

TENNESSEE BOARD OF REGENTS
Committee on Audit

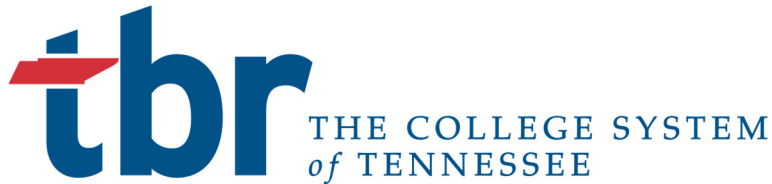
AGENDA
February 18, 2025

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

- II. ACTION ITEMS (Mike Batson)**
 - a. Review of Revisions to FY 2025 Revised Internal Audit Plans**
 - b. Review and Consider the Revised Internal Audit Charter**
 - c. Review and Consider the Revised Audit Committee Charter**

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

- This meeting will include members of the Tennessee Board of Regents who are participating by electronic means of communication and will be live-streamed and archived on the TBR website at: <https://www.tbr.edu/board/february-2025-audit-committee-meeting>.
- Persons who want to request to address the Board may follow the process authorized by [TBR Policy 1.02.12.00 – Requests to Address the Board](#).



BOARD TRANSMITTAL

MEETING: Committee on Audit

SUBJECT: Highlights of Audit Findings and Recommendations

DATE: February 18, 2025

PRESENTER: Mike Batson

ACTION REQUIRED: Informational Report

STAFF'S
RECOMMENDATION: Accept Report

The following items will be discussed with the Audit Committee:

Recommendation/Finding Logs
Miscellaneous External Reviews
Federal Audits
Comptroller's Office Audits
Internal Audits

STATUS SUMMARY FOR PREVIOUSLY REPORTED FINDINGS

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

Internal Audit Reports - Following is a summary of the status of previously reported findings and recommendations as of December 31, 2024. Campus auditors conduct follow up procedures to determine if management has taken adequate corrective action and include their conclusions on the summary log. A follow-up report may be issued by the campus auditor if adequate corrective action has not been taken by management.

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

Institution	Report Release Date	Recommendation	Responsible Staff	TBR Vice Chancellor Area	Date Management's Actions to be Implemented	Revised Date Management's Actions to be Implemented	# of Changes to Date Management's Actions to be Implemented	Initial Date of Internal Audit Follow-up	Notes and Dates	Status
ChSCC	10/3/2022	Campus Safety Equipment Inventory 1 of 6: The definition of sensitive equipment should be expanded to include Police Department equipment in the Sensitive Equipment Policy.	Interim Vice President - Business and Finance	Business and Finance	2/1/2023	12/31/2024	5	10/26/2022		Action Completed
RSCC	5/4/2023	RSCC should continue to work with IT to develop monitoring reports from data in Banner which will show the progression of an account from the payment due status to the first invoice being sent.	Bursar	Business and Finance	8/15/2023	4/1/2024	2	5/31/2023		Action Completed
RSCC	11/25/2024	Per instructions in the quarterly reports, the amounts reported in Other Uses for emergency funds which were distributed to students, and above the amount awarded to Roane State specifically for distribution to students, should be reported in Providing Additional Emergency Financial Aid Grants to Students for quarters ending September 30, 2020 and March 31, 2021.	Business Office Accountant	Business and Finance	12/1/2024			12/1/2024		Action Completed
RSCC	11/25/2024	The last four institutional reports were not reported in whole dollar amounts per the instructions. This should be corrected in those reports and reposted to the website.	Business Office Accountant	Business and Finance	12/31/2024			12/1/2024		Action Completed
RSCC	11/25/2024	Per the instructions included in the quarterly report for June 30, 2022 (and instructions in the quarterly reports thereafter) a link to the ESF (Education Stabilization Fund) portal showing Roane State's annual reports should be displayed.	Business Office Accountant	Business and Finance	12/1/2024			12/1/2024		Action Completed
SWTCC	8/26/2024	Employees should follow STCC's current Credit Card Procedures by signing the credit card access logs when p-cards are checked in/out to show accountability and separation of duties between the custodian of the purchase cards and employees receiving the p-cards for purchases.	Procurement	Business and Finance	8/26/2024	8/26/2024		8/26/2024		Action Completed
JSCC	5/17/2022	JSCC-IAR- Veterans Affairs - Recommendation 2 of 2: No evidence of student file review was determined. Management should implement review of a sample grouping of student files for each semester. A designated employee, such as the backup SCO, should conduct the review and initial, sign and date the newly implemented checklist in the student file. In addition, the reviewer should email the SCO a listing of the examined files at the completion of the review and include any requests for updates.	Dean for Students/School Certifying Official	Policy and Strategy	1/31/2023	9/30/2024	1	1/17/2023	01/17/2023 -IA notified the SCO in January 2023 of the upcoming follow-up. A copy of the audit was provided. The SCO provided some documentation needed for the follow-up. The SCO requested additional time due to Spring registration and other tasks. Planned timeframe to continue the follow-up is late February. 3/17/24-Discussed with SCO. Significant turnover had delayed the review. SCO will submit files to the alternate SCO for review. 8/8/24-SCO stated the previous alternate SCO is currently serving in a different role. No other employee has access to the VA system. SCO was provided alternative options for file review.	In Progress
SWTCC	9/29/2022	Management should create a system to collect required data to be used to ensure students with the highest grade point averages are the students admitted into the Special Admission Process Programs.	Academic Affairs	Policy and Strategy	5/30/2023	3/30/2024	5	9/3/2023	1/31/2024 Request for documentation has been issued to each director and the report is scheduled to be completed in February 2024. 12/18/2024 Request for documentation was provided. ARGOS application admission reports received from Academic Affairs included students' identifying information, grand point averages, and total scores. These are used to determine if students met the minimum requirements for admission into the medical programs.	In Progress
SWTCC	10/11/2024	Campus leadership should ensure appropriate employees receive CSA training to develop awareness of their responsibilities for reporting crimes that were witnessed by or reported to them, and ensure that the training and participants are documented. Proper documentation provides assurance of Clery Act compliance in the event an audit or investigation by the U.S. Department of Education.	Police Services /HR		10/21/2024					In Progress

