until after the academic year data has been submitted to THEC causing an understatement in THEC’s calculation of the following year’s beginning cumulative hours. An understatement in the beginning hours for students who would have otherwise passed a progression threshold for the year would be missed.</li> </ol>	
<p><b>Audit Conclusion:</b> Based on audit tests performed on a sample of students, the undergraduate student hours reported to the THEC for Jackson State Community College for the 2011 – 2012 academic year used for progression and dual-enrollment outcomes appeared accurate except for the observation above. Also, the review of the system of internal controls over student data indicated that the college has established controls to provide reasonable assurance that student data is accurately reported. The audit did reveal one matter warranting an observation.</p> <p>The progression outcomes reported by THEC for the 2011 – 2012 academic year for the college by progression thresholds for all students were 1194 at 12 credit hours; 921 at 24 credit hours; and 782 at 36 credit hours. The unduplicated headcount of dual-enrolled high school students taking degree credit courses totaled 815.</p>	

**Motlow State Community College**  
**Complete College Tennessee Act (CCTA)**  
**Progression and Dual-Enrollment Outcomes for Academic Year 2011 – 2012**  
**Executive Summary**

**Introduction:**

The CCTA of 2010 (the Act) charged the Tennessee Higher Education Commission (THEC) with developing a statewide master plan for the state’s public higher education institutions and for directing those institutions to be accountable for increasing the educational attainment levels of Tennesseans. In implementing the plan, the Act requires that THEC use an outcomes-based model for making funding recommendations. The outcome measures identified for use in the funding formula are different for universities and community colleges and are further distinguished by weighting the measures by institutional mission. The outcomes may be grouped into student progression, student completion (degrees and certificates awarded), efficiency measures and other important institutional factors.

**Scope:**

This audit reviewed progression and dual-enrollment data from the 2011 – 2012 academic year. Future audits will focus on the other outcome measures used in the funding formula.

**Objectives:**

The objectives of the audit were to determine whether the college’s internal controls provide reasonable assurance that 1) the student enrollment data reported to the Tennessee Board of Regents (TBR) and subsequently to THEC by TBR was accurate and in compliance with the reporting instructions provided by TBR; and 2) that the student hours calculated for progression outcomes and unduplicated headcounts determined for dually-enrolled high school students taking degree-credit courses were accurate and supported by student records.

**Audit Conclusion:**

Based on audit tests performed on a sample of students, the undergraduate student hours reported to the TBR and subsequently to THEC by the TBR for Motlow State Community College for the 2011 – 2012 academic year used for progression and dual-enrollment outcomes appeared accurate. Also, the review of the system of internal controls over student data indicated that the college has established controls to provide reasonable assurance that student data is accurately reported. The audit did not reveal matters warranting audit findings or recommendations.

The progression outcomes reported by THEC for the 2011 – 2012 academic year for the college by progression thresholds for all students (and the adult sub-population) were 1,410 (284 adults) at 12 credit hours; 1,133 (338 adults) at 24 credit hours; and 962 (331 adults) at 36 credit hours. The unduplicated headcount of dual-enrolled high school students taking degree credit courses totaled 854. The institutional adult sub-population progression count total was 1,013 which is 60 (6.3%) more than the THEC data. It appears the TBR/Institution is not using the same methodology as THEC for determining the age of students.



**Nashville State Community College**  
**Complete College Tennessee Act (CCTA)**  
**Progression [and Dual-Enrollment] Outcomes for Academic Year 2011 – 2012**  
**Executive Summary**  
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<b>Key Staff Person:</b> Lance Woodard	<b>Auditor:</b> Patricia Feller
<p><b>Introduction:</b> The CCTA of 2010 (the Act) charged the Tennessee Higher Education Commission (THEC) with developing a statewide master plan for the state’s public higher education institutions and for directing those institutions to be accountable for increasing the educational attainment levels of Tennesseans. In implementing the plan, the Act requires that THEC use an outcomes-based model for making funding recommendations. The outcome measures identified for use in the funding formula are different for universities and community colleges and are further distinguished by weighting the measures by institutional mission. The outcomes may be grouped into student progression, student completion (degrees and certificates awarded), efficiency measures and other important institutional factors.</p>	
<p><b>Scope:</b> This audit reviewed progression [and dual-enrollment] data from the 2011 – 2012 academic year. Future audits will focus on the other outcome measures used in the funding formula.</p>	
<p><b>Objectives:</b> The objectives of the audit were to determine whether the college’s internal controls provide reasonable assurance that 1) the student enrollment data reported to THEC was accurate and in compliance with the reporting instructions provided by TBR; and 2) that the student hours calculated for progression outcomes [and unduplicated headcounts determined for dually-enrolled high school students taking degree-credit courses] were accurate and supported by student records.</p>	
<p><b>Observation:</b> Institutional and TBR management should consult with THEC to evaluate the effect of certain timing differences on progression outcomes.</p> <p>The audit test work did not identify inaccuracies in the data submitted to THEC, but did identify an inherent risk that outcomes may not be counted correctly by THEC in certain limited instances. Depending on the timing of the posting or completion of course grades of Incomplete, repeated courses, or transfer hours, THEC may not recognize a student progression or may count the progression in more than one academic year. This inherent risk exists because THEC calculates whether students cross progression thresholds for an academic year from the data submitted at a point in time (i.e., the end of the term) while the institution continues to adjust student cumulative hours based on students’ activity in subsequent terms. Each Incomplete course grade, transfer hour or repeated course will not affect the recognition of student progression but there is a risk that when the resolution of one of these activities originates in one academic year and is resolved in a subsequent academic year, the progression point may not be accurately recognized. The following potential errors were noted:</p>	

**Nashville State Community College**  
**Complete College Tennessee Act (CCTA)**  
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- When a student receives a course grade of incomplete and subsequently earns credit for the course, the credit hours are added to the student's cumulative hours but are not reported as current hours earned. As a result, THEC's calculation of beginning cumulative hours will be overstated and may bypass a progression threshold. Grade changes from F to a higher grade may produce the same effect.
- When a student repeats a course, the original credit hours earned are deducted from the cumulative hours earned and the repeated hours are included as current hours earned. As a result THEC's calculation of beginning cumulative hours may be reset below a progression threshold that was previously recognized, allowing the same progression threshold to be recognized again.
- When a student has hours transferred in from another institution, the hours are recorded in the earlier term in which the student earned them. In some instances, the institution may not receive and record the transfer hours until after the academic year data has been submitted to THEC causing an understatement in THEC's calculation of the following year's beginning cumulative hours. An understatement in the beginning hours for students who would have otherwise passed a progression threshold for the year would be missed.

Since the audit scope focused on a single academic year, the audit was not designed to detect errors that crossed multiple reporting years. Therefore, while the audit identified the inherent risk of inaccurate progression points over multiple reporting years in limited instances, it did not provide information to determine the frequency or significance of the risk. The scope of subsequent audits of progression data will consider this risk.

**Audit Conclusion:** Based on audit tests performed on a sample of students, the undergraduate student hours reported to the TBR and subsequently to THEC by the TBR for Nashville State Community College for the 2011 – 2012 academic year used for progression [and dual-enrollment] outcomes appeared accurate. Also, the review of the system of internal controls over student data indicated that the college has established controls to provide reasonable assurance that student data is accurately reported. The audit did not reveal matters warranting audit findings, however one observation was made.

The progression outcomes reported by THEC for the 2011 – 2012 academic year for the college by progression thresholds for all students (and the adult sub-population) were 2,305 (1,028 adults) at 12 credit hours; 1,937 (925 adults) at 24 credit hours; and 1,717 (905 adults) at 36 credit hours. The unduplicated headcount of dual-enrolled high school students taking degree credit courses totaled 997.

**Northeast State Community College**  
**Complete College Tennessee Act (CCTA)**  
**Progression and Dual-Enrollment Outcomes for Academic Year 2011 – 2012**  
**Executive Summary**  
**Page 1 of 2**

<p><b>Key Staff Person:</b> Vice President for Academic Affairs, Registrar, Institutional Effectiveness Officer, Director Computing Technologies, Director Computer Services</p>	<p><b>Auditor:</b> Shane Lewis</p>
<p><b>Introduction:</b> The CCTA of 2010 (the Act) charged the Tennessee Higher Education Commission (THEC) with developing a statewide master plan for the state’s public higher education institutions and for directing those institutions to be accountable for increasing the educational attainment levels of Tennesseans. In implementing the plan, the Act requires that THEC use an outcomes-based model for making funding recommendations. The outcome measures identified for use in the funding formula are different for universities and community colleges and are further distinguished by weighting the measures by institutional mission. The outcomes may be grouped into student progression, student completion (degrees and certificates awarded), efficiency measures and other important institutional factors.</p>	
<p><b>Scope:</b> This audit reviewed progression and dual-enrollment data from the 2011 – 2012 academic year. Future audits will focus on the other outcome measures used in the funding formula.</p>	
<p><b>Objectives:</b> The objectives of the audit were to determine whether the Northeast State Community College’s internal controls provide reasonable assurance that 1) the student enrollment data reported to THEC was accurate and in compliance with the reporting instructions provided by TBR; and 2) that the student hours calculated for progression outcomes and unduplicated headcounts determined for dually-enrolled high school students taking degree-credit courses were accurate and supported by student records.</p>	
<p><b>Observations:</b></p> <p>1. Institutional and TBR management should consult with THEC to evaluate the effect of certain timing differences on progression outcomes.</p> <p>The audit testwork did not identify inaccuracies in the data submitted to THEC, but did identify an inherent risk that outcomes may not be counted correctly by THEC in certain limited instances. Depending on the timing of the posting or completion of course grades of Incomplete, repeated courses, or transfer hours, THEC may not recognize a student progression or may count the progression in more than one academic year. This inherent risk exists because THEC calculates whether students cross progression thresholds for an academic year from the data submitted at a point in time (i.e., the end of the term) while the institution continues to adjust student cumulative hours based on students’ activity in subsequent terms. With each Incomplete course grade, transfer hour or repeated course there is a risk that when the resolution of one of these activities originates in one academic year and is resolved in a subsequent academic year, the progression point may not be accurately recognized. The following potential errors were noted:</p> <ul style="list-style-type: none"> <li>· When a student receives a course grade of incomplete and subsequently earns credit for the course, the credit hours are added to the student’s cumulative hours but are not reported as current hours earned. As a result, THEC’s calculation of beginning cumulative hours for the subsequent term will already include those hours and may bypass a progression threshold. Grade changes from F to a higher grade may produce the same effect.</li> </ul>	

**Northeast State Community College**  
**Complete College Tennessee Act (CCTA)**  
**Progression and Dual-Enrollment Outcomes for Academic Year 2011 – 2012**  
**Executive Summary**  
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- When a student repeats a course, the original credit hours earned are deducted from the cumulative hours earned and the repeated hours are included as current hours earned. As a result THEC's calculation of beginning cumulative hours may be reset below a progression threshold that was previously recognized, allowing the same progression threshold to be recognized again.
- When a student has hours transferred in from another institution, the hours are recorded in the earlier term in which the student earned them. In some instances, the institution may not receive and record the transfer hours until after the academic year data has been submitted to THEC. Because those hours would then be included in the following year's beginning hours, but would not be included in the current year's cumulative hours, the student who would otherwise have passed a progression threshold may be missed.

Since the audit scope focused on a single academic year, the audit was not designed to detect errors that crossed multiple reporting years. Therefore, while the audit identified the inherent risk of inaccurate progression points over multiple reporting years in limited instances, it did not provide information to determine the frequency or significance of the risk. The scope of subsequent audits of progression data will consider this risk.

**2.** Two reporting events were noted in the sample testing which prevented hours from being counted toward the benchmark thresholds during the 2011-2012 academic year.

The audit noted two students in the sample who had course grades that were not entered into Banner until after the end-of-term reporting deadlines, causing the hours not to count toward progression benchmarks during the term the course was taken. It is noted, however, that in both of these instances a progression mark would not have been reached if grade reporting had been timely, and that both of these students were dual enrollment students whose high school year end could have been a factor in the timeliness of the grade reporting.

The audit noted one student in the sample who took courses during the 2011-2012 academic year which had been assigned the same course number, even though the courses were distinctly independent classes which covered different technical subjects specially designed to meet the needs of local employers. Although the courses covered different technical subjects and were distinctly different courses, because they had been assigned the same course number, they were treated by THEC as a repeat course each time the student took an additional one. This prevented the additional hours from being counted toward the benchmark thresholds, and it appears that this treatment prevented the student from passing the 12 hour threshold during the 2011-12 academic year.

**Audit Conclusion:** Based on audit tests performed on a sample of students, the undergraduate student hours reported to the TBR and subsequently to THEC by the TBR for Northeast State Community College for the 2011 – 2012 academic year used for progression and dual-enrollment outcomes appeared accurate except for the comments noted in the Observations above. Also, the review of the system of internal controls over student data indicated that the college has established controls to provide reasonable assurance that student data is accurately reported. The audit did not reveal matters warranting audit findings and noted only the two Observations above.

The progression outcomes reported by THEC for the 2011 – 2012 academic year for the college by progression thresholds for all students were 1485 at 12 credit hours; 1326 at 24 credit hours; and 1217 at 36 credit hours. The unduplicated headcount of dual-enrolled high school students taking degree credit courses totaled 585.