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

Institution	Report Release Date	Recommendation	Responsible Staff	TBR Vice Chancellor Area	Date Management's Actions to be Implemented	Revised Date Management's Actions to be Implemented	# of Changes to Date Management's Actions to be Implemented	Initial Date of Internal Audit Follow-up	Notes and Dates	Status
SWTCC	10/11/2024	The daily crime logs should be reviewed periodically to ensure all logs are on file and are completed to include dispositions of each reported incident. Completeness of daily crime logs would further support the annual crime statistics data reported on the Annual Security Report.	Police Services		11/8/2024					In Progress
SWTCC	10/11/2024	All reported crimes should be included on the Annual Security Report statistics, even if the result of the investigations were "unfounded" and subsequently withheld from the crime statistics, as required by the Clery Act.	Police Services		11/8/2024					In Progress
SWTCC	1/6/2025	Campus leadership should implement a formalized process to ensure all athletic coaches, assistant coaches, and exempt employees complete an annual Statement of Disclosure of Interest Form (Disclosure). Additionally, a monitoring and tracking system should be established to ensure timely submission.	Athletics/HR		12/31/2024					In Progress
ChSCC	12/19/2024	High School Equivalency Documentation 1 of 2: Documentation scanning issues resulting in accessibility of documents stored in the Banner Document Management System (BDMS) be evaluated and resolved so that all student informational records are retained in accordance with ChSCC and TBR policies.	Vice President - Student Affairs	Student Success	3/31/2025					Not Yet Due
ChSCC	12/19/2024	High School Equivalency Documentation 2 of 2: Completion of notifications to the appropriate federal and state agencies concerning the college's findings of inappropriately received financial aid.	Vice President - Student Affairs	Student Success	3/31/2025					Not Yet Due
MSCC	7/10/2024	MSCC-HEERF Public Reporting Review 1 of 3 - 1.Management should review the student reporting and quarterly reports and correct amounts, ensure missing amounts and explanatory notes are included, and ensure that expenditures of awards are posted in the correct reporting category.	Personnel-Office of Business and Finance	Business and Finance	1/31/2025					Not Yet Due

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

Institution	Report Release Date	Recommendation	Responsible Staff	TBR Vice Chancellor Area	Date Management's Actions to be Implemented	Revised Date Management's Actions to be Implemented	# of Changes to Date Management's Actions to be Implemented	Initial Date of Internal Audit Follow-up	Notes and Dates	Status
TCAT Oneida/Huntsville	10/25/2023	The TCAT should establish a review process by a supervisor or other employee independent of the Veterans Affairs specialist to ensure completeness of student files and to reduce risk of inaccuracies of data entered into VA Once/Enrollment Manager. During periods when a second reviewer is unavailable, the SCO should consider utilizing self-review techniques, such as a checklist, to assist in ensuring data submitted to the VA is accurate.	President	Policy and Strategy	6/30/2024	8/31/2024	1	8/8/2024	08/08/2024- Front Desk personnel will help review the files after completed by the SCO	In Progress
TCAT Livingston	6/28/2024	Two students were noted as having been sent letters of contact for collections on the weekend, 7/15/23 and 10/15/23. A recommendation was made to ensure the letters were dated and sent during the week.	President Coordinator of Business & Finance	Business and Finance	12/30/2024					In Progress
TCAT Livingston	6/28/2024	Letters for four students were noted as having been sent with less than 30-day intervals between letters of contact as noted in TBR Guideline B-010. A recommendation was made to process all accounts receivable collection letters on the same day each month to ensure each student is given the full 30 days for each notification.	President Coordinator of Business & Finance	Business and Finance	12/30/2024					In Progress
TCAT Shelbyville	6/21/2024	Two students were noted as having been sent letters on the weekend on 10/15/23 and during the holiday break on 12/30/23. A recommendation was made to ensure the letters were dated and sent during the week.	President & SCO	Business and Finance	12/30/2024					In Progress

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

Institution	Report Release Date	Finding	Responsible Staff	TBR Vice Chancellor Area	Date Management's Actions to be Implemented	Revised Date Management's Actions to be Implemented	# of Changes to Date Management's Actions to be Implemented	Initial Date of Internal Audit Follow-up	Notes & Date	Status
CISCC	8/3/2023	CISCC FY 2022 & 2021- Finding 1 of 1 College staff did not prepare timely bank reconciliations.	VP of Finance and Operations	Business and Finance	2/3/2024	12/31/2024	2	2/2/2024	2/2/24-Follow-up report issued. Corrective actions have not been implemented.	In Progress
RSCC	10/22/2024	FY22 Report - As noted in the prior three audits, the college did not perform adequate collection procedures for accounts receivable	VP of Business & Finance	Vice Chancellor for Business & Finance	12/2/2024			10/31/2024	10/31/2024 - Some items have been completed on the Corrective Action Report. 12/11/2024 - Had quarterly A/R audit meeting to review status of A/R. 1/30/2025 - State Audit Finding Follow-up Audit will be started February 2025 to review resolution of this finding.	In Progress
RSCC	10/22/2024	FY23 Report - As noted in the prior four audits, the college did not perform adequate collection procedures for accounts receivable	VP of Business & Finance	Vice Chancellor for Business & Finance	12/2/2024			10/31/2024	10/31/2024 - Some items have been completed on the Corrective Action Report. 12/11/2024 - Had quarterly A/R audit meeting to review status of A/R. 1/30/2025 - State Audit Finding Follow-up Audit will be started February 2025 to review resolution of this finding.	In Progress

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

Institution	Report Release Date	Recommendation	Responsible Staff	TBR Vice Chancellor Area	Date Management's Actions to be Implemented	Revised Date Management's Actions to be Implemented	# of Changes to Date Management's Actions to be Implemented	Initial Date of Internal Audit Follow-up	Most Recent Date of Internal Audit Follow-up	Status
TBR System Office and TCATs	12/21/2023	TBR System Office and TCATs ITGCR: The TBR System Office and TCATs did not provide adequate internal controls in seven areas. Ineffective internal controls increase the likelihood of errors, data loss, and unauthorized access to college information. The details of this finding are confidential pursuant to Section 10-7-504(i), <i>Tennessee Code Annotated</i> . Details will be provided to the Board during Audit Committee Executive Session. Four of seven areas have been corrected.	Chief Information Officer	Business and Finance	9/30/2024	12/31/2024	1	8/8/2024		In Progress
DSCC	12/18/2024	DSCC ITGCR: Dyersburg State Community College did not provide adequate internal controls in one area. Ineffective internal controls increase the likelihood of errors, data loss, and unauthorized access to college information. The details of this finding are confidential pursuant to Section 10-7-504(i), <i>Tennessee Code Annotated</i> . Details will be provided to the Board during Audit Committee Executive Session.	Chief Information Officer	Business and Finance	1/31/2025					Not Yet Due
MSCC	5/10/2024	MSCC ITGCR: Motlow State Community College did not provide adequate internal controls in nine areas. Ineffective internal controls increase the likelihood of errors, data loss, and unauthorized access to college information. The details of this finding are confidential pursuant to Section 10-7-504(i), <i>Tennessee Code Annotated</i> . Details will be provided to the Board during Audit Committee Executive Session. Four of nine areas have been corrected.	Chief Information Officer	Business and Finance	12/31/2024	3/30/2025	1	7/11/2024	7/16/2024	Not Yet Due
NaSCC	10/31/2024	NaSCC ITGCR: Nashville State Community College did not provide adequate internal controls in six areas. Ineffective internal controls increase the likelihood of errors, data loss, and unauthorized access to college information. The details of this finding are confidential pursuant to Section 10-7-504(i), <i>Tennessee Code Annotated</i> . Details will be provided to the Board during Audit Committee Executive Session. Three of six areas have been corrected.	Chief Information Officer	Business and Finance	3/30/2025			1/24/2025		Not Yet Due
TCAT Memphis	1/31/2025	TCAT Memphis ITGCR: TCAT Memphis did not provide adequate internal controls in nine areas. Ineffective internal controls increase the likelihood of errors, data loss, and unauthorized access to college information. The details of this finding are confidential pursuant to Section 10-7-504(i), <i>Tennessee Code Annotated</i> . Details will be provided to the Board during Audit Committee Executive Session. One of nine areas have been corrected.	Chief Information Officer	Business and Finance	6/30/2025					Not Yet Due

BOARD TRANSMITTAL

MEETING: Committee on Audit

SUBJECT: Audit Reports and Reviews

DATE: February 18, 2025

PRESENTER: Mike Batson

ACTION REQUIRED: Informational Report

STAFF'S
RECOMMENDATION: Accept Report

Miscellaneous External Reviews

The Audit Committee will review executive summaries for the miscellaneous external reviews (reports issued by entities other than Internal Audit, State Audit, or Federal agencies) issued from October 1, 2024, to December 31, 2024.

Northeast State Community College
– TN Department of Health
ELC Grant Monitoring Review

TCAT Harriman
– THEC
TSAC Financial Aid Program Review

TCAT Jacksboro
– TN Department of Health
ELC Grant Monitoring Review

TCAT Upper Cumberland
– THEC
TSAC Financial Aid Program Review

Federal Audits

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

Volunteer State Community College
– US Department of Labor
OSHA Review

Comptroller’s Office

The Comptroller of the Treasury, Division of State Audit, under the authority of TCA 4-3-304, performs financial and compliance audits of each Tennessee Board of Regents community college and the system office, typically every other year. The Comptroller’s Office also conducts performance audits of the Tennessee Board of Regents operations, as needed. The Audit Committee will review executive summaries for the state audit reports issued before December 31, 2024.

FINANCIAL AND COMPLIANCE AUDITS – NO FINDINGS

TBR System Office

– FYE June 30, 2022

TBR System Office

– FYE June 30, 2023

Roane State Foundation

– FYE June 30, 2023 and June 30, 2022

FINANCIAL AND COMPLIANCE AUDITS –FINDINGS

Roane State Community College

– FYE June 30, 2022

Roane State Community College

– FYE June 30, 2023

Internal Audit

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

Internal Audit Reports for Informational Purposes

ChSCC	INV 2025-01: High School Equivalency Documentation	Page 25
ChSCC	INV 2025-02: Theft of Cafeteria Cash	Page 27
ChSCC	NACHA Security Audit	Page 29
MSCC	HEERF Public Reporting Review	Page 30
NeSCC	Attendance Reporting	Page 31
RSCC	HEERF Public Reporting Review	Page 32

SWTCC	Campus Security-Clery Act	Page 34
SWTCC	Athletics	Page 36
TCAT Knoxville	Internal Controls Audit	Page 37

*Limited Official Use Only reports for Dyersburg State Community College- Information Security Audit, Nashville State Community College- Information Security Audit, and Pellissippi State Community College- Disaster Recovery/Backup Audit will be shared Audit Committee Executive Session.

**Tennessee Board of Regents
Audit Committee
February 18, 2025**

*Miscellaneous External
Reviews*

**Northeast State Community College
Tennessee Department of Health – Compliance & Ethics
ELC Grant Support Review
December 12, 2024
Executive Summary**

Introduction	The Tennessee Department of Health (TDH), Compliance and Ethics Office, Grant Monitoring Team, conducted a desk review of Northeast State Community College (NeSCC) on June 20, 2024. The following contract was monitored during the review: ELC Grant Support of Tennessee Colleges and Universities to Promote Healthy Behaviors Related to Infection Prevention by Improving Their Health Service Centers.
Objectives	<p>The monitoring review was conducted in accordance with Department of General Services, Central Procurement Office <i>Policy Number 2013-007</i>. The purpose of the monitoring review was to:</p> <ul style="list-style-type: none"> • Obtain reasonable assurance that the agency was a going concern. • Assess the reliability of internal controls. • Verify that program objectives were being met. • Verify that civil rights requirements were being met. • Test the reliability of the financial and programmatic reporting. • Test if costs and services were allowable and eligible. • Verify contractual compliance.
Scope	<p>To make these determinations TDH reviewed the operations of the agency for the months of December 2023, January 2024, February 2024, and March 2024. During this review TDH:</p> <ul style="list-style-type: none"> • Reviewed the agency’s compliance with the contract’s scope of services, attachments, narrations, civil rights requirements, and specific TDH policy. • Obtained an understanding of the agency’s billing procedures.
Results	TDH’s monitoring of the contract between NeSCC and the Tennessee Department of Health revealed no material exceptions.