**Pellissippi State Community College  
Complete College Tennessee Act (CCTA)  
Progression and Dual-Enrollment Outcomes for Academic Year 2011 – 2012  
Executive Summary**

<b>Key Staff Person:</b> Melanie Paradise, Registrar	<b>Auditor:</b> Suzanne L. Walker
<p><b>Introduction:</b> The CCTA of 2010 (the Act) charged the Tennessee Higher Education Commission (THEC) with developing a statewide master plan for the state’s public higher education institutions and for directing those institutions to be accountable for increasing the educational attainment levels of Tennesseans. In implementing the plan, the Act requires that THEC use an outcomes-based model for making funding recommendations. The outcome measures identified for use in the funding formula are different for universities and community colleges and are further distinguished by weighting the measures by institutional mission. The outcomes may be grouped into student progression, student completion (degrees and certificates awarded), efficiency measures and other important institutional factors.</p>	
<p><b>Scope:</b> This audit reviewed progression [and dual-enrollment] data from the 2011 – 2012 academic year. Future audits will focus on the other outcome measures used in the funding formula.</p>	
<p><b>Objectives:</b> The objectives of the audit were to determine whether the college’s internal controls provide reasonable assurance that 1) the student enrollment data reported to THEC was accurate and in compliance with the reporting instructions provided by TBR; and 2) that the student hours calculated for progression outcomes [and unduplicated headcounts determined for dually-enrolled high school students taking degree-credit courses] were accurate and supported by student records.</p>	
<p><b>Observation:</b> Institutional and TBR management should consult with THEC to evaluate the effect of certain timing differences on progression outcomes.</p>	
<p><b>Audit Conclusion:</b> Based on audit tests performed on a sample of students, the undergraduate student hours reported to the THEC for Pellissippi State Community College for the 2011 – 2012 academic year used for progression and dual-enrollment outcomes appeared accurate. Also, the review of the system of internal controls over student data indicated that the college has established controls to provide reasonable assurance that student data is accurately reported. There was one audit observation resulting from this audit.</p> <p>The progression outcomes reported by THEC for the 2011 – 2012 academic year for the college by progression thresholds for all students (and the adult sub-population) were 3001 (697 adults) at 12 credit hours; 2350 (700 adults) at 24 credit hours; and 2012 (727 adults) at 36 credit hours. The unduplicated headcount of dual-enrolled high school students taking degree credit courses totaled 1525.</p>	

**Roane State Community College**  
**Complete College Tennessee Act (CCTA)**  
**Progression and Dual-Enrollment Outcomes for Academic Year 2011 – 2012**  
**Executive Summary**

<p><b>Key Staff Person:</b> Brenda Rector, Registrar; Jamie Wilmouth, Assistant VP of Fiscal and Auxiliary Services</p>	<p><b>Auditor:</b> Andrew Benson</p>
<p><b>Introduction:</b> The CCTA of 2010 (the Act) charged the Tennessee Higher Education Commission (THEC) with developing a statewide master plan for the state’s public higher education institutions and for directing those institutions to be accountable for increasing the educational attainment levels of Tennesseans. In implementing the plan, the Act requires that THEC use an outcomes-based model for making funding recommendations. The outcome measures identified for use in the funding formula are different for universities and community colleges and are further distinguished by weighting the measures by institutional mission. The outcomes may be grouped into student progression, student completion (degrees and certificates awarded), efficiency measures and other important institutional factors.</p>	
<p><b>Scope:</b> This audit reviewed progression and dual-enrollment data from the 2011 – 2012 academic year. Future audits will focus on the other outcome measures used in the funding formula.</p>	
<p><b>Objectives:</b> The objectives of the audit were to determine whether the Roane State Community College’s internal controls provide reasonable assurance that 1) the student enrollment data reported to THEC was accurate and in compliance with the reporting instructions provided by TBR; and 2) that the student hours calculated for progression outcomes and unduplicated headcounts determined for dually-enrolled high school students taking degree-credit courses were accurate and supported by student records.</p>	
<p><b>Observation:</b>  <b>Student Progression</b> - Repeated or incomplete course grades may cause the student’s progression to be missed or counted in the wrong term.</p>	
<p><b>Audit Conclusion:</b> Based on audit tests performed on a sample of students, the undergraduate student hours reported to the TBR and subsequently to THEC by the TBR for Roane State Community College for the 2011 – 2012 academic year used for progression and dual-enrollment outcomes appeared accurate. Also, the review of the system of internal controls over student data indicated that the College has established controls to provide reasonable assurance that outcomes are accurately reported. There was one audit observation resulting from this audit.</p> <p>The progression outcomes reported by THEC for the 2011 – 2012 academic year for the College by progression thresholds for all students (and the adult sub-population) were 1,687 (429 adults) for 12 credit hours; 1,269 (395 adult) for 24 credit hours; and 1,107 (391 adult) for 36 credit hours. The unduplicated headcount of dual-enrolled high school students taking degree credit courses totaled 1,655.</p>	

**Southwest Tennessee Community College**  
**Complete College Tennessee Act (CCTA)**  
**Progression and Dual-Enrollment Outcomes for Academic Year 2011 – 2012**  
**Executive Summary**

<p><b>Key Staff Person:</b> Director of Planning and Institutional Effectiveness</p>	<p><b>Auditor:</b> Assistant Director of System-wide Internal Audit</p>
<p><b>Introduction:</b> The CCTA of 2010 (the Act) charged the Tennessee Higher Education Commission (THEC) with developing a statewide master plan for the state’s public higher education institutions and for directing those institutions to be accountable for increasing the educational attainment levels of Tennesseans. In implementing the plan, the Act requires that THEC use an outcomes-based model for making funding recommendations. The outcome measures identified for use in the funding formula are different for universities and community colleges and are further distinguished by weighting the measures by institutional mission. The outcomes may be grouped into student progression, student completion (degrees and certificates awarded), efficiency measures and other important institutional factors.</p>	
<p><b>Scope:</b> This audit reviewed progression and dual-enrollment data from the 2011 – 2012 academic year. Future audits will focus on the other outcome measures used in the funding formula.</p>	
<p><b>Objectives:</b> The objectives of the audit were to determine whether the college’s internal controls provide reasonable assurance that 1) the student enrollment data reported to THEC was accurate and in compliance with the reporting instructions provided by TBR; and 2) that the student hours calculated for progression outcomes and unduplicated headcounts determined for dually-enrolled high school students taking degree-credit courses were accurate and supported by student records.</p>	
<p><b>Observation:</b> The audit did not identify inaccuracies in the data submitted to THEC. However, the audit did find that depending on the timing of the posting or completion of course grades of Incomplete, repeated courses, or transfer hours, THEC may not recognize a student progression or may count the progression in more than one academic year. Since the audit scope focused on a single academic year, the audit was not designed to detect errors that crossed multiple reporting years. Therefore, while the audit identified the inherent risk of inaccurate progression points over multiple reporting years in limited instances, it did not provide information to determine the frequency or significance of the risk. The scope of subsequent audits of progression data will consider this risk.</p>	
<p><b>Audit Conclusion:</b> Based on audit tests performed on a sample of students, the undergraduate student hours reported to the TBR and subsequently to THEC by the TBR for Southwest Tennessee Community College for the 2011 – 2012 academic year for progression and dual-enrollment outcomes appeared accurate except as noted in the observation above. Also, the review of the system of internal controls over student data indicated that the college has established controls to provide reasonable assurance that student data is accurately reported.</p> <p>The progression outcomes reported by THEC for the 2011 – 2012 academic year for the college by progression thresholds for all students (and the adult sub-population) were 3,898 (1,347 adults) at 12 credit hours; 3,072 (1,346 adults) at 24 credit hours; and 2,360 (1,204 adults) at 36 credit hours. The unduplicated headcount of dual-enrolled high school students taking degree credit courses totaled 409.</p>	

**Volunteer State Community College  
Complete College Tennessee Act (CCTA)  
Progression and Dual-Enrollment Outcomes for Academic Year 2011 – 2012  
Executive Summary**

**Key Staff Person:** Office for Institutional Research and Office of Records and Registration

**Auditor:** Nancy Batson

**Introduction:** The CCTA of 2010 (the Act) charged the Tennessee Higher Education Commission (THEC) with developing a statewide master plan for the state’s public higher education institutions and for directing those institutions to be accountable for increasing the educational attainment levels of Tennesseans. In implementing the plan, the Act requires that THEC use an outcomes-based model for making funding recommendations. The outcome measures identified for use in the funding formula are different for universities and community colleges and are further distinguished by weighting the measures by institutional mission. The outcomes may be grouped into student progression, student completion (degrees and certificates awarded), efficiency measures and other important institutional factors.

**Scope:** This audit reviewed progression and dual-enrollment data from the 2011–2012 academic year. Future audits will focus on the other outcome measures used in the funding formula.

**Objectives:** The objectives of the audit were to determine whether the college’s internal controls provide reasonable assurance that 1) the student enrollment data reported to THEC was accurate and in compliance with the reporting instructions provided by TBR; and 2) that the student hours calculated for progression outcomes and unduplicated headcounts determined for dually-enrolled high school students taking degree-credit courses were accurate and supported by student records.

**Observation: Inherent risk due to timing differences of progression outcomes was identified with the progression data testwork.** Audit testwork did not identify inaccuracies in the data submitted to THEC, but did identify an inherent risk that outcomes may not be counted correctly by THEC in certain limited instances.

*Recommendation: Management should consider consulting with TBR and THEC to determine the significance of the risk of inaccurate progression outcomes resulting from timing differences and whether the risk warrants mitigating action.*

**Audit Conclusion:** Based on audit tests performed on a sample of students, the undergraduate student hours reported to the TBR and subsequently to THEC by the TBR for Volunteer State Community College for the 2011 – 2012 academic year used for progression and dual-enrollment outcomes appeared accurate. Also, the review of the system of internal controls over student data indicated that the college has established controls to provide reasonable assurance that the data is accurately reported. There was one audit observation resulting from this audit.

The progression outcomes reported by THEC for the 2011–2012 academic year for the college by progression thresholds for all students (and the adult sub-population) were 2,132 (543 adults) at 12 credit hours; 1,684 (576 adults) at 24 credit hours; and 1,446 (569 adults) at 36 credit hours. The unduplicated headcount of dual-enrolled high school students taking degree credit courses totaled 1,566.

There was a difference of 1 adult student between the THEC data and the college data. Audit work did not reveal student progression with an incorrect Adult sub-population classification, but it appears that there may be a risk that an incorrect age calculation can affect the timing of designating the student as an Adult student.

The Dual Enrollment count has a difference of 4 students. The Office for Institutional Research has identified this difference as dual enrollment students reported to THEC with missing social security numbers and dual enrollment students reported to THEC with social security number corrections.

Institutional Research identified 2 students reported to THEC with missing social security numbers. In this situation, it appears that THEC creates a value to populate the social security field when counting the student. However, if the college submits the valid social security number in a subsequent term, THEC counts the student a second time creating a duplicate headcount.

Institutional Research also identified 2 students that were reported to THEC with incorrect social security numbers. When these students were reported in a subsequent term with a corrected social security number, it appears that THEC did not recognize the correction and duplicated the headcount.



**Walters State Community College**  
**Complete College Tennessee Act (CCTA)**  
**Progression and Dual-Enrollment Outcomes for Academic Year 2011 – 2012**  
**Executive Summary**

<b>Key Staff Person:</b> Linda Mason, Dean of Student Records & Veterans Affairs Officer	<b>Auditor:</b> Mark Ortlieb, CPA
<p><b>Introduction:</b> The CCTA of 2010 (the Act) charged the Tennessee Higher Education Commission (THEC) with developing a statewide master plan for the state’s public higher education institutions and for directing those institutions to be accountable for increasing the educational attainment levels of Tennesseans. In implementing the plan, the Act requires that THEC use an outcomes-based model for making funding recommendations. The outcome measures identified for use in the funding formula are different for universities and community colleges and are further distinguished by weighting the measures by institutional mission. The outcomes may be grouped into student progression, student completion (degrees and certificates awarded), efficiency measures and other important institutional factors.</p>	
<p><b>Scope:</b> This audit reviewed progression and dual-enrollment data from the 2011 – 2012 academic year. Future audits will focus on the other outcome measures used in the funding formula.</p>	
<p><b>Objectives:</b> The objectives of the audit were to determine whether the college’s internal controls provide reasonable assurance that 1) the student enrollment data reported to THEC was accurate and in compliance with the reporting instructions provided by TBR; and 2) that the student hours calculated for progression outcomes and unduplicated headcounts determined for dually-enrolled high school students taking degree-credit courses were accurate and supported by student records.</p>	
<p><b>Observation 1:</b> Institutional and TBR management should consult with THEC to evaluate the effect of certain timing differences on progression outcomes. While the audit identified the inherent risk of inaccurate progression points over multiple reporting years in limited instances, it did not provide information to determine the frequency or significance of the risk. The scope of subsequent audits of progression data will consider this risk.</p> <p><b>Observation 2:</b> When credit hours are earned and added to a student’s transcript for a term for which the end-of-term report has already been submitted to THEC, these earned credits are not included in cumulative credit hours earned. As a result, some progression thresholds may be met but not recognized as such in progression calculations.</p>	
<p><b>Audit Conclusion:</b> Based on audit tests performed on a sample of students, the undergraduate student hours reported to the TBR and subsequently to THEC by the TBR for Walters State Community College for the 2011 – 2012 academic year for progression and dual-enrollment outcomes appeared accurate. Also, the review of the system of internal controls over student data indicated that the college has established controls to provide reasonable assurance that outcomes are accurately reported. The audit did not reveal matters warranting audit findings but did reveal two observations of isolated instances -- the effect of certain timing differences on progression outcomes and the need to include all credit hours earned on end-of-term reports submitted to THEC.</p> <p>The progression results reported by THEC for the 2011 – 2012 academic year for the college by progression thresholds for all students (and the adult sub-population) were 1,976* (525 adults*) at 12 credit hours; 1,393 (395 adults*) at 24 credit hours; and 1,173 (414 adults*) at 36 credit hours. The unduplicated headcount of dual-enrolled high school students taking degree credit courses totaled 1,261*.</p> <p>* - The amount reported by THEC did not agree with institutional data, but the variance was insignificant.</p>	

**Tennessee Board of Regents  
Committee on Audit**

<b>DATE:</b>	March 11, 2014
<b>AGENDA ITEM:</b>	<b>Update on Information Systems Audits</b>
<b>PRESENTER:</b>	Tammy Birchett
<b>ACTION REQUIRED:</b>	Informational Report
<b>STAFF'S RECOMMENDATION:</b>	Accept Report

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**BACKGROUND INFORMATION:**

The Office of System-wide Internal Audit hired an Information Systems auditor in June 2013 to implement a process of information technology audits across the system. There are two other information systems auditors in the system, one at East Tennessee State University and another at the University of Memphis.

For SWIA, an audit plan was developed to complete general controls reviews of TBR and the universities and community colleges over a three year period. At this time, fieldwork has been performed at TBR and three campuses in the system; reports for these audits are in progress. The Director will provide an update to the Committee at the meeting.

**Tennessee Board of Regents  
Committee on Audit**

**DATE:** March 11, 2014

**AGENDA ITEM:** **Review of Revisions to Fiscal Year 2014  
Audit Plans**

**PRESENTER:** Tammy Gourley

**ACTION REQUIRED:** Voice Vote

**STAFF'S RECOMMENDATION:** Approval

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**BACKGROUND INFORMATION:**

The Office of Internal Audit at each campus and the system office prepares an annual Audit Plan at the beginning of each fiscal year. Each plan is based upon the staffing and hours available to perform audits and is prepared in conjunction with an annual risk analysis of the audit universe. The audit plans include required audits, risk-based audits, known investigations and special requests or projects. During the year, changes in audit priorities and staffing may result in alterations to the plan. Audit plans for the offices listed below have been revised for this period; each revised plan is included in this report. In addition, the plan for Nashville State Community College is included for approval since the audit position was vacant when the original plans were prepared.

Austin Peay State University  
East Tennessee State University  
Middle Tennessee State University  
Tennessee State University  
Tennessee Tech University  
University of Memphis  
Chattanooga State Community College  
Cleveland State Community College  
Columbia State Community College  
Motlow State Community College  
Nashville State Community College

Northeast State Community College  
Pellissippi State Community College  
Roane State Community College  
Volunteer State Community College  
Walters State Community College  
Tennessee Board of Regents --  
System-wide Internal Audit  
Information Systems  
Tennessee Colleges of Applied  
Technology  
Investigations

**Austin Peay State University  
Internal Audit Plan  
Fiscal Year Ended June 30, 2014  
Revised 01/31/2014**

Current Rank	Type	Area	Audit	Previously Reported Budget Hours	Current Budget Hours	Cumulative Budget Hours	Change in Budget		Actual Hours	Cumulative Actual Hours	Actual Vs. Budget		Estimated/Actual Completion Date	Current Status
							Percentage	Hours			Percentage	Hours		
Required by TBR	R	SS	Funding Formula-Progression (2012 Data) <sup>1</sup>	200	325	325	63%	125	214	214	-34%	-111	March 2014	I
Required by TBR	R	SS	Funding Formula-Completion (2013 Data) <sup>1</sup>	200	200	525	0%	-	5	219	-98%	-195	June 2014	I
Required by Athletic Affiliate	R	AT	OVC Special Asst/Stud Athlete Opp Funds	125	125	650	0%	-	105	324	-16%	-20	August 2013	C
Required by State Audit	R	FM	Cash Counts & Inventories <sup>2</sup>	75	75	725	0%	-	10	334	-87%	-65	June 2014	I
Required by State Audit	F	FM	State Audit Follow-Up <sup>1</sup>	100	100	825	0%	-	5	339	-95%	-95	February 2014	I
Required by TBR	M	SS	Risk Assessment	150	150	975	0%	-		339	-100%	-150	May 2014	S
Required by IIA	P	IS	Quality Assessment Review	50	50	1025	0%	-	65	404	30%	15	August 2013	C
Investigation	I	IA	Investigation 14-01	50	50	1075	0%	-	40	444	-20%	-10	July 2013	C
Investigation	I	IS	Unscheduled Investigations	200	200	1275	0%	-		444	-100%	-200	TBD	S
Special Request	S	AX	Higher Education Act Compliance	300	300	1575	0%	-		444	-100%	-300	June 2014	S
Special Request	S	FM	UBIT and Sales Tax reporting	200	200	1775	0%	-		444	-100%	-200	June 2014	S
Ongoing	P	FM	Procurement Card-Review <sup>3</sup>	150	150	1925	0%	-	90	534	-40%	-60	Ongoing	I
Ongoing	P	FM	Travel Claim Review-Ongoing <sup>3</sup>	300	300	2225	0%	-	130	664	-57%	-170	Ongoing	I
Carryforward	S	AT	Review of Athletic GIK <sup>4</sup>	50	50	2275	0%	-	110	774	120%	60	August 2013	C
Carryforward	S	FM	Review of Equity Calculation <sup>4</sup>	50	50	2325	0%	-	75	849	50%	25	August 2013	C
Consulting	C	IS	General Consultation <sup>5</sup>	250	250	2575	0%	-	85	934	-66%	-165	June 2014	I
1	A	PP	Emergency Preparedness	150	150	2725	0%	-	0	934	-100%	-150	June 2014	S

Estimate-Hours Available For Audits = 2485 (2 audit staff)

T--Tie

Audit Types:	Functional Areas:	Status
R - Required	AD - Advancement	C - Completed
A - Risk-Based (Assessed)	AT - Athletics	I - In Progress
S - Special Request	AX - Auxiliary	S - Scheduled, not Started
I - Investigation	FM - Financial Management	R - Removed
P - Project (Ongoing or Recurring)	IA - Instruction & Academic Support	
M - Management's Risk Assessment	IS - Institutional Support	
C - Consultation	IT - Information Technology	
F - Follow-up Review	PP - Physical Plant	
	RS - Research	
	SS - Student Services	

Footnotes:

- <sup>1</sup> Audits in planning stages
- <sup>2</sup> Hours represent previous fiscal year work
- <sup>3</sup> Audits in Progress
- <sup>4</sup> Additional hours required to complete
- <sup>5</sup> Budgeted hours represent multiple engagements

**East Tennessee State University**  
**Internal Audit Plan**  
**Fiscal Year Ended June 30, 2014**  
**Revised January 31, 2014**

Current Rank	Type	Area	Audit	Previously Reported	Current	Cumulative	Change in Budget		Actual	Cumulative	Actual Vs. Budget		Estimated/Actual Completion Date	Current Status
				Budget Hours	Budget Hours	Budget Hours	Percentage	Hours	Hours	Actual Hours	Actual Hours	Percentage		
Required by State Law	R	FM	President's Expenses (MTSU)	175	175	175	0%	-	131	131	-25%	-44	October 2013	C
Required by TBR	R	SS	Funding Formula-Progression (2012 Data)	200	200	375	0%	-	65	196	-68%	-136	February 2014	I
Required by TBR	R	SS	Funding Formula-Completion (2013 Data)	200	200	575	0%	-	0	196	-100%	-200	June 2014	S
Required by State Audit	R	FM	Cash Counts	40	40	615	0%	-	0	196	-100%	-40	June 2014	S
Required by CPB	R	FM	WETS-FM	250	250	865	0%	-	149	345	-40%	-101	December 2013	C
Required by Bank	R	IT	NACHA Web Transactions Data Security	125	125	990	0%	-	0	345	-100%	-125	May 2014	S
Required by State Audit	F	FM	State Audit Follow-Up (FN 3)	20	0	990	100%	(20)	0	345	100%	0	April 2014	R
	F	AD	Follow-Up Advancement Services/BASA	100	100	1090	0%	-	0	345	-100%	-100	June 2014	S
	F	IA	Follow-Up University School Student Accounts	100	100	1190	0%	-	0	345	-100%	-100	June 2014	S
	F	AX	Follow-Up Center for Physical Activity	100	100	1290	0%	-	27	371	-74%	-74	August 2013	C
	F	IA	Follow-Up Internal Medicine	75	75	1365	0%	-	57	428	-24%	-18	June 2014	I
	M	FM	Risk Assessment	40	40	1405	0%	-	0	428	-100%	-40	May 2014	S
	P	IS	Quality Assessment Review	100	100	1505	0%	-	44	472	-56%	-56	August 2013	C
Brought forward	I	IA	Investigation 12-04	20	20	1525	0%	-	1	473	-95%	-19	June 2014	I
Brought forward	I	IA	Investigation 12-06	100	100	1625	0%	-	119	592	19%	19	March 2014	I
Brought forward	I	IA	Investigation 13-01	40	40	1665	0%	-	29	621	-28%	-11	August 2013	C
Brought forward	I	IA	Investigation 13-02	100	100	1765	0%	-	14	634	-87%	-87	August 2013	C
Brought forward	I	IA	Investigation 13-03	120	120	1885	0%	-	141	775	18%	21	November 2013	C
Added - Investigation	I	FM	Investigation 14-01	300	300	2185	0%	-	457	1232	52%	157	February 2014	I
Added - Investigation	I	IA	Investigation 14-02	0	275	2460	-100%	275	109	1340	-61%	-167	March 2014	I
Brought forward	S	AT	Athletics Gift-In-Kind	200	200	2660	0%	-	203	1543	2%	3	August 2013	C
Brought forward	S	AT	NCAA Compliance	250	250	2910	0%	-	7	1550	-97%	-243	March 2014	I
Brought forward	S	FM	Procard	250	250	3160	0%	-	271	1821	8%	21	December 2013	C
Brought forward	S	FM	University School Student Activity Acct	10	10	3170	0%	-	8	1829	-25%	-3	July 2013	C
Added - Special Request	S	AT	Athletics - Deposit Controls	0	50	3220	-100%	50	4	1832	-93%	-47	March 2014	I
	P	IA	Assistance with TBR Auditors	0	0	3220	0%	-	16	1848	100%	16	Ongoing	I
	P	IT	PCI Compliance	125	125	3345	0%	-	68	1916	-46%	-57	Ongoing	I
	P	IT	Security Awareness	200	200	3545	0%	-	111	2027	-45%	-89	Ongoing	I
	C	IS	General Consultation	150	150	3695	0%	-	78	2105	-48%	-72	Ongoing	I
1T	A	IS	Natural History Museum	250	250	3945	0%	-	41	2146	-84%	-210	June 2014	I
1T	A	FM	Travel	250	250	4195	0%	-	72	2218	-71%	-178	After June 2014	I
1T (IT)	A	IT	Handheld Devices	225	225	4420	0%	-	92	2310	-59%	-133	March 2014	I
1T (IT)	A	IT	IT Governance	300	300	4720	0%	-	138	2447	-54%	-163	November 2013	C
2 (IT)	A	IT	Disaster Recovery Plan	225	225	4945	0%	-	46	2493	-80%	-180	May 2014	I
2T	A	SS	Financial Aid Administration (FN 2)	400	0	4945	100%	(400)	0	2493	100%	0		R
2T	A	FM	Payroll (FN 1)	0	0	4945	100%	-	0	2493	100%	0		R

Estimate-Hours Available For Audits = 4835 (4 audit staff)

T--Tie

Audit Types:	Functional Areas:	Status
R - Required	AD - Advancement	C - Completed
A - Risk-Based (Assessed)	AT - Athletics	I - In Progress
S - Special Request	AX - Auxiliary	S - Scheduled, not Started
I - Investigation	FM - Financial Management	R - Removed
P - Project (Ongoing or Recurring)	IA - Instruction & Academic Support	
M - Management's Risk Assessment	IS - Institutional Support	
C - Consultation	IT - Information Technology	
F - Follow-up Review	PP - Physical Plant	
	RS - Research	
	SS - Student Services	

FN 1 - This risk based audit was removed from the audit plan due to the addition of an unexpected investigation (14-01.)  
 FN 2 - This risk based audit was removed from the audit plan due to the addition of an unexpected investigation (14-02) and special request.  
 FN 3 - This required audit was removed from the audit plan since no finding were contained in the State Audit Report.