Tennessee College of Applied Technology (TCAT) - Harriman
Tennessee Higher Education Commission (THEC) – Tennessee Student Assistance Corporation (TSAC)
Financial Aid Program Review
October 8, 2024
Executive Summary

Introduction	<p>Compliance Officers completed a review at TCAT Harriman September 16-September 19, 2024, for academic year 2023-2024.</p> <p>The review consisted of a thorough examination of the institution's procedures for administering state financial aid programs and a sample of student records. Administrative procedures for the application process, verification of student eligibility, disbursement of aid, appeals, and annual reconciliation were reviewed.</p>
Results	<p>I. Errors in Awarding Wilder-Naifeh Technical Skills Grant (WNTSG)</p> <p>A. Finding:</p> <p>Three students had WNTSG awarding errors.</p> <p>One student’s appeal was approved with no supporting documentation beyond the statement.</p> <p>B. Required Action:</p> <p>The institution must use institutional funds to award students the correct WNTSG award amount. The institution must update their policies and procedures to correctly determine future eligibility in accordance with state regulations. A copy of the updated policy must be provided to TSAC.</p>

Tennessee College of Applied Technology (TCAT) - Jacksboro
Tennessee Department of Health – Compliance & Ethics
ELC Grant Support Review
December 12, 2024
Executive Summary

Introduction	The Tennessee Department of Health (TDH), Compliance and Ethics Office, Grant Monitoring Team, conducted a desk review of TCAT Jacksboro on March 1, 2024. The following contract was monitored during the review: ELC Grant Support of Tennessee Colleges and Universities to Promote Healthy Behaviors Related to Infection Prevention by Improving Their Health Service Centers.
Objectives	<p>The monitoring review was conducted in accordance with Department of General Services, Central Procurement Office <i>Policy Number 2013-007</i>. The purpose of the monitoring review was to:</p> <ul style="list-style-type: none"> • Obtain reasonable assurance that the agency was a going concern. • Assess the reliability of internal controls. • Verify that program objectives were being met. • Verify that civil rights requirements were being met. • Test the reliability of the financial and programmatic reporting. • Test if costs and services were allowable and eligible. • Verify contractual compliance.
Scope	<p>To make these determinations TDH reviewed the operations of the agency for the period December 2023 through March 2024. During this review TDH:</p> <ul style="list-style-type: none"> • Reviewed the agency’s compliance with the contract’s scope of services, attachments, narrations, civil rights requirements, and specific TDH policy. • Obtained an understanding of the agency’s billing procedures.
Results	TDH’s monitoring of the contract between TCAT Jacksboro and the Tennessee Department of Health revealed no material exceptions.

Tennessee College of Applied Technology (TCAT) – Upper Cumberland
Tennessee Higher Education Commission (THEC) – Tennessee Student Assistance Corporation (TSAC)
Financial Aid Program Review- Page 1 of 3
October 29, 2024
Executive Summary

Introduction	<p>Compliance Officers completed a review at TCAT Upper Cumberland from September 30, 2024 to October 2, 2024 for academic year 2023-2024.</p> <p>The review consisted of a thorough examination of the institution's procedures for administering state financial aid programs and a sample of student records. Administrative procedures for the application process, verification of student eligibility, disbursement of aid, appeals, and annual reconciliation were reviewed.</p>
Results	<p>I. Failure to have Tennessee Education Lottery Scholarship (TELS) appeal forms</p> <p>A. Observation:</p> <p>The institution failed to have TELS appeals form, appeal approval letter, appeal denial letter, and appeal log.</p> <p>B. Required Action:</p> <p>The institution must create a TELS appeal form, an appeal approval letter, appeal denial letter, and appeal log. A copy of these forms must be provided to TSAC.</p> <p>II. Errors in Verification Procedures</p> <p>A. Warning:</p> <p>One student was selected for verification and indicated on the verification worksheet a family size of 7/1, but on the updated ISIR it has 5/1. The corrected information was not updated during the verification process. The EFC with the 5/1 family size was 606. After the EFC was recalculated with the updated family size of 7/1, the EFC changed to 0. The student was still eligible for state aid under the new EFC.</p> <p>B. Required Action:</p> <p>The institution must review and update the verification policies and procedures to ensure federal regulations, as they relate to state financial aid programs, are being followed. The institution must provide TSAC a copy of the institution's updated policies and procedures to ensure the error does not continue in the future.</p>

Tennessee College of Applied Technology (TCAT) – Upper Cumberland
Tennessee Higher Education Commission (THEC) – Tennessee Student Assistance Corporation (TSAC)
Financial Aid Program Review – Page 2 of 3
October 29, 2024
Executive Summary

Results	<p>III. Failure to Adhere to the Tennessee Board of Regents (TBR) Residency Policy</p> <p>A. Finding:</p> <p>The institution failed to comply with the TBR residency policy to determine Tennessee residency for students as required by state financial aid regulations for eight students.</p> <p>B. Required Action:</p> <p>The institution must attempt to resolve the conflicting information for one student. After review by the institution, all DEG (\$4,082.40), TSAA (\$3,500.00) and WNTSG (\$1,209.00) funds associated with the student(s) not meeting the TBR residency policy must be returned to TSAC, up to a total of \$8,791.40. If the conflicting information is resolved, the institution must provide the documentation obtained to ensure the student(s) were residents according to the policy.</p> <p>During the review, the institution determined a specific step in the residency verification process was missed for the Dual Enrollment Grant students.</p> <p>The institution updated its policies and the corresponding data in Banner to document and verify TBR residency policy is being assessed for the 2023-2024 academic year. TBR and TSAC have worked closely together to establish clear expectations of TBR institutions regarding the residency policy but would appear that these changes are not being assessed at this institution.</p> <p>IV. Error in Awarding Wilder-Naifeh Technical Skills Grant (WNTSG)</p> <p>A. Finding:</p> <p>Seven students had WNTSG awarding errors based on enrollment.</p> <p>B. Required Action:</p> <p>The institution must return \$168.00 to TSAC, and in addition use institutional funds to award the correct WNTSG award amount for those under awarded. In addition, an internal review must be completed for all students paid WNTSG for hours other than the standard 432 per term during the 2023-2024 academic year. Funds should be returned to TSAC for any student paid incorrectly. A detailed summary of the internal review must be provided to TSAC. The institution must update their policies and procedures to correctly determine future eligibility in accordance with state regulations. A copy of the updated policy must be provided to TSAC.</p>
----------------	--

Tennessee College of Applied Technology (TCAT) – Upper Cumberland
Tennessee Higher Education Commission (THEC) – Tennessee Student Assistance Corporation (TSAC)
Financial Aid Program Review – Page 3 of 3
October 29, 2024
Executive Summary

Results	<p>V. Error in Awarding Tennessee Student Assistance Award (TSAA)</p> <p>A. Finding:</p> <p>Two students had errors in awarding TSAA based on enrollment hours.</p> <p>B. Required Action:</p> <p>The institution must refund \$333.00 in TSAA funds to TSAC. Any under-awards should be corrected on the student’s account using institutional funds. The institution must provide TSAC updated written policies of how the institution will review and monitor its awarding process and procedures to ensure awards are certified for the correct enrollment in accordance with state regulations.</p>
----------------	---

**Tennessee Board of Regents
Audit Committee
February 18, 2025**

Federal Audit Reports

Volunteer State Community College
U.S. Department of Labor
Occupational Safety and Health Administration (OSHA)
November 14, 2024
Executive Summary

Introduction	All OSHA Training Institute Education Centers (OTIEC) are required to develop and maintain the controls necessary to accurately report the number of classes delivered, students trained, and Outreach Training Program monitoring activities conducted on a monthly basis. As part of its ongoing program evaluation process, OSHA conducts quarterly record audits. For the fourth quarter of FY 2024, OSHA conducted a detailed review of the monthly course spreadsheet report submitted by VSCC OTIEC in September 2024.
Objectives	The focus of this audit was to ensure that all fields in the spreadsheet were being completed correctly so that accurate data is pulled into the OSHA data system. OSHA's evaluation of the spreadsheet found the fields to be generally complete.
Results	The Volunteer State Community College OSHA Training Institute Education Center is to be commended for its performance during this audit in maintaining the controls necessary to ensure accurate data collection that is critical to the OTIEC program.