**Middle Tennessee State University  
Internal Audit Plan  
Fiscal Year Ended June 30, 2014  
Revised January 31, 2014**

Current Rank	Type	Area	Audit	Previously Reported Budget Hours	Current Budget Hours	Cumulative Budget Hours	Change in Budget		Actual Hours	Cumulative Actual Hours	Actual Vs. Budget		Estimated/Actual Completion Date	Current Status
							Percentage	Hours			Percentage	Hours		
Required by State Audit	R	FM	Cash Counts (5)	70	70	70	0%	-	111	111	59%	41	June 2014	I
Required by State Audit	R	FM	Year-End Inventories	350	290	360	-17%	(60)	187	298	-36%	-103	October 3, 2013	C
Brought Forward/Required by TBR	R	SS	Funding Formula-Progression 2012 Data	200	200	560	0%	-	104	402	-48%	-96	December 2013	I
Required by TBR	R	SS	Funding Formula-Completion 2013 Data	200	200	760	0%	-		402	-100%	-200	June 2014	S
Brought forward	P	IS	Quality Assessment Review	80	80	840	0%	-	71	473	-11%	-9	October 9, 2013	C
Required by TBR	M	IS	Risk Assessment	50	50	890	0%	-		473	-100%	-50	May 2014	S
	F	FM	State Audit Follow-Up or Assistance	50	50	940	0%	-	2	475	-96%	-48	June 2014	S
Required by NCAA	R	AT	Football Attendance Fall 2013	250	250	1190	0%	-	207	682	-17%	-43	February 2014	I
Management Request	P	FM	Special Reviews (Cash Shortage Reviews)	50	50	1240	0%	-		682	-100%	-50	June 2014	S
Consulting	C	FM	Assisting with President's Expense Audit	50	50	1290	0%	-	40	722	-20%	-10	June 2014	I
Consulting	C	IS	Research, Fraud Presentation, Etc.	100	100	1390	0%	-	103	825	3%	3	June 2014	I
New Consulting Project	C	IS	Blue Print Copy Shop	0	40	1430		40	11	836	-73%	-29	June 2014	I
Special Request	S	IS	Unscheduled Reviews & Investigations	300	0	1430	-100%	(300)		836		0	TBD	S
Brought forward	I	SS	Investigation L12-04	50	150	1580	200%	100	127	963	-15%	-23	September 2013	I
Brought forward	S	AT	Athletic Gift-in-Kind (2)	200	550	2130	175%	350	600	1563	9%	50	August 2013	I
Brought forward	I	IA	Investigation L13-01	50	50	2180	0%	-		1563	-100%	-50	September 2013	I
Brought forward	I	IA	Investigation L13-02	100	300	2480	200%	200	370	1933	23%	70	October 2013	I
Brought forward	I	IS	Investigation L13-03	120	120	2600	0%	-	2	1935	-98%	-118	November 2013	I
Brought forward	I	PP	Investigation L13-04	150	150	2750	0%	-		1935	-100%	-150	November 2013	I
New Investigation	I	FM	Investigation L14-01	0	70	2820		70	69	2004	-1%	-1	January 17, 2014	C
Follow-up	F	IT	Follow-up: Classroom Technology Review	60	60	2880	0%	-	42	2046	-30%	-18	September 2013	I
Follow-up	F	IA	Follow-up: Dance Program Review	60	60	2940	0%	-	0	2046	-100%	-60	January 2014	S
Follow-up	F	FM	Follow-up: Procurement Card Review	40	40	2980	0%	-	2	2048	-95%	-38	March 2014	S
1	A	AT	Athletic Concessions Revenue	220	220	3200	0%	-	0	2048	-100%	-220	February 2014	S
2	A	FM	Rental Property Management	220	220	3420	0%	-	0	2048	-100%	-220	March 2014	S
3T	A	FM	Food Service Commissions	220	220	3640	0%	-	0	2048	-100%	-220	April 2014	S
3T	A	AT	Athletic Camps and Clinics	220	220	3860	0%	-	0	2048	-100%	-220	May 2014	S
3T	A	AT	Athletics (Eligibility)	200	0	3860	-100%	(200)	0	2048		0	June 2014	R
4T	A	RS	Research Sponsored Programs (4)	200	0	3860	-100%	(200)	0	2048		0	June 2014	R

Estimate-Hours Available For Audits = 3828 (4 audit staff). Cumulative Budget Hours not adjusted because available audit hours may increase if contract audit hours are not used for audit work with CoSCC and MSCC.  
T--Tie

Audit Types:	Functional Areas:	Status
R - Required	AD - Advancement	C - Completed
A - Risk-Based (Assessed)	AT - Athletics	I - In Progress
S - Special Request	AX - Auxiliary	S - Scheduled, not Started
I - Investigation	FM - Financial Management	R - Removed
P - Project (Ongoing or Recurring)	IA - Instruction & Academic Support	
M - Management's Risk Assessment	IS - Institutional Support	
C - Consultation	IT - Information Technology	
F - Follow-up Review	PP - Physical Plant	
	RS - Research	
	SS - Student Services	

Footnotes:  
(1) Budget Hours increased to address additional work requested about one of the allegations.  
(2) Budget Hours increased to address problems found with contract monitoring and trade revenues.  
(3) Budget Hours increased to complete needed interviews of personnel.  
(4) Project removed because budget hours needed for GIK review, special requests and investigations.  
(5) Additional hours used consulting with department about cash receipting procedures.

**Tennessee State University**  
**Internal Audit Plan**  
**Fiscal Year Ended June 30, 2014**  
**Revised February 17, 2014**

Current Rank	Type	Area	Audit	Previously Reported Budget Hours	Current Budget Hours	Cumulative Budget Hours	Change in Budget		Actual Hours	Cumulative Actual Hours	Actual Vs. Budget		Estimated/Actual Completion Date	Current Status
							Percentage	Hours			Percentage	Hours		
Required by State Law	R	FM	President's Expenses	120	120	120	0%	-	125	125	4%	5	October 2013	C
Required by TBR	R	SS	Funding Formula-Progression (2012 Data)	125	125	245	0%		115	240	-8%		December 2013	I
Required by TBR	R	SS	Funding Formula-Completion (2013 Data)	125	125	370	0%			240	-100%		June 2014	
Required by Athletic Affiliate	R	AT	NCAA Special Assistance Fund	125	125	495	0%		125	365	0%		September 2013	C
Required by State Audit	R	FM	Cash Counts	25	25	520	0%			365	-100%		June 2014	
Required by State Audit	F	FM	State Audit Follow-Up	175	175	695	0%		170	535	-3%		November 2013	C
	M	SS	Risk Assessment-Institutional Support	30	30	725	0%			535	-100%		May 2014	
	M	FM	Risk Assessment- Instruction	30	30	755	0%			535	-100%		May 2014	
	M	IS	Risk Assessment- Information Technology	30	30	785	0%			535	-100%		May 2014	
Required by TBR	P	IS	Athletic Gift-in-kind	150	150	935	0%		75	610	-50%		October 2013	C
Carry Forward	I	IA	Investigation 13-1008 (1)	100	100	1035	0%		125	735	25%		July 2013	C
Carry Forward	I	IS	Investigation 12-1010	20	20	1055	0%		7	742	-65%		September 2013	C
Carry Forward	S	AX	Investigation 13-1003	20	20	1075	0%		20	762	0%		March 2014	I
Carry Forward	C	IS	Investigation 13-1006	20	20	1095	0%			762	-100%		March 2014	
	A	FM	Quality Assessment Review	40	40	1135	0%		35	797	-13%		August 2013	C
	A	AD	Unscheduled Investigations	300	300	1435	0%		75	872	-75%		June 2014	
Special Request	A	IT	Ticket Office	175	175	1610	0%			872	-100%		February 2014	
Follow-up	A	IT	Follow-up Investigation 13-1008	75	75	1685	0%		25	897	-67%		March 2014	I
Consultation	A	AT	General Consultation	300	300	1985	0%		165	1062	-45%		June 2014	I
1	A	RS	Human Resources	225	225	2210	0%		185	1247	-18%		October 2013	I
2	A	IS	Evidence Room	150	150	2360	0%			1247	-100%		April 2014	S
3	A	FM	Information Technology	225	225	2585	0%			1247	-100%		April 2014	

Estimate-Hours Available For Audits = 2720 (2 audit staff)

T--Tie

Audit Types:	Functional Areas:	Status
R - Required	AD - Advancement	C - Completed
A - Risk-Based (Assessed)	AT - Athletics	I - In Progress
S - Special Request	AX - Auxiliary	S - Scheduled, not Started
I - Investigation	FM - Financial Management	R - Removed
P - Project (Ongoing or Recurring)	IA - Instruction & Academic Support	
M - Management's Risk Assessment	IS - Institutional Support	
C - Consultation	IT - Information Technology	
F - Follow-up Review	PP - Physical Plant	
	RS - Research	
	SS - Student Services	

Footnotes:

(1) This issue was more complex than originally estimated, and included unplanned consultation with State Audit.

**Tennessee Tech University  
Internal Audit Plan  
Fiscal Year Ended June 30, 2014  
Revised January 31, 2014**

Current Rank	Type	Area	Audit	Previously Reported Budget	Current Budget Hours	Cumulative Budget Hours	Change in Budget		Actual Hours	Cumulative Actual Hours	Actual Vs. Budget		Estimated/Actual Completion Date	Current Status
							Percentage	Hours			Percentage	Hours		
Required by State Audit	R	FM	Inventory Observations (1)	100	100	100	0%	-	21	21	-79%	-79	August 2013	C
Required by TBR	R	SS	Funding Formula-Progression (2012 Data) (2)	150	200	300	33%	50	179.7	200.7	-10%	-20.3	February 2014	I
Required by TBR	R	SS	Funding Formula-Completion (2013 Data)	120	120	420	0%	-	0	200.7	-100%	-120	July 2014	S
Required by OVC	R	AT	Student Assistance Fund (3)	80	80	500	0%	-	44	244.7	-45%	-36	August 2013	C
Required by TBR	P	IS	Quality Assessment Review	75	75	575	0%	-	31.5	276.2	-58%	-43.5	August 2013	C
Required by TBR	F	FM	State Audit Follow-Up (5)	45	65	640	44%	20	36.5	312.7	-44%	-28.5	March 2014	I
Required by TBR	R	AT	Athletic Gift in Kind	100	100	740	0%	-	97.9	410.6	-2%	-2.1	October 2013	C
Required by TBR	M	FM	Risk Assessment-Financial Management	35	35	775	0%	-	6.5	417.1	-81%	-28.5	May 2014	I
Required by TBR	M	PP	Risk Assessment-Physical Plant	25	25	800	0%	-	5	422.1	-80%	-20	May 2014	I
Required by TBR	M	IS	Risk Assessment-Enterprise-wide	40	40	840	0%	-	0	422.1	-100%	-40	May 2014	S
Required by TBR	M	AT	Risk Assessment-Athletics	25	25	865	0%	-	14.5	436.6	-42%	-10.5	May 2014	I
	I	AD	Investigation 13-15 (4)	100	100	965	0%	-	87	523.6	-13%	-13	February 2014	I
	I	PP	Investigation 13-17 (6)	20	20	985	0%	-	6.5	530.1	-68%	-13.5	October 2013	C
	I	IS	Unscheduled Investigations (13)	400	170	1155	-58%	(230)	7.5	537.6	-96%	-162.5	June 2014	I
	C	IS	General Consultation	50	50	1205	0%	-	1.5	539.1	-97%	-48.5	June 2014	I
	P	FM	Procurement Card Reviews (4)(7)	190	190	1395	0%	-	38.5	577.6	-80%	-151.5	June 2014	I
	P	RS	Sponsored Program Review	100	100	1495	0%	-	0	577.6	-100%	-100	May 2014	S
	S	IT	Technology Access Fee (8)	150	150	1645	0%	-	116.5	694.1	-22%	-33.5	October 2013	C
	S	IS	Personnel (9)	50	90	1735	80%	40	81.4	775.5	-10%	-8.6	November 2013	C
	A	FM	PCI-DSS (14)	150	150	1885	0%	-	0	775.5	-100%	-150	May 2014	S
1	A	RS	Research Procedures - labs, safety (10)	250	300	2185	20%	50	43.5	819	-86%	-256.5	April 2014	I
	F	AT	Athletic Gift in Kind Follow-Up (11)	0	15	2200	100%	15	12.4	831.4	-0.17	-2.6	February 2014	I
	P	IA	SACSCOC Reaccreditation Duties (12)	0	100	2300	100%	100	62.5	893.9	-0.38	-37.5	June 2014	I

Estimate-Hours Available For Audits = 2123 (2 full-time audit staff and one staff member with part-time audit/review responsibilities)

T--Tie

Audit Types:	Functional Areas:	Status
R - Required	AD - Advancement	C - Completed
A - Risk-Based (Assessed)	AT - Athletics	I - In Progress
S - Special Request	AX - Auxiliary	S - Scheduled, not Started
I - Investigation	FM - Financial Management	R - Removed
P - Project (Ongoing or Recurring)	IA - Instruction & Academic Support	
M - Management's Risk Assessment	IS - Institutional Support	
C - Consultation	IT - Information Technology	
F - Follow-up Review	PP - Physical Plant	
	RS - Research	
	SS - Student Services	

- Footnotes:
- (1) Budget includes hours to be spent in May and June of 2014 for the 6-30-14 Inventory Observations audit. So even though the audit is completed, budgeted hours are used in the Plan Summary.
  - (2) Budget has been increased by 50 hours because the preliminary took more hours than anticipated - also est. completion changed to Feb. first from Aug. (Aug was a mistake) and then from Dec. because samples were delayed.
  - (3) SAF funds were not spent in the areas that normally take the most time to audit.
  - (4) Changes necessary and/or variance because audit/review/project/investigation has begun but will not be completed until later in the fiscal year.
  - (5) Est. completion changed because the state audit report was issued later than anticipated. The level of follow-up was more complex than anticipated requiring more hours.
  - (6) Investigation was administratively closed, so an audit report was not necessary; therefore less time was needed to complete.
  - (7) Original estimated completion date was a mistake.
  - (8) Department replied quickly reducing number of required hours; this audit put before funding formula because of sample delay causing est. completion to go from Dec. to Oct.
  - (9) It has been difficult to get and coordinate responses from various departments because of their workloads causing many more hours, increased budget, and delayed est. completion.
  - (10) Preliminary work indicates that the lab safety review may be very decentralized, which will likely require a greater number of audit hours to complete.
  - (11) Follow-up could not be scheduled until audit was complete and showed that one would be necessary. It was left off last revision.
  - (12) Audit personnel were assigned to 2 committees for SACSCOC reaccreditation. This project will continue until September 2015.
  - (13) Since significant hours for unscheduled investigations have not yet been expended, the budgeted hours have been reduced proportionate with the time left in the fiscal year.
  - (14) Extensive administrative hours have been spent physically moving Internal Audit's office twice this fiscal year, which has delayed the estimated completion date for this audit.



**University of Memphis  
Internal Audit Plan  
Fiscal Year Ended June 30, 2014  
Revised January 31, 2014**

Current Rank	Type	Area	Audit	Previously Reported	Current	Cumulative	Change in Budget		Actual Hours	Cumulative	Actual Vs. Budget		Estimated/Actual Completion Date	Current Status
				Budget Hours	Budget Hours	Budget Hours	Percentage	Hours		Actual Hours	Percentage	Hours		
1	A	FM	Review of Internal Controls - Risk Assessment Footprint - Institutional Support	300	300	300	0%	-	206	206	69%	(94)	March 2014	I
1	A	FM	Review of Internal Controls - Risk Assessment Footprint - Student Enrollment Services [4]	300	250	550	20%	(50)	192	398	64%	(58)	March 2014	I
1 - Carryover from FY13	A	FM	Accounts Payable Operations/Compliance	160	160	710	0%	-	114	512	71%	(46)	August 2013	C
2	A	IA	School of Nursing	400	400	1110	0%	-	117	629	29%	(283)	April 2014	I
3	A	IT	PCI Compliance - Limited Scope	300	300	1410	0%	-	0	629			May 2014	S
15	A	AT	Athletics- Financial Aid Student Athletes - Books [1]	200	0	1410		(200)	0	629				R
4T	A	AT	Athletics- Booster Club Process [1]	0	200	1610		200	0	629			May 2014	S
4T	A	AT	Athletics-Travel Expenses (Team & Employees)	200	200	1810	0%	-	0	629			February 2014	S
4T	A	IT	ITD Security Policy Compliance-Laptop Encryption - Limited Scope	200	200	2010	0%	-	0	629			June 2014	S
5 - Carryover from FY13	A	IT	Information Technology-Banner Security	210	210	2220	0%	-	160	789	76%	(50)	April 2014	I
6	A	AT	Athletics - Review of Internal Controls - Ticket Office	200	200	2420	0%	-	0	789			April 2014	S
8	C	RS	Research-Grants Accounting - Effort Reporting (Process Review)	120	120	2540	0%	-	39	828	33%	(81)	May 2014	I
Follow-up	F	AT	Athletics-Tiger Fund Donations (Courtesy Cars, etc.)	100	100	2640	0%	-	92	920	92%	(8)	December 2013	C
Follow-up	F	RS	Research-Grants Accounting - Admin Costs (DS2 Policies)	100	100	2740	0%	-	93	1013	93%	(7)	December 2013	C
Follow-up	F	FM	Payroll - Extra Compensation	100	100	2840	0%	-	0	1013	0%	(100)	March 2014	I
Ongoing	P	FM	Procurement Card [2]	350	500	3340	-30%	150	302	1315	86%	(198)	June 2014	I
Ongoing	P	FM	Payroll-W2 Control of Returned Addresses by Internal Audit [4]	120	90	3430	33%	(30)	17	1332	14%	(73)	March 2014	I
Required Bank Contract	A	IT	Information Technology-ACH (Electronic Banking Transactions)-NACHA	120	120	3550	0%	-	0	1332			April 2014	S
Required State Audit	R	FM	Cash Counts and Inventory Observation-State Audit for YE FY13 [4]	150	150	3700	0%	-	162	1494	108%	12	August 2013	C
Required State Statute	R	FM	President's Expenses	120	120	3820	0%	-	112	1606	93%	(8)	November 2013	C
Required TBR	R	SS	Funding Formula-Progression (2012 Data)	140	140	3960	0%	-	122	1728	87%	(18)	February 2014	I
Required TBR	R	SS	Funding Formula-Completion (2013 Data)	120	120	4080	0%	-	0	1728			July 2014	S
Required IIA Standards	P	IS	Quality Assessment Review	40	40	4120	0%	-	30	1758	75%	(10)	August 2013	C
	M	FM	Risk Assessment-Financial Management	100	100	4220	0%	-	0	1758			May 2014	S
	I	IS	Unscheduled Investigations	400	400	4620	0%	-	975	2733	244%	575		
	I	IS	Investigation Case # 001						38				September 2013	C
	I	IS	Investigation Case # 002						79				September 2013	C
	I	IS	Investigation Case # 003						153				September 2013	C
	I	IS	Investigation Case # 004						60				January 2014	C
	I	IS	Investigation Case # 005						76				January 2014	C
	I	IS	Investigation Case # 006						26				January 2014	C
	I	IS	Investigation Case # 007						196				January 2014	C
	I	IS	Investigation Case # 008						40				March 2014	I
	C	IS	General Consultation [3]	150	150	4770	0%	-	307	3040	205%	157	June 2014	I
	C	IT	General Consultation - Information Technology	100	100	4870	0%	-	43	3083	43%	(57)	June 2014	I
							1%	70						

Estimate-Hours Available For Audits = 4,800 (4 audit staff)(2 postions vacant at beginning of fiscal year-both filled as of 10-31-2013)

T--Tie

Audit Types:	Functional Areas:	Status
R - Required	AD - Advancement	C - Completed
A - Risk-Based (Assessed)	AT - Athletics	I - In Progress
S - Special Request	AX - Auxiliary	S - Scheduled, not Started
I - Investigation	FM - Financial Management	R - Removed
P - Project (Ongoing or Recurring)	IA - Instruction & Academic Support	
M - Management's Risk Assessment	IS - Institutional Support	
C - Consultation	IT - Information Technology	
F - Follow-up Review	PP - Physical Plant	
	RS - Research	
	SS - Student Services	

Footnotes:

[1] Athletics - Audit replaced with another audit per risk assessment feedback from Athletics Management. (Sept 2013)  
 [2] Scope and hours expanded per Management request. Procurement Cards.  
 [3] General Consultation Includes assistance to Legal with Attorney Client Projects.

[4] Was able to obtain efficiency in time by combining review of internal controls jointly with the other RA audit.  
 [5] UOM converted to electronic W2s and online capability for 2013. Anticipate less returned W2s.

**Chattanooga State Community College**  
**Internal Audit Plan**  
**Fiscal Year Ended June 30, 2014**  
**Revised as of January 31, 2014**

Current Rank	Type	Area	Audit	Previously	Current	Cumulative	Change in Budget		Actual Hours	Cumulative	Actual Vs. Budget		Estimated/Actual Completion Date	Current Status
				Reported Budget Hours	Budget Hours	Budget Hours	Percentage	Hours		Actual Hours	Percentage	Hours		
Required by State Law	R	FM	President's Expenses (FN 3)	130	130	130	0%	-	105	105	-19%	-25	October 2013	C
Required by TBR	R	SS	Funding Formula-Progression (2012 Data-FN7)	200	135	265	-33%	(65)	80	185	-41%	-55	December 2013	I
Required by TBR	R	SS	Funding Formula-Completion (2013 Data - FN 7)	200	150	415	-25%	(50)	0	185	-100%	-150	June 2014	S
	F	FM	State Audit Follow-Up	20	20	435	0%	-	0	185	-100%	-20	As needed	S
	R	FM	Year End Cash Counts and Inv	40	40	475	0%	-	16	201	-60%	-24	June 2014	S
	R	IS	Risk Assessment - Review	50	50	525	0%	-	3	204	-94%	-47	May 2014	S
Management Request	S	IT	NACHA Security Audit	80	100	625	25%	20	7	211	-93%	-93	March 2014	I
	P	IA	TBR Training Committee	40	40	665	0%	-	5	216	-88%	-35	On Going	I
Consulting	C	IS	General Consultation	40	40	705	0%	-	20	236	-50%	-20	TBD	I
	I	IS	Unscheduled Investigations (FN6)	50	85	790	70%	35	57	293	-33%	-28	TBD	S
IIA Standards	P	IS	Quality Assessment Review (FN 4)	60	30	820	-50%	(30)	25	318	-17%	-5	August 2013	C
IIA Standards	P	IT	IT Governance Assessment	30	30	850	0%	-	28	346	-7%	-2	August 2013	C
1	A	IT	IT Disaster Recovery Plan Audit	100	100	950	0%	-	0	346	-100%	-100	April 2014	S
2; Carryforward - In Progress	A	AT	Athletic Eligibility and Financial Aid	240	240	1190	0%	-	0	346	-100%	-240	June 2014	S
3	A	IS	Equipment	220	220	1410	0%	-	238	584	8%	18	January 2014	C
Follow-Up	F	FM	Follow-up to Travel Audit (FN8)	70	30	1440	-57%	(40)	0	584	-100%	-30	April 2014	S
4T	A	AX	Food Services	140	140	1580	0%	-	121	705	-14%	-19	January 2014	C
4T	C	IS	THEC Submissions (FN 5)	0	55	1635	100%	55	11	716	-80%	-44	June 2014	I
4T	A	FM	Investments (FN 2)	90	100	1735	11%	10	0	716	-100%	-100	June 2014	S

Estimate-Hours Available For Audits = 1700 (1.5 audit staff - FN 1)

T--Tie

Audit Types:	Functional Areas:	Status
R - Required	AD - Advancement	C - Completed
A - Risk-Based (Assessed)	AT - Athletics	I - In Progress
S - Special Request	AX - Auxiliary	S - Scheduled, not Started
I - Investigation	FM - Financial Management	R - Removed
P - Project (Ongoing or Recurring)	IA - Instruction & Academic Support	
M - Management's Risk Assessment	IS - Institutional Support	
C - Consultation	IT - Information Technology	
F - Follow-up Review	PP - Physical Plant	
	RS - Research	
	SS - Student Services	

Footnotes:

- FN 1 - Audit hours reduced from 1800 to 1735 for Staff auditor arriving on Oct. 1.
- FN 2 - Investments audit removed due to reduction in audit hours in October, but added back due to hour reduction in other audits.
- FN 3 - President's audit was given extra time in original budget for 1st time auditor, but the time was not needed.
- FN 4 - QAR budget was reduced after a better understanding of staff time needed during final phase of QAR.
- FN 5 - THEC Submissions consult added in response to recent THEC documentation review.
- FN 6 - Additional hours added in case issue was to arise in Spring semester.
- FN 7 - Audit hours reduced based on structure of audits and time spent on Progression.
- FN 8 - Audit hours reduced to reflect new follow up procedures.
- FN 9 - Audit hours increased due to new auditor and workpaper training needs

**Cleveland State Community College  
Internal Audit Plan  
Fiscal Year Ended June 30, 2014  
Revised January 31, 2014**

Current Rank	Type	Area	Audit	Previously Reported Budget Hours	Current Budget Hours	Cumulative Budget Hours	Change in Budget		Actual Hours	Cumulative Actual Hours	Actual Vs. Budget		Estimated/Actual Completion Date	Current Status
							Percentage	Hours			Percentage	Hours		
Required by TBR	R	SS	Funding Formula-Progression (2012 Data)	200	200	200	0%	-	160	160	-20%	-40	February 2014	I
Required by TBR	R	SS	Funding Formula-Completion (2013 Data)	200	200	400	0%			160	-100%		June 2014	S
Required by State Audit	R	FM	Cash Counts	50	50	450	0%			160	-100%		June 2014	S
Brought Forward	F	FM	Grant Audit Follow-Up	25	25	475	0%		30	190	20%	5	October 2013	C
Brought Forward	F	FM	Investigation 13-01 Follow-up	75	75	550	0%			190	-100%		January 2014	S
	M	SS	Risk Assessment-Information Technology	35	30	580	-14%			190	-100%		May 2014	S
	M	FM	Risk Assessment-Plant Operations	35	30	610	-14%			190	-100%		May 2014	S
	M	FM	Finacial Management	0	30	640					-100%		May 2014 footnote1	S
	M	IS	Institutional Support	0	30	670					-100%		May 2014 footnote1	S
	M	IS	TTC Risk Assessment-Enterprise-wide	25	25	695	0%		15	205	-40%	-10	February 2014	I
IIA Standards	P	IS	Quality Assessment Review	25	25	720	0%		30	235	20%	5	August 2013	C
Brought forward	S	IT	Nacha Web Audit 2013	100	100	820	0%		95	330	-5%	-5	December 2013	C
	S	IT	Nacha Web Audit 2014	100	100	920	0%			330	-100%		June 2014	S
Brought Forward	I	IA	Investigation 13-02	20	20	940	0%		35	365	75%	15	October 2013	C
Brought Forward	I	IA	Investigation 13-03	20	20	960	0%		22	387	10%	2	October 2013	C
	F	FM	Investigation 13-02 Follow-up	50	50	1010	0%			387	-100%		June 2014	S
	I	IS	Unscheduled Investigations	100	75	1085	-25%			387	-100%		TBD	S
	C	IS	General Consultation	50	50	1135	0%		20	407	-60%	-30	June 2014	I
1T	A	IT	Technology Access Fee	100	100	1235	0%			407	-100%		March 2014	S

Estimate-Hours Available For Audits = 2720 (2 audit staff)

T--Tie

**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

**Functional Areas:**

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

**Status**

- C - Completed
- I - In Progress
- S - Scheduled, not Started
- R - Removed

**Footnotes:**

1. Managment completed three year Risk Assessment plan.

**Columbia State Community College  
Internal Audit Plan  
Fiscal Year Ended June 30, 2014  
Revised January 31, 2014**

Current Rank	Type	Area	Audit	Previously Reported	Current Budget	Cumulative Budget	Change in Budget		Actual	Cumulative Actual	Actual Vs. Budget		Estimated/Actual Completion Date	Current Status
				Budget Hours	Budget Hours	Budget Hours	Percentage	Hours	Hours	Hours	Percentage	Hours		
Required by TBR	R	SS	Funding Formula-Progression 2012 Data	170	170	170	0%	-	127	127	-25%	-43	December 2013	I
Required by TBR	R	SS	Funding Formula-Completion 2013 Data	170	170	340	0%	-	0	127	-100%	-170	June 2014	S
Required by TBR	F	FM	State Audit Follow-Up FY 2012 & 2011 (1)	100	140	480	40%	40	142	269	1%	2	November 2013	C
	M	IS	CoSCC Risk Assessment	30	30	510	0%	-	0	269	-100%	-30	May 2014	S
	M	IS	Hohenwald Risk Assessment	30	30	540	0%	-	31	300	3%	1	February 2014	I
	M	IS	Pulaski Risk Assessment	30	30	570	0%	-	38	338	27%	8	February 2014	I
	C	IS	General Consultation	70	30	600	-57%	(40)	4	342	-87%	-26	June 2014	I

Audits are performed by MTSU Office of Audit and Consulting Services through an audit services contract for a maximum of 600 hours.