**Tennessee Board of Regents
Audit Committee
February 18, 2025**

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

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

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

Types of Findings

Deficiencies in Internal Control¹

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

Significant Deficiency¹

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

Material Weakness¹

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

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

Instance of Non-Compliance Required to be Reported²

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

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

² The December 2018 Revision of Government Auditing Standards, issued by the Comptroller General of the United States, Government Accountability Office.

Institution	For the Year Ended	Auditor's Opinion on Financial Statements	Report on Internal Control	Report on Compliance	Findings
Roane State Community College	June 30, 2022	Unmodified Opinion	One finding identified as a significant deficiency	No instances of noncompliance required to be reported	1

Finding 1 – As noted in the prior three audits, the college did not perform adequate collection procedures for accounts receivable

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

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

Management's Comment – We concur. eBilling has been initiated globally with the Fall 2024 semester. This is significant as eBilling gives an automation attribute to our collection process. An update to our policy is being made to enhance our collection efforts with our new eBilling process for accounts receivable.

This initiative will streamline procedures and ensure timely actions in accordance with our policy. The integration of automation through eBilling is designed to eliminate late or missed collection efforts, improving our collection efficiency. The eBilling process will operate in cycles of within 30 days, ensuring any new balances are included in the next monthly round of collection efforts as outlined in our policy.

A new bill code system has been implemented with the eBilling process to categorize accounts that have undergone initial collection efforts. In conjunction with this, a delinquency schedule has been developed to guide our actions throughout the billing cycle. Once an account has progressed through the delinquency schedule, it will receive a new bill code for pre-collections, which indicates a default after the third and final delinquency notice/statement.

The pre-collection classification provides a reasonable timeframe, which is monitored by staff for resolution before a collection agency placement is made. With this bill code being monitored by the reasonable timeframe, no accounts should be placed with a collection agency outside of our policy. This structured approach will enable our staff to maintain clear visibility on each account's status throughout the collection process. This ensures the college exhausts all collection efforts within the boundaries of our policy.

This new clarity will support our commitment to effective and responsible collection efforts. We will monitor this process monthly to ensure its efficiency by conducting routine audits to verify each account is properly categorized within the cycle before exhausting all collection efforts.

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

Institution	For the Year Ended	Auditor's Opinion on Financial Statements	Report on Internal Control	Report on Compliance	Findings
Roane State Community College	June 30, 2023	Unmodified Opinion	One finding identified as a significant deficiency	No instances of noncompliance required to be reported	1

Finding 1 – As noted in the prior four audits, the college did not perform adequate collection procedures for accounts receivable

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

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

Management's Comment – We concur. eBilling has been initiated globally with the Fall 2024 semester. This is significant as eBilling gives an automation attribute to our collection process. An update to our policy is being made to enhance our collection efforts with our new eBilling process for accounts receivable.

This initiative will streamline procedures and ensure timely actions in accordance with our policy. The integration of automation through eBilling is designed to eliminate late or missed collection efforts, improving our collection efficiency. The eBilling process will operate in cycles of within 30 days, ensuring any new balances are included in the next monthly round of collection efforts as outlined in our policy.

A new bill code system has been implemented with the eBilling process to categorize accounts that have undergone initial collection efforts. In conjunction with this, a delinquency schedule has been developed to guide our actions throughout the billing cycle. Once an account has progressed through the delinquency schedule, it will receive a new bill code for pre-collections, which indicates a default after the third and final delinquency notice/statement.

The pre-collection classification provides a reasonable timeframe, which is monitored by staff for resolution before a collection agency placement is made. With this bill code being monitored by the reasonable timeframe, no accounts should be placed with a collection agency outside of our policy. This structured approach will enable our staff to maintain clear visibility on each account's status throughout the collection process. This ensures the college exhausts all collection efforts within the boundaries of our policy.

This new clarity will support our commitment to effective and responsible collection efforts. We will monitor this process monthly to ensure its efficiency by conducting routine audits to verify each account is properly categorized within the cycle before exhausting all collection efforts.

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
February 18, 2025**

Internal Audit Reports

Chattanooga State Community College
Investigation 2025-01: High School Equivalency Documentation – Page 1 of 2
December 19, 2024
Executive Summary

Auditee	Director, Admission and College Registrar; Director, Financial Aid	Auditor	Kimberly Clingan, Director Internal Audit
Objective	<p>The objectives of the investigation were:</p> <ul style="list-style-type: none"> • To determine if the high school equivalency documentation received from the student identified in the notification was fraudulent. • To determine if any other suspicious transcripts were used for student admission. • To determine the amount of financial aid provided to students based on inappropriate high school equivalency documentation. 		
Scope	<p>This examination was made in accordance with <i>International Standards for the Professional Practice of Internal Auditing</i>, and accordingly included reviews of applicable policies and procedures, inquiries of College employees, and other auditing procedures as considered necessary to achieve the objectives. The examination reviewed the high school equivalency documentation for the identified student and for other students admitted using high school equivalency documentation for the period of July 1, 2022, through September 25, 2024.</p>		
Results of Investigation	<p>Chattanooga State Community College (ChSCC) Internal Audit received notification from the Admissions and Records Office concerning the submission of a suspected fraudulent General Educational Development (GED) transcript by a student. An additional concern was if this student and a former student, who are related, were engaging in the production and sale of fraudulent GED transcripts. This concern was reported to the Admissions and Records Office by a third ChSCC student.</p> <p>Internal Audit’s investigation substantiated one of two concerns reported to Admissions and Records Office by determining the GED transcript provided by the student of concern was fictitious. Internal Audit’s review of a sample of high school equivalency admission records from July 1, 2022, through September 25, 2024, did not reveal a larger issue of fraud among admitted students who provided high school equivalency transcripts during this period. However, audit testing did reveal issues with documentation accessibility in the Banner Document Management System (BDMS) related to high school equivalency transcripts.</p> <p>Student Affairs has placed a registration hold on the student’s account based on the reviews performed by Internal Audit and the Student Conduct Office. The student has improperly received \$31,167.58 in various types of federal and state financial aid since August 2013.</p>		

Chattanooga State Community College
Investigation 2025-01: High School Equivalency Documentation – Page 2 of 2
December 19, 2024
Executive Summary

Recommendations	<p>Based on the investigative procedures performed, Internal Audit recommends:</p> <ul style="list-style-type: none"> • The documentation scanning issues resulting in accessibility of the documents stored in the Banner Document Management System (BDMS) be evaluated and resolved so that all student information records are retained in accordance with ChSCC and TBR policies. • Completion of notifications to the appropriate federal and state agencies concerning the college’s findings of inappropriately received financial aid.
Management Response	<p>The Admissions and Records Office confirmed that all transcripts not viewable by the auditor have been properly retained in accordance with college and TBR policies. BDMS document viewing issues are being evaluated to ensure there are no other system implications. The evaluation and any required system updates will be completed by March 31, 2025.</p> <p>As for the inappropriately received financial aid, notifications to the appropriate federal and state agencies will be completed by March 31, 2025.</p>

Chattanooga State Community College
Investigation 2025-02: Theft of Cafeteria Cash – Page 1 of 2
November 14, 2024
Executive Summary

Auditee	Food Services Director	Auditor	Kimberly Clingan, Director Internal Audit
Objective	The objective of this investigation was to determine if a cafeteria cashier was inappropriately handling cash located in the Center for Engineering Technology, Arts, and Sciences (CETAS) Café.		
Scope	This examination was made in accordance with <i>International Standards for the Professional Practice of Internal Auditing</i> , and accordingly included reviews of applicable policies and procedures, inquires of College employees and other auditing procedures as considered necessary to achieve the objectives. The examination reviewed Cafeteria cash handling processes and other available information designed to identify issues with cafeteria cash transactions during July 2024.		
Results of Investigation	<p>Chattanooga State Community College (ChSCC) Internal Audit received notification concerning suspected theft of money from the cafeteria register in the CETAS Café. The Food Services Director’s concerns had increased over several months to a level that they believed theft was occurring by the CETAS cashier. Video evidence and other details were provided by the Food Services Director to substantiate their concern.</p> <p>The Auditor’s review of the security footage revealed evidence that the CETAS Café cashier had taken cash from the CETAS Café register as well as several lapses in appropriate cash handling techniques. Additionally, during interviews with the CETAS Café cashier, the cashier admitted to taking money from the Café cash register on the day observed on the security footage and several other occasions. According to the cashier’s admission statement, she took between \$100 and \$300. Campus Police issued the cashier a citation for misdemeanor theft under \$1000 and provided <i>video</i> evidence supporting the determination of theft to the Office of Organizational Culture and Engagement.</p> <p>Internal Audit’s investigation substantiated the concern of theft by the CETAS Café cashier through review of security footage and employee interviews. Based on the investigative procedures performed, Internal Audit recommended management consider appropriate disciplinary action for theft. Food Services Management should consult with the Office of Organizational Culture and Engagement in determining and documenting these actions.</p>		

Chattanooga State Community College
Investigation 2025-02: Theft of Cafeteria Cash – Page 2 of 2
November 14, 2024
Executive Summary

Management Response	Food Services Management in conjunction with the Office of Organizational Culture and Engagement has taken appropriate corrective actions related to the activities of the CETAS Café Cashier. Additionally, the Food Services Director is in the process of updating cafeteria cash registers in order to take advantage of enhancements in cash register controls such as limitations for no sale transactions.
----------------------------	---

Chattanooga State Community College
NACHA Security Audit
December 2024
December 18, 2024

Key Staff Personnel	Bursar and Assistant Vice President, Technology	Internal Auditor	Kimberly Clingan, Director Internal Audit
Introduction	<p>NACHA (National Automated Clearing House Association) is a not-for-profit association that oversees the Automated Clearing House (ACH) Network, an electronic payment network. NACHA provides the legal foundation for the ACH Network through the development and enforcement of the <i>NACHA Operating Rules & Guidelines</i> that establish a set of requirements in order to provide a minimum amount of protection for WEB entries. WEB entries are internet-initiated entries that NACHA defines as “a debit entry to a Consumer Account initiated by an Originator pursuant to an authorization that is obtained from the Receiver via the Internet.”</p> <p><i>NACHA Operating Rules & Guidelines</i> obligate Originators to:</p> <ul style="list-style-type: none"> • Obtain the consumer’s written authorization prior to initiating a debit entry • Mitigate risks associated with Internet-based payments by: <ul style="list-style-type: none"> ○ Authenticating the identity of the Receiver ○ Employing a fraudulent transaction detection system ○ Establishing secure Internet sessions ○ Verifying the Receiving Depository Financial Institution’s routing number ○ Reviewing security control procedures 		
Objectives	<p>The objectives of the audit were to determine the college’s compliance with <i>NACHA Operating Rules & Guidelines</i> for WEB entries related to:</p> <ul style="list-style-type: none"> • Authorization requirements • Formatting requirements • Risk management requirements to adequately protect consumer financial information 		
Conclusion	<p>ChSCC complies with the authorization, formatting, and risk management requirements of the <i>NACHA Operating Rules & Guidelines</i>. Improvements in management risk reviews and incident response evaluation exercises have increased the college’s ability to remain in compliance with the <i>NACHA Operating Rules & Guidelines</i>.</p>		