<b>Audit Types:</b>	<b>Functional Areas:</b>	<b>Status</b>
R - Required	AD - Advancement	C - Completed
A - Risk-Based (Assessed)	AT - Athletics	I - In Progress
S - Special Request	AX - Auxiliary	S - Scheduled, not Started
I - Investigation	FM - Financial Management	R - Removed
P - Project (Ongoing or Recurring)	IA - Instruction & Academic Support	
M - Management's Risk Assessment	IS - Institutional Support	
C - Consultation	IT - Information Technology	
F - Follow-up Review	PP - Physical Plant	
	RS - Research	
	SS - Student Services	

Footnotes:  
(1) Budget hours increased because follow-up review also included review of FY2013 financial statements.

**Motlow State Community College**  
**Internal Audit Plan**  
**Fiscal Year Ended June 30, 2014**  
**Revised January 31, 2014**

Current				Previously Reported Budget Hours	Current Budget Hours	Cumulative Budget Hours	Change in Budget		Actual Hours	Cumulative Actual Hours	Actual Vs. Budget		Estimated/Actual Completion Date	Current Status
Rank	Type	Area	Audit	Hours	Hours	Hours	Percentage	Hours	Hours	Hours	Percentage	Hours		
Required by TBR	R	SS	Funding Formula-Progression 2012 Data	150	150	150	0%	-	85	85	-43%	-65	December 2013	I
Required by TBR	R	SS	Funding Formula-Completion 2013 Data	150	150	300	0%	-	0	85	-100%	-150	June 2014	S
Required by TBR	F	FM	State Audit Follow-Up FY 2012 & 2011 (1)	100	165	465	65%	65	165	250	0%	0	January 2014	C
	M	IS	MSCC Risk Assessment	40	40	505	0%	-	0	250	-100%	-40	May 2014	S
	M	IS	McMinnville Risk Assessment	20	20	525	0%	-	26	276	30%	6	February 2014	I
	M	IS	Murfreesboro Risk Assessment	20	20	545	0%	-	21	297	5%	1	February 2014	I
	M	IS	Shelbyville Risk Assessment	20	20	565	0%	-	29	326	45%	9	February 2014	I
	C	IS	General Consultation	100	35	600	-65%	(65)	4	330	-89%	-31	June 2014	I

Audits are performed by MTSU Office of Audit and Consulting Services through an audit services contract for a maximum of 600 hours.

<b>Audit Types:</b>	<b>Functional Areas:</b>	<b>Status</b>
R - Required	AD - Advancement	C - Completed
A - Risk-Based (Assessed)	AT - Athletics	I - In Progress
S - Special Request	AX - Auxiliary	S - Scheduled, not Started
I - Investigation	FM - Financial Management	R - Removed
P - Project (Ongoing or Recurring)	IA - Instruction & Academic Support	
M - Management's Risk Assessment	IS - Institutional Support	
C - Consultation	IT - Information Technology	
F - Follow-up Review	PP - Physical Plant	
	RS - Research	
	SS - Student Services	

Footnotes:  
(1) Budget hours increased because follow-up review also included review of FY2013 financial statements.

**Nashville State Community College  
Internal Audit Plan  
Fiscal Year Ended June 30, 2014  
Revised January 31, 2014**

Current Rank	Type	Area	Audit	Previously Reported Budget Hours	Current Budget Hours	Cumulative Budget Hours	Change in Budget		Actual Hours	Cumulative Actual Hours	Actual Vs. Budget		Estimated/Actual Completion Date	Current Status
							Percentage	Hours			Percentage	Hours		
Required by TBR	R	SS	Funding Formula-Progression (2012 Data)	150	180	180	20%	30	140	140	-22%	-40	February 2014	I
Required by TBR	R	SS	Funding Formula-Completion (2013 Data)	120	0	180	-100%	-120	0	140	100%	0	July 2014	R
Required by TBR	R	FM	Year-End Cash Counts and Inventories	0	40	220	100%	40	0	140	-100%	-40	June 2014	S
Required by TBR	M	IS	TCAT Risk Assessment - Nashville	40	40	260	0%	0	40	180	0%	0	February 2014	C
Required by TBR	M	IS	TCAT Risk Assessment - Dickson	40	40	300	0%	0	40	220	0%	0	February 2014	C
Required by TBR	M	IS	Risk Assessment - Enterprise	40	40	340	0%	0	0	220	-100%	-40	May 2014	S
Required by TBR	M	IS	Risk Assessment - Student Services	45	45	385	0%	0	0	220	-100%	-45	May 2014	S
Required by TBR	M	IS	Risk Assessment - Institutional Support	45	45	430	0%	0	0	220	-100%	-45	May 2014	S
4	A	FM	Bank Reconciliations	120	120	550	0%	0	10	230	-92%	-110	April 2014	I
IIA Standards	P	IS	Quality Assessment Review - Follow-Up	50	50	600	0%	0	10	240	-80%	-40	June 2014	I
As Assigned	I/S	IS	Unscheduled Investigations/Special Requests	72	72	672	0%	0	0	240	-100%	-72	TBD	S
As Assigned	C	IS	General Consultation	87	87	759	0%	0	20	260	-77%	-67	Various	I
As Assigned	F	IS	Internal Audit Follow-Up	25	25	784	0%	0	0	260	-100%	-25	Various	S

Estimate-Hours Available For Audits = 2720 (2 audit staff)

T--Tie

**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

**Functional Areas:**

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

**Status**

C - Completed  
I - In Progress  
S - Scheduled, not Started  
R - Removed

Footnotes:

**Northeast State Community College**  
**Internal Audit Plan**  
**Fiscal Year Ended June 30, 2014**  
**Revised January 31, 2014**

Current Rank	Type	Area	Audit	Previously Reported	Current	Cumulative	Change in Budget		Actual	Cumulative	Actual Vs. Budget		Estimated/Actual Completion Date	Current Status
				Budget Hours	Budget Hours	Budget Hours	Percentage	Hours	Hours	Hours	Percentage	Hours		
Required by TBR	R	SS	Funding Formula-Progression (2012 Data)	200	200	200	0%	-	156	156	-22%	-44	February 2014	I
Required by TBR	R	SS	Funding Formula-Completion (2013 Data)	150	150	350	0%	-	0	156	-100%	-150	June 2014	S
Required by State Audit	R	FM	State Audit Assistance-YearEnd											
	M	FM	Risk Assessments-NeSCC	40	40	390	0%	-	0	156	-100%	-40	June 2014	S
	M	IS	TCAT Risk Assessment-Enterprise-wide (FN 1)	60	60	450	0%	-	8	164	-87%	-52	May 2014	I
	P	IS	Quality Assessment Review	20	0	450	-100%	(20)	0	164	0%	0	February 2014	R
	S	IA	Theater Services	75	75	525	0%	-	64	228	-15%	-11	August 2013	C
Special Request	S	IS	Special Requests and Projects	100	100	625	0%	-	41.5	269.5	-59%	-58.5	April 2014	I
Special Request	F	IA	Follow-up to TTC Missing Equip Report (ETSU)	100	100	725	0%	-	46	315.5	-54%	-54	Various	I
	C	IS	General Consultation	10	10	735	0%	-	12.5	328	25%	2.5	July 2013	C
Brought Forward	A	IT	Data Security	100	100	835	0%	-	19	347	-81%	-81	Ongoing	I
Brought Forward	A	IA	Academic Advising	75	75	910	0%	-	87.5	434.5	17%	12.5	January 2014	C
1	A	IS	Human Resources	50	50	960	0%	-	72	506.5	44%	22	November 2013	C
				150	150	1110	0%	-	0	506.5	-100%	-150	June 2014	S

Estimate-Hours Available For Audits = 1102.5 (1 audit staff)

T--Tie

Audit Types:	Functional Areas:	Status
R - Required	AD - Advancement	C - Completed
A - Risk-Based (Assessed)	AT - Athletics	I - In Progress
S - Special Request	AX - Auxiliary	S - Scheduled, not Started
I - Investigation	FM - Financial Management	R - Removed
P - Project (Ongoing or Recurring)	IA - Instruction & Academic Support	
M - Management's Risk Assessment	IS - Institutional Support	
C - Consultation	IT - Information Technology	
F - Follow-up Review	PP - Physical Plant	
	RS - Research	
	SS - Student Services	

Footnotes:

FN 1 - TCAT Risk Assessment budgeted hours were changed to 0 because it was performed by TBR SWIA while the NeSCC auditor was out of the office on FML.

**Pellissippi State Community College  
Internal Audit Plan  
Fiscal Year Ended June 30, 2014  
Revised January 31, 2014**

Current Rank	Type	Area	Audit	Previously Reported Budget Hours	Current Budget Hours	Cumulative Budget Hours	Change in Budget		Actual Hours	Cumulative Actual Hours	Actual Vs. Budget		Estimated/Actual Completion Date	Current Status
							Percentage	Hours			Percentage	Hours		
Required by TBR	R	FM	Year end inventory & Cash Counts	30	30	30	0%	-	6	6	-80%	-24	June 2014	I
Required by TBR	R	SS	Funding Formula-Completion (2013 Data)	175	175	205	0%	-		6	-100%	-175	May 2014	S
Required by TBR	R	SS	Funding Formula-Progression (2012 Data)	125	125	330	0%	-	51	57	-59%	-74	February 2014	I
Required by TBR	F	FM	Internal Audit Follow Ups	30	30	360	0%	-		57	-100%	-30	Continuous	
Required by TBR	M	IA	Risk Assessment-Instruction & Academic	40	40	400	0%	-	39	96	-3%	-1	December 2013	C
Required by TBR	M	PP	Risk Assessment-Physical Plant	20	20	420	0%	-	21	117	5%	1	October 2013	C
Required by TBR	F	FM	State Audit Follow-Up	40	40	460	0%	-		117	-100%	-40	Continuous	
Required by TBR	M	IS	TTC Risk Assessment-Enterprise-wide	20	20	480	0%	-	17	134	-15%	-3	February 2014	C
Presidential Request	S	IA	Faculty Credentials	125	125	605	0%	-	87	221	-30%	-38	April 2014	C
Presidential Request	S	FM	First TN - NACHA Audit	100	100	705	0%	-	81	302	-19%	-19	October 2013	C
Required by Law	I	PP	Investigation 2012-01 (Plant)	40	40	745	0%	-	7	309	-83%	-33	(1)	I
Required by TBR/ Presidential Request	S	IS	Quality Assessment Review	120	120	865	0%	-	160	469	33%	40	September 2013 (2)	C
Presidential Request	C	IA	Review of Compliance Assist	0	40	905	100%	40	20	489	-50%	-20	April 2014 (4)	I
Presidential Request	C	IT	Providing Assistance related to TBR IT Audit	0	40	945	100%	40	36	525	-10%	-4	December 2013 (4)	I
Presidential Request	C	IS	Lab Safety Reviews	0	20	965	100%	20	14	539	-30%	-6	February 2014 (4)	I
Presidential Request	C	SS	Review of Consumer Information	0	35	1,000	100%	35	24	563	-31%	-11	March 2014 (4)	I
2T	A	FM	Maintenance/Tuition and Related Fees	150	150	1,150	0%	-		539	-100%	-150	April 2014	S
2T	A	FM	Disbursements	175	175	1,325	0%	-		539	-100%	-175	(3)	S

Estimate-Hours Available For Audits = 1162.5 (1 audit staff)

T--Tie

**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

**Functional Areas:**

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

**Status**

- C - Completed
- I - In Progress
- S - Scheduled, not Started
- R - Removed

**Footnotes:**

(1) This is ongoing work related to an investigation completed in FY 12. The result of the investigation led to a termination of an employee and the college is currently involved in litigation related to this issue.

(2) These hours relate to the quality assesment review performed on Pellissippi State as well as hours spent by the Pellissippi State audit director working on reviews of 3 schools in North Carolina. Variance between budget & actual was due to TBR QAR process requiring approximately 20 more hours than estimated and the fact that I took the lead on the QAR for UNC Asheville and that required more time than just being a participant on the review team.

(3) This audit is scheduled to start in FYE June 30, 2014, but will not be scheduled to be completed until the following fiscal year.

(4) All consultation projects were added because of management request. Prior to adding to the audit plan the risk related to these were evaluated and determined to justify immediate action on the part of the internal audit office. The compliance assist project relates directly to SACS accreditation and the Lab Safety project relates to reviewing the colleges chemistry labs compliance with various federal and state regulations. The college is in the process of hiring a position related to environmental health and safety and they will assume the role of reviewing safety compliance in the near future.

**Note:** Even though the disaster recovery audit was ranked as the top risk based audit it will not be done in FY 14. The college is in the process of moving part of its computer operations to the state level and when this is done a significant part of disaster recovery will fall on the state instead of the college.