**Motlow State Community College
HEERF Public Reporting Review
Calendar Years 2020-2023
Executive Summary**

Key Staff Personnel	Personnel-Office of Business and Finance	Internal Auditor	Jacqueline Struckmeyer Tennessee Board of Regents
Introduction	<p>The Office of Postsecondary Education was provided funds to award to institutions of higher education to provide fast and direct economic aid to institutions and students to alleviate the negative impacts of the COVID-19 pandemic. The funding was given as the Higher Education Emergency Relief Fund, or HEERF. Funding was awarded in three stages beginning March 2020. The first stage, HEERF I, was authorized by the Coronavirus Aid, Relief and Economic Security (CARES) Act. The second stage, HEERF II, was authorized by the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA). The third stage, HEERF III, was authorized by the American Rescue Plan (ARP) under Public Law 117-2. Institutions were provided guidance as to uses of the funding, including Emergency Financial Aid Grants to students. Institutions were directed to post on the institution’s primary website, in a format and location that is easily accessible to the Public, specific informational items related to Emergency Financial Aid Grants to students and provided a form for reporting institutional expenditures to be posted on the institution’s primary website on the same page as the informational items related to Emergency Financial Aid Grants to students. Institutions were provided due dates for the information to be posted.</p>		
Objectives	<p>The objectives of the audit were:</p> <ul style="list-style-type: none"> • To determine whether internal controls provide reasonable assurance that the information was posted in the manner directed by the ED. • To determine the accuracy of financial information posted and that it agrees to the documentation of expenses recorded by the institution. 		
Conclusion	<p>Motlow State Community College’s HEERF Quarterly Reporting process is sufficient and provides adequate internal controls for maintaining compliance with the U.S. Department of Education Public Reporting requirement. A recommendation was proposed to address issues noted in the HEERF reports.</p>		
Recommendations and Management Response	<p>1. Management should review the student reporting and quarterly reports and correct amounts, ensure missing amounts and explanatory notes are included, and ensure that expenditures of awards are posted in the correct reporting category.</p> <p>Management Response: Management concurs with the audit results and recommendation. Applicable staff will review the student reporting, institutional reporting, and the quarterly reports to make corrections on Motlow’s website. The review and corrections will be made by January 31, 2025</p>		

**Northeast State Community College
Attendance Reporting
Academic Year 2023
November 19, 2024
Executive Summary**

Key Staff Personnel	Vice President for Finance & Administration; Director of Financial Aid; Director of Admissions and Records	Internal Auditor	Christopher Hyder, Director NeSCC Internal Audit
Introduction	<p>During the 2021 Spring, Summer, and Fall semesters, several new processes and training sessions were implemented to improve the college's attendance reporting.</p> <p>The Vice President for Finance & Administration requested that Internal Audit review the effectiveness of these attendance reporting procedures.</p>		
Objectives	The objective of this review was to determine if the current attendance reporting procedures and controls are effective.		
Scope	This audit reviewed attendance records and reporting procedures for the 2023 academic year.		
Conclusion	The college's procedures for reporting attendance appear to be effective. No exceptions were noted during the review.		
Recommendations	None		

Roane State Community College
HEERF Reporting Review – Page 1 of 2
Fiscal Years 2020 - 2023
November 25, 2024
Executive Summary

Key Staff Personnel	Vice President, Business & Finance, Director of Accounting, Accountant	Internal Auditor	Cynthia Cortesio
Introduction	<p>The Office of Postsecondary Education was provided funds to award to institutions of higher education to provide fast and direct economic aid to institutions and students to alleviate the negative impacts of the COVID-19 pandemic. The funding was given as the Higher Education Emergency Relief Fund, or HEERF. Funding was awarded in three stages beginning March 2020. The first stage, HEERF I, was authorized by the Coronavirus Aid, Relief and Economic Security (CARES) Act. The second stage, HEERF II, was authorized by the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA). The third stage, HEERF III, was authorized by the American Rescue Plan (ARP) under Public Law 117-2. Institutions were provided guidance as to uses of the funding, including Emergency Financial Aid Grants to students. Institutions were directed to post on the institution’s primary website, in a format and location that is easily accessible to the public, specific informational items related to Emergency Financial Aid Grants to students and provided a form for reporting institutional expenditures to be posted on the institution’s primary website on the same page as the informational items related to Emergency Financial Aid Grants to students. Institutions were provided due dates for the information to be posted.</p>		
Objectives	<p>The objectives of the audit were:</p> <ul style="list-style-type: none"> • To determine whether internal controls provide reasonable assurance that the information was posted in the manner directed by the Department of Education. • To determine the accuracy of financial information posted and that it agrees to the documentation of expenses recorded by the institution. 		
Scope	<p>The scope of this audit included fiscal years 2020 – 2023. Accounts and supporting worksheets and documents were examined to determine HEERF grant awards had been spent as reported. Internal controls were evaluated for the management of these funds. Grant awards were compared against the accounts to establish that all grant funds had been spent. Grant reporting requirements were compared against the reports prepared for these funds. This review did not examine the individual expenditures for compliance with the terms of these grant awards.</p>		
Conclusion	<p>Except as noted, the process and controls for HEERF reporting appear adequate. Student and institutional expenses were reported timely and reconciled to the college records. Recommendations were proposed to address exceptions that were identified in the HEERF reports.</p>		

Roane State Community College
HEERF Reporting Review – Page 2 of 2
Fiscal Years 2020 - 2023
November 25, 2024
Executive Summary

<p>Recommendations</p>	<ol style="list-style-type: none"> 1. Per instructions in the quarterly reports, the amounts reported in Other Uses for emergency funds which were distributed to students, and above the amount awarded to Roane State specifically for distribution to students, should be reported in Providing Additional Emergency Financial Aid Grants to Students for quarters ending September 20, 2020, and March 31, 2021. 2. The last four institutional reports were not reported in whole dollar amounts per the instructions. This should be corrected in those reports and reposted to the website. 3. Per the instructions included in the quarterly report for June 30, 2022 (and instructions in the quarterly reports thereafter) a link to the ESF (Education Stabilization Fund) portal showing Roane State’s annual reports should be displayed.
<p>Management Response</p>	<p>The college concurs with the audit report. The categorization changed throughout the entire reporting period, which caused the majority of the misclassifications. The reports have been corrected and are in the process of being updated on the college’s website as advised by the Tennessee Board of Regents.</p>

**Southwest Tennessee Community College
Campus Security – Clery Act Audit – Page 1 of 2
For the Audit Period of 2023
October 11, 2024**