**Roane State Community College  
Internal Audit Plan  
For the Fiscal Year Ended June 30, 2014  
Revised 1-31-14**

Current Rank	Type	Area	Audit	Previously Reported Budget Hours	Current Budget Hours	Cumulative Budget Hours	Change in Budget		Actual Hours	Cumulative Actual Hours	Actual Vs. Budget		Estimated/Actual Completion Date	Current Status
							Percentage	Hours			Percentage	Hours		
Required by TBR	R	FM	Year End Cash Counts and inventories - 6-30-14	37.50	37.50	37.50	0%	-	-	-	-100%	(37.50)	Jun-14	S
Required by IIA	R	IS	QAR self-assessment and external validation	37.50	53.50	91.00	43%	16.00	53.50	53.50	0%	-	Jul-13	C
Required by TBR	M	SS	RSCC Risk Assessment - Student Services	15.00	15.00	106.00	0%	-	-	53.50	-100%	(15.00)	May-14	S
Required by TBR	M	IA	RSCC Risk Assessment - Instruction and Academic Support	15.00	15.00	121.00	0%	-	-	53.50	-100%	(15.00)	May-14	S
Required by TBR	M	IS	RSCC Risk Assessment-ERM update	7.50	7.50	128.50	0%	-	7.00	60.50	-7%	(0.50)	May-14	S
Required by TBR	M	IS	TCAT OniedaRisk Assessment-Enterprise-wide/Control assessment	5.50	5.50	134.00	0%	-	8.00	68.50	45%	2.50	Feb-14	S
Required by TBR	M	IS	TCAT Crossville Risk Assessment-Enterprise-wide/Control assessment	5.50	5.50	139.50	0%	-	8.00	76.50	45%	2.50	Feb-14	S
Required by TBR	M	IS	TCAT Harriman Risk Assessment-Enterprise-wide/Control assessment	5.50	5.50	145.00	0%	-	8.00	84.50	45%	2.50	Feb-14	S
Required by TBR	M	IS	TCAT Jacksboro Risk Assessment-Enterprise-wide/Control assessment	5.50	5.50	150.50	0%	-	8.00	92.50	45%	2.50	Feb-14	S
Required by TBR	R	IS	Funding Formula - Progression data review	200.00	178.25	328.75	-11%	(21.75)	206.25	298.75	16%	28.00	Dec-13	I
Required by TBR	R	IS	Funding Formula - Completion data review	200.00	178.25	507.00	-11%	(21.75)	1.00	299.75	-99%	(177.25)	Apr-14	S
Required by TBR	F	FM	RSCC - Follow up on State Audit findings	37.50	44.25	551.25	18%	6.75	44.25	344.00	0%	-	Oct-13	C
Required by TBR	F	FM	RSCC Foundation - Follow up on State Audit findings	37.50	58.25	609.50	55%	20.75	58.25	402.25	0%	-	Oct-13	C
As needed	I	IS	Unscheduled Investigations	120.00	60.00	669.50	-50%	(60.00)	11.50	413.75	-81%	(48.50)	(1)	I, C
As needed	S	IS	Special requests	40.00	60.00	729.50	50%	20.00	57.25	471.00	-5%	(2.75)	(2)	I, C
Ongoing projects	P	IS	Projects	40.00	40.00	769.50	0%	-	54.50	525.50	36%	14.50	(3)	I, C
As needed	C	IS	General consultation	40.00	80.00	849.50	100%	40.00	90.00	615.50	13%	10.00	(4)	I, C
1	A	FM	Grants	400.00	400.00	1,249.50	0%	-	65.00	680.50	-84%	(335.00)	May-14	S

Estimate-Hours Available For Audits (1 audit staff) 1,249.50 1,249.50 680.50

T--Tie

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

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

Status  
C - Completed  
I - In Progress  
S - Scheduled, not Started  
R - Removed

Footnotes:

- (1) Consists of one administrative closure.  
Change in budgeted hours due to lack of complaints received in current year.
- (2) Consists of time needed for various institutional duties and responses to various institutional questions including: new employee orientation, review of PCI/DSS contract, assistance with Chattanooga State audit of RSCC President's expenses and question regarding compliance with OSHA standards.
- (3) Consists of ongoing projects: Auto Audit software implementation and Internal Audit workpaper archiving
- (4) Consists of 2 management consulting activities: Review of RSCC Campus Police timekeeping procedures and Review of Draft Delegation of Authority/Signature Authorization policy  
Change in budgeted hours due to increased requests for consultative services by management.

**Volunteer State Community College**  
**Internal Audit Plan**  
**Fiscal Year Ended June 30, 2014**  
**Revised January 31, 2014**

Current Rank	Type	Area	Audit	Previously Reported Budget Hours	Current Budget Hours	Cumulative Budget Hours	Change in Budget		Actual Hours	Cumulative Actual Hours	Actual Vs. Budget		Estimated/Actual Completion Date	Current Status
							Percentage	Hours			Percentage	Hours		
Required by TBR	R	SS	Funding Formula-Progression (2012 Data)	150	150	150	0%	-	68	68	-55%	-82	February 2014	I
Required by TBR	R	SS	Funding Formula-Completion (2013 Data)	150	150	300	0%	-	0	68	-100%	-150	June 2014	S
Required by TBR	R	FM	State Audit Follow-Up (1)	100	65	365	-35%	(35)	61	129	-6%	-4	December 2013	C
Project	P	FM	Quarterly Procard Reviews	125	125	490	0%	-	0	129	-100%	-125	June 2014	S
IIA Standards	P	IS	Quality Assurance and Improvement	80	80	570	0%	-	85	214	6%	5	September 2013	C
Required by State Audit	R	FM	Cash Counts	25	25	595	0%	-	6	220	-76%	-19	June 2014	S
Required by TBR	M	IS	Risk Assessment- Volunteer State	75	75	670	0%	-	0	220	-100%	-75	May 2014	S
Required by TBR	M	IS	TCAT Risk Assessment- Livingston	10	10	680	0%	-	0	220	-100%	-10	February 2014	S
Required by TBR	M	IS	TCAT Risk Assessment- Hartsville	10	10	690	0%	-	0	220	-100%	-10	February 2014	S
Consulting	C	IS	General Consultation	100	100	790	0%	-	52	272	-48%	-48	June 2014	I
	I	IS	Unscheduled Investigations and Requests	100	100	890	0%	-	0	272	-100%	-100	June 2014	I
Carryforward Request	S	IA	International Education Fee	250	250	1140	0%	-	260	532	4%	10	November 2013	C
Carryforward Request	S	IA	Faculty Credentials	150	150	1290	0%	-	12	544	-92%	-138	May 2014	I

Estimate-Hours Available For Audits = 1,037.5 (1 audit staff)

T--Tie

Audit Types:	Functional Areas:	Status
R - Required	AD - Advancement	C - Completed
A - Risk-Based (Assessed)	AT - Athletics	I - In Progress
S - Special Request	AX - Auxiliary	S - Scheduled, not Started
I - Investigation	FM - Financial Management	R - Removed
P - Project (Ongoing or Recurring)	IA - Instruction & Academic Support	
M - Management's Risk Assessment	IS - Institutional Support	
C - Consultation	IT - Information Technology	
F - Follow-up Review	PP - Physical Plant	
	RS - Research	
	SS - Student Services	

Footnotes:

(1) The State Audit Follow-Up was decreased by 35 hours based on the actual hours.

**Walters State Community College**  
**Internal Audit Plan**  
**Fiscal Year Ended June 30, 2014**  
**Revised January 31, 2014**

Current Rank	Type	Area	Audit	Previously Reported	Current	Cumulative	Change in Budget		Actual	Cumulative	Actual Vs. Budget		Estimated/Actual Completion Date	Current Status
				Budget Hours	Budget Hours	Budget Hours	Percentage	Hours	Hours	Hours	Percentage	Hours		
Required by State Law	R	FM	President's Expenses (FN 2)	80	120	120	50%	40	120	120	0%	0	November 2013	C
Required by TBR	R	SS	Funding Formula-Progression Audit (2012 Data)	200	165	285	-18%	(35)	140	260	-15%	-25	February 2014	I
Required by TBR	R	SS	Funding Formula-Completion Audit (2013 Data)	200	165	450	-18%	(35)	0	260	-100%	-165	June 2014	S
Required	R	FM	Inventory Observations	25	25	475	0%	-	0	260	-100%	-25	June 2014	S
Required	R	FM	Cash Counts	15	15	490	0%	-	0	260	-100%	-15	June 2014	S
Required	R	FM	Confirmation Requests	15	15	505	0%	-	0	260	-100%	-15	June 2014	S
Required	F	FM	State Audit Follow-Up	60	80	585	33%	20	80	340	0%	0	September 2013	C
Required	M	IT	WSCC Risk Assessment-Information Technology	20	20	605	0%	-	20	360	0%	0	May 2014	I
Required	M	IS	WSCC Risk Assessment-Enterprise-wide	25	25	630	0%	-	5	365	-80%	-20	May 2014	I
Required	M	IS	TCATM Risk Assessment-Enterprise-wide	25	25	655	0%	-	15	380	-40%	-10	February 2014	I
Required	P	IS	Quality Assessment Review	16	20	675	25%	4	20	400	0%	0	July 2013	C
Required	P	IS	Interim Self-Assessment	10	10	685	0%	-	0	400	-100%	-10	March 2014	S
Required	I	IS	Unscheduled Investigations	0	0	685	0%	-	0	400	0%	0	TBD	S
Required	C	IS	General Consultation (FN 1)	106	142	827	34%	36	140	540	-1%	-2	June 2014	I
Required	R	FM	NACHA Compliance Audit	75	60	887	-20%	(15)	75	615	25%	15	November 2013	C
Required	R	IT	IT Governance Review	75	60	947	-20%	(15)	15	630	-75%	-45	November 2013	I
1T	A	PP	Emergency Systems & Procedures	75	75	1022	0%	-	0	630	-100%	-75	December 2013	S
1T	A	FM	PCI-DSS	100	100	1122	0%	-	0	630	-100%	-100	January 2014	S
2	A	FM	Contracts	100	100	1222	0%	-	0	630	-100%	-100	June 2014	S

Estimate-Hours Available For Audits = 2720 (2 audit staff)

T--Tie

Audit Types:	Functional Areas:	Status
R - Required	AD - Advancement	C - Completed
A - Risk-Based (Assessed)	AT - Athletics	I - In Progress
S - Special Request	AX - Auxiliary	S - Scheduled, not Started
I - Investigation	FM - Financial Management	R - Removed
P - Project (Ongoing or Recurring)	IA - Instruction & Academic Support	
M - Management's Risk Assessment	IS - Institutional Support	
C - Consultation	IT - Information Technology	
F - Follow-up Review	PP - Physical Plant	
	RS - Research	
	SS - Student Services	

Footnotes:

FN 1 - General Consultation increased due to, but not limited to, reviewing numerous documents related to an upcoming SACS review, various meetings regarding U.S. Department of Education's off-site Program Review of Title IV funding for WSCC's Basic Law Enforcement Officer Program.

FN 2 - The audit of NeSCC President's Expenses was the first such audit performed by me and, as a result, involved a much greater learning curve than originally anticipated (e.g. set up and access to NeSCC's Virtual Private Network, learning and performing numerous Banner queries, reconciling NeSCC's fourth-quarter report submitted to TBR with general ledger accounts, identifying and resolving discrepancies, etc.)

**Tennessee Board of Regents - System Office**  
**Internal Audit Plan**  
**Fiscal Year Ended June 30, 2014**  
**Revised October 2013**

Current Rank	Type	Area	Audit	Previously	Current	Cumulative	Change in Budget		Actual	Cumulative	Actual Vs. Budget		Estimated/Actual	Current
				Reported			Budget	Percentage			Hours	Hours		
Required by State Law	R	FM	President's Expenses (DSCC)	120	100	100	-20%	(20)	95	95	-5%	-5	November 2013	C
Required by TBR	R	FM	Cash Counts	5	5	105	0%	-	1	96	-80%	-4	July 5, 2013	C
Required by TBR	F	PP	State Audit Follow-Up - Energy	25	25	130	0%	-	15	111	-40%	-10	July 10, 2013	C
Required by TBR	F	IS	State Audit Follow up - Performance, Fn 1	50	0	130	Fn 1	(50)	0	111	Fn 1	0	Fn 1	Fn 1
Required by TBR	F	FM	Internal Audit Follow up Travel Expenses	50	50	180	0%	-	0	111	-100%	-50	March 2014	S
Required by State Law	M	IS	Management's Risk Assessment	50	50	230	0%	-	0	111	-100%	-50	May 2014	S
Required by TBR	P	IS	Quality Assessment Review Fn 2	150	200	430	25%	50	170	281	-15%	-30	June 2013	I
Required by TBR	C	FM	Tennessee Foreign Language Institute	150	150	580	0%	-	100	381	-33%	-50	February 2014	I
Required by TBR	F	AX	Follow up to Procurement Card Review	25	25	605	0%	-	0	381	-100%	-25	March 2014	S
	I	FM	TBR 13-04	0	10	615	100%	10	5	386	-50%	-5	August 28, 2013	C
	I	FM	TBR 13-05	0	50	665	100%	50	45	431	-10%	-5	August 16, 2013	C
	I	FM	TBR 13-01 (Fn 4)	0	50	715	100%	50	20	451	-60%	-30	March 2014	I
	C	IS	General Consultation	100	100	815	0%	-	20	471	-80%	-80	On-going	-
	R	SS	DSCC CCTA	0	150	965	100%	150	75	546	-50%	-75	February 2014	I
	R	SS	STCC CCTA	0	150	1115	100%	150	30	576	-80%	-120	February 2014	I
1	A	IA	TN Consortium for International Studies	120	120	1235	0%	-	0	576	-100%	-120	June 2014	S
2	A	SS	Facilities Fn3	120	0	1235	0%	(120)	0	576	0%	0	n/a	-
3	A	FM	Grants & Contracts Fn 3	120	0	1235	0%	(120)	0	576	0%	0	n/a	-

Estimate-Hours Available For Audits = 1085 (2 audit staff)

T--Tie

Audit Types:	Functional Areas:	Status
R - Required	AD - Advancement	C - Completed
A - Risk-Based (Assessed)	AT - Athletics	I - In Progress
S - Special Request	AX - Auxiliary	S - Scheduled, not Started
I - Investigation	FM - Financial Management	R - Removed
P - Project (Ongoing or Recurring)	IA - Instruction & Academic Support	
M - Management's Risk Assessment	IS - Institutional Support	
C - Consultation	IT - Information Technology	
F - Follow-up Review	PP - Physical Plant	
	RS - Research	
	SS - Student Services	

Footnotes:  
Fn 1 - This was originally scheduled to follow up on issues noted in the CCTA Performance audit, however, a review was deemed necessary since most of the concerns will be addressed in the upcoming CCTA audits throughout the system.  
Fn 2 - The original budget was estimated prior to the completion of the QAR. The results of the QAR require more time to address than was initially anticipated.  
Fn 3 - This audit was removed on a risk basis due to the increase in available audit hours. The decrease in hours is attributable to the addition of the CCTA for two campuses to the plan.  
Fn 4 - At the time the original audit plan was submitted, it was unclear which auditor would be assigned to this investigation, and therefore not included.

**System-wide Internal Audit**

**IT Audit Plan**

**Fiscal Year Ended June 30, 2014**

Revised 1/31/2014

Current Rank	Type	Area	Audit	Previously Reported	Current	Cumulative	Change in Budget		Actual	Cumulative	Actual Vs. Budget		Estimated/Actual Completion Date	Current Status
				Budget Hours	Budget Hours	Budget Hours	Percentage	Hours	Hours	Hours	Percentage	Hours		
Required by State Audit	M	IT	Participation in IT's Risk Assessment Process	24	24	24	0%	0	28	28	117%	4	N/A	C
Required by TBR	F	IT	Follow-up on Prior IT Audit Issues	16	16	40	0%	0	0	28	0%	-16	June 2014	IP
IT Request	C	IT	IT Request for Participation in Banner XE Upgrade & Data Warehouse Projects (3)	96	80	120	17%	-16	31	59	39%	-49	June 2014	IP
Special Mgmt. Request	S	IS	CCTA Process Audit	0	40	160	-100%	40	0	59	0%	-40	March 2014	S
Annual	C	IT	IT Consulting	80	96	256	-20%	16	76	135	79%	-20	Ongoing	IP
<b><u>Universities for General Controls Reviews</u></b>														
1	A	IT	General Controls Review - TSU (4)	160	160	416	0%	0	20	155	13%	-140	April 2014	IP
2	A	IT	General Controls Review - APSU	160	160	576	0%	0	0	155	0%	-160	May 2014	S
<b><u>Community Colleges for General Controls Reviews</u></b>														
1	A	IT	General Controls Review - STCC	0	0	576	0%	0	0	155	100%	0	N/A	R
3T	A	IT	General Controls Review - CISCC (5)	160	160	736	0%	0	138	293	86%	-22	January 2014	IP
2T	A	IT	General Controls Review - PSCC	160	160	896	0%	0	180	473	113%	20	October 2013	IP
2T	A	IT	General Controls Review - JSCC	160	160	1056	0%	0	176	649	110%	16	November 2013	IP
3T	A	IT	General Controls Review - RSCC	160	160	1216	0%	0	4	653	3%	-156	March 2014	S
<b><u>Risk-based Audits</u></b>														
1	C	IT	Operations: Business Continuity Planning / IT Disaster Recovery	80	80	1296	0%	0	16	669	20%	-64	December 2013	IP
3T	A	IT	Data Security: Logical System Access	80	40	1336	50%	-40	11	680	28%	-29	February 2014	S
3T	A	IT	Application: BANNER - performed in unison with Banner upgrade above (1)	0	0	1336	0%	0	0	680	100%	0	N/A	R
5	A	IT	General Controls Review - TBR (2)	180	180	1516	0%	0	210	890	117%	30	September 2013	IP

Estimate-Hours Available For Audits = 1440 (1 auditor). Any additional time made up in overtime.

T--Tie

**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

**Functional Areas:**

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

**Status**

C - Completed  
I - In Progress  
S - Scheduled, not Started  
R - Removed

**Footnotes:**

**None.**

**TCAT  
Internal Audit Plan  
Fiscal Year Ended June 30, 2014  
3rd Quarter- Nov - Jan**

Current Rank	Type	Area	Audit	Previously Reported Budget Hours	Current Budget Hours	Cumulative Budget Hours	Change in Budget		Actual Hours	Cumulative Actual Hours	Actual Vs. Budget		Estimated/Actual Completion Date	Current Status
							Percentage	Hours			Percentage	Hours		
Carryforward	A	FM	Morristown	50.00	50	50	0%	-	10	10	-80%	-40	November 2013	I
Carryforward	A	FM	Chattanooga (2011)	200.00	25	75	700%	(175)	25	35	-660%	0	November 11, 2013	C
Carryforward	A	FM	Pulaski	200.00	10	85	1900%	(190)	0	35	-1650%	-10	July 23, 2013	C
Carryforward	P	SS	Federal Financial Aid Updates (1)	100.00	25	110	300%	(75)	10	45	-220%	-15	September 2013	C
Carryforward	A	FM	Focused Review (System-wide) (2)	0.00	5	115	-100%	5	0	45	900%	-5	July 2014	I
1	A	FM	Morristown (4)	37.5	37.5	152.5	0%	-	0	45	20%	-37.5	June 2014	
2	A	FM	Elizabethton (3)	37.5	37.5	190	0%	-	0	45	20%	-37.5	June 2014	D
3	A	FM	Knoxville	37.5	37.5	227.5	0%	-	0	45	20%	-37.5	June 2014	S
4T	A	FM	Crossville	37.5	37.5	265	0%	-	36	81	116%	-1.5	January 17, 2014	C
4T	A	FM	Hohenwald	22.5	37.5	302.5	-40%	15	45	126	276%	7.5	November 26, 2013	C
5T	A	FM	Newbern	37.5	37.5	340	0%	-	47	173	361%	9.5	November 11, 2013	C
5T	A	FM	Jackson	37.5	37.5	377.5	0%	-	0	173	361%	-37.5	March 2014	I
5T	A	FM	McKenzie	22.5	37.5	415	-40%	15	0	173	401%	-37.5	March 2014	S
6T	A	FM	Pulaski	37.5	37.5	452.5	0%	-	0	173	361%	-37.5	March 2014	S
6T	A	FM	Shelbyville	37.5	37.5	490	0%	-	28	201	436%	-9.5	February 2014	I
6T	A	FM	McMinnville	22.5	37.5	527.5	-40%	15	35.5	236.5	571%	-2	February 2014	I
7T	A	FM	Ripley (3)	37.5	37.5	565	0%	-	0	236.5	531%	-37.5	May 2014	S
7T	A	FM	Murfreesboro	37.5	37.5	602.5	0%	-	0	236.5	531%	-37.5	February 2014	S
8	A	FM	Oneida	37.5	37.5	640	0%	-	31	267.5	613%	-6.5	January 2014	I
9T	A	FM	Hartsville	37.5	37.5	677.5	0%	-	0	267.5	613%	-37.5	July 2014	S
9T	A	FM	Nashville	37.5	37.5	715	0%	-	0	267.5	613%	-37.5	April 2014	S
10T	A	FM	Memphis	37.5	37.5	752.5	0%	-	0	267.5	613%	-37.5	April 2014	I
10T	A	FM	Athens	37.5	37.5	790	0%	-	0	267.5	613%	-37.5	May 2014	S
10T	A	FM	Livingston	37.5	37.5	827.5	0%	-	38.5	306	716%	1	January 2014	I
10T	A	FM	Dickson	37.5	37.5	865	0%	-	0	306	716%	-37.5	April 2014	S
11	A	FM	Harriman	37.5	37.5	902.5	0%	-	48.5	354.5	845%	11	February 2014	I
12T	A	FM	Jacksboro	37.5	37.5	940	0%	-	26.5	381	916%	-11	February 2014	I
12T	A	FM	Paris	37.5	37.5	977.5	0%	-	0	381	916%	-37.5	March 2014	S
13T	A	FM	Chattanooga	37.5	37.5	1015	0%	-	0	381	916%	-37.5	June 2014	S
13T	A	FM	Covington	37.50	37.5	1840	0%	-	53	434	1057%	15.5	November 26, 2013	C
14T	A	FM	Crump	37.50	37.5	1877.5	0%	-	0	434	1057%	-37.5	April 2014	S
14T	A	FM	Whiteville	37.50	37.5	1952.5	0%	-	29.5	463.5	1136%	-8	February 2014	I

Estimate-Hours Available For Audits = 1485 (1 audit staff)

T--Tie

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

Functional Areas:

AD - Advancement

AT - Athletics

AX - Auxilliary

FM - Financial Management

IA - Instruction & Academic Support

IS - Institutional Support

IT - Information Technology

PP - Physical Plant

RS - Research

SS - Student Services

Status

C - Completed

I - In Progress

S - Scheduled, not Started

R - Removed

Footnotes:

(1) This review was delayed due to financial aid issues at a TTC and implementation of a new financial aid

(2) This focused review will include the problem areas identified during the operational audits: Financial Aid, AR, Cash Receipts, Livework, was postponed and and revised from the prior audit period.

(3) These audits were scheduled for later in the year due to extenuating circumstances, a request from the Director or schedule conflict.

(4) This audit and follow up were combined due to the majority of transactions being processed by the lead institution.

(5) This school is highly integrated within the lead institution and will be included if a request is made.

**TBR SWIA  
Investigation Plan  
Fiscal Year Ended June 30, 2014  
Revised January 31, 2014**

Current Rank	Type	Area	Investigation	Previously Reported Budget Hours	Current Budget Hours	Cumulative Budget Hours	Change in Budget Percentage	Change in Budget Hours	Actual Hours	Cumulative Actual Hours	Actual Vs. Budget Percentage	Actual Vs. Budget Hours	Estimated/Actual Completion Date	Current Status
Investigation	P	n/a	INVESTIGATION MANAGEMENT	80	180	180	-56%	100	138.5	139	-23%	-42	6/30/2014	I
Investigation	C	n/a	CAMPUS CONSULTATION	40	40	220	0%	0	6	145	-85%	-34	6/30/2014	I
Investigation	I	FM	TBR 14003 (ETSU)	10	10	230	0%	0	2	147	-80%	-8	TBD	C*
Investigation	I	FM	TBR 14-01 (CISCC)	150	150	380	0%	0	150	297	0%	0	TBD	I
Investigation	I	FM	TBR 14-02 (NaSCC)	40	40	420	0%	0	1	298	-98%	-39	TBD	I
Investigation	I	FM	TBR 14-04 (TCAT Whiteville)	40	40	460	0%	0	3	301	-93%	-37	TBD	I
Investigation	I	FM	TBR 14-06 (UOM)	60	60	520	0%	0	47	348	-22%	-13	TBD	I
Investigation	I	FM	TBR 14016 (TSU)	10	10	530	0%	0	1	349	-90%	-9	TBD	C
Investigation	I	FM	TBR 14-08 (TCAT Elizabethton)	60	60	590	0%	0	45.5	394	-24%	-15	TBD	I
Investigation	I	FM	ETSU 14-01	40	40	630	0%	0	38	432	-5%	-2	TBD	C*
Investigation	I	FM	TBR 14-09 (TCAT Pulaski)	40	40	670	0%	0	1	433	-98%	-39	TBD	I
Investigation	I	FM	TBR 14-10 (TCAT Elizabethton)	60	60	730	0%	0	13	446	-78%	-47	TBD	I
Investigation	F	FM	TBR 13-04 (TCAT Elizabethton) FOLLOW-UP	40	150	880	-73%	110	102.5	549	-32%	-48	TBD	I
Investigation	I	FM	TBR 14-11 (TCAT Memphis)	0	40	920	-100%	40	0	549	-100%	-40	TBD	S
Investigation	I	FM	TBR 14-12 (TCAT Elizabethton)	0	40	960	-100%	40	0	549	-100%	-40	TBD	S
Investigation	I	FM	TBR 14-13 (TCAT Elizabethton)	0	40	1000	-100%	40	35.5	584	-11%	-5	TBD	I
Investigation	I	FM	TBR 14-14 (TCAT Knoxville)	0	40	1040	-100%	40	0	584	-100%	-40	TBD	S
Investigation	I	FM	TBR 14-15 (TSU)	0	40	1080	-100%	40	0	584	-100%	-40	TBD	S
Investigation	I	FM	FWAH 13-404 (MSCC)	0	40	1120	-100%	40	0	584	-100%	-40	TBD	S
Investigation	I	FM	TBR 14-07 (NaScC)	0	40	1160	-100%	40	0	584	-100%	-40	TBD	S
			Unscheduled Investigations	552.5	62.5	1223	784%	-490						
			Total	1222.5	1223				584					

Estimate-Hours Available For Investigations = 1222.5 (1 investigator)

T--Tie

**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

**Functional Areas:**

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

**Status**

- C - Completed, C\* - SWIA involvement completed, campus IA completion pending
- I - In Progress
- S - Scheduled, not Started
- R - Removed

**Tennessee Board of Regents  
Committee on Audit**

**DATE:** March 11, 2014

**AGENDA ITEM:** **Non-Public Executive Session**

**PRESENTER:** Tammy Birchett

**ACTION REQUIRED:** Informational Report

**STAFF'S RECOMMENDATION:** Accept Report

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**BACKGROUND INFORMATION:**

The Committee will meet in a non-public executive session to review ongoing investigations.