Key Staff Person:	Chief of Administrative Services	Auditor:	Director of Internal Audit
Introduction	An internal audit of Southwest Tennessee Community College’s (SWTCC) <i>Campus Security – Clery Act</i> procedures was performed by Internal Audit in accordance with the annual audit plan. Southwest Tennessee Community College reports campus crimes to the U.S. Department of Education annually.		
Objectives	The purpose of the audit was to determine if SWTCC has adequate internal controls established over procedures to promote and monitor compliance with Clery Act regulations, including a review of applicable policies and procedures, training, and record retention requirements.		
Scope	Campus crimes reported during 2022 and included on the 2023 Annual Security Report were reviewed for proper support and compliance with Title 34 CFR Part 668.46 (Clery Act). <i>Due to a recent cyber incident that occurred on July 3, 2024, affecting the college’s network, the scope of this audit was limited in certain areas. Verification of supporting documentation related to training and investigation outcomes was not possible for the period under review.</i>		
Recommendation 1	<i>Records of Attendance for Campus Security Authorities (CSA)</i> Campus leadership should ensure appropriate employees receive CSA training to develop awareness of their responsibilities for reporting crimes that were witnessed by or reported to them and ensure that the training and participants are documented. Proper documentation provides assurance of Clery Act compliance in the event an audit or investigation by the U.S. Department of Education.		
Management Response	Police Services is working with Human Resources to create a training module to be distributed to CSA trainees by October 21 st for completion by November 8 th . This module will be added to the Bridges training platform to track training completion by the participants.		
Recommendation 2	<i>Periodic Review for Completion of the Daily Crime Logs</i> The daily crime logs should be reviewed periodically to ensure all logs are on file and are completed to include dispositions of each reported incident. Completeness of daily crime logs would further support the annual crime statistics data reported on the Annual Security Report.		
Management Response	The daily crime logs will be reviewed by a member of the Police Services command staff during the first week of each month to ensure all logs are on file and completed to include dispositions of each reported incident.		

**Southwest Tennessee Community College
Campus Security – Clery Act Audit – Page 2 of 2
For the Audit Period of 2023
October 11, 2024**

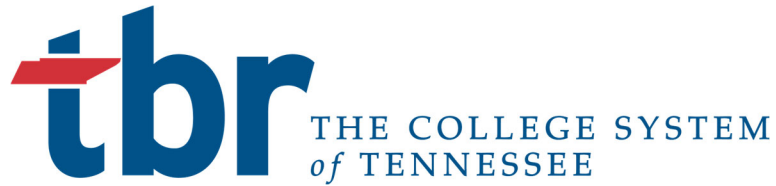
Recommendation 3	<p><i>“Unfounded” Information Should Be Included on the Annual Security Report</i></p> <p>All reported crimes should be included on the Annual Security Report statistics, even if the result of the investigations were “unfounded” and subsequently withheld from the crime statistics, as required by the Clery Act.</p>
Management Response	<p>The number of investigations classified as unfounded will be included in future Clery reports. If no investigations are classified as unfounded, that shall also be noted in the future Clery report. “No unfounded reports for 2023” was noted in the recently submitted 2024 Clery report.</p>

**Southwest Tennessee Community College
Athletics Compliance Audit
For the Audit Period of FY 2025
January 6, 2025**

Key Staff Person:	Assoc. VP of Enrollment Services, Athletic Director	Auditor:	Director of Internal Audit
Introduction	An internal audit of Southwest Tennessee Community College’s (SWTCC) Athletics compliance with the National Junior College Athletic Association (NJCAA), Tennessee Community College Athletic Association (TCCAA), and Tennessee Board of Regents (TBR) was performed by Internal Audit in accordance with the annual audit plan.		
Objectives	The purpose of the audit was to determine if SWTCC has adequate internal controls established to ensure adherence to applicable policies and procedures regarding athletic travel, housing, and conflicts of interest. These requirements are designed to promote transparency and accountability in the athletic programs while safeguarding institutional resources, and student athletes’ welfare.		
Scope	The review covered the fiscal year 2025 period from August 29 through November 13, 2024, encompassing the examination of team travel expenses, conflict of interest forms, and interviews with athletic staff and students. The audit was conducted in accordance with the <i>International Standards for the Professional Practice of Internal Auditing</i> issued by <i>The Institute of Internal Auditors</i> .		
Recommendation	<i>Maintaining Statement of Disclosure of Interests (Conflict-of-Interest) Forms</i> Campus leadership should implement a formalized process to ensure all athletic coaches, assistant coaches, and exempt employees complete an annual <i>Statement of Disclosure of Interest Form</i> (Disclosure). Additionally, a monitoring and tracking system should be established to ensure timely submission.		
Management Response	Management concurs. Athletics and Human Resources are collaborating to finalize a <i>Conflict of Interest Standard of Procedure for Human Resources and Athletics Department</i> . The standard procedure will clarify the responsibilities between the Athletics Department and Human Resources with collecting, tracking, and retaining the required Disclosure forms timely for all athletic coaches, assistant coaches, and exempt employees.		

TCAT Knoxville
Internal Audit Report on Controls
For the Fiscal Year July 1, 2022, to June 30, 2023
November 20, 2024
Executive Summary

Key Staff Personnel	President Business Office Coordinator Fiscal Support Associate	TCAT Internal Auditor	Helen Vose, CIA, CFE
Purpose and Objectives	<p>To assess the adequacy of management’s system of internal controls. Transactions were tested on a sample basis and other audit procedures were performed on controls in the following areas:</p> <ul style="list-style-type: none"> • Cash Receipting • Cash Deposits • Accounts Receivable • Federal Financial Aid – Student Award Process 		
Scope	<p>The audit was conducted in accordance with the <i>International Standards for the Professional Practice of Internal Auditing</i>, issued by the Institute of Internal Auditors and included tests of the accounting records and such other auditing procedures considered necessary for the fiscal year July 1, 2022, to June 30, 2023.</p>		
Conclusion	<p>Based on observations, discussions with management, and the test work performed in the areas listed above for the period covered, management’s systems of internal controls appear generally adequate. Management has established controls to ensure there is adequate segregation of duties between the cash receipting and deposit processes and that cash is reconciled daily to deposits. Student accounts receivable are recorded and reconciled promptly, the aging is performed at least monthly, and notices of delinquent accounts are sent in a timely manner. The coordination between Financial Aid and the Business Office appears to be in place to ensure students that have dropped or have been terminated are identified and refunds processed, as necessary. The process of ensuring the student is awarded accurately and is aware of all the resources for financial aid is adequate. The audit did not reveal significant issues of noncompliance with TBR and institutional policies, or Federal laws, which could result in significant deficiencies in operations.</p>		
Findings or Recommendations	None noted.		



BOARD TRANSMITTAL

MEETING: Committee on Audit

SUBJECT: System-wide Internal Audit Updates

DATE: February 18, 2025

PRESENTER: Mike Batson

ACTION REQUIRED: Informational Report

STAFF'S
RECOMMENDATION: Accept Report

Mike Batson will give brief updates on the following items:

- Update on Open Campus Auditor Positions
- New Global Standards

BOARD TRANSMITTAL

MEETING: Committee on Audit

SUBJECT: Review of Revisions to Fiscal Year 2025 Audit Plans

DATE: February 18, 2025

PRESENTER: Mike Batson

ACTION REQUIRED: Roll-Call Vote

STAFF'S
RECOMMENDATION: Approve

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

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

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

Cleveland State Community College
Jackson State Community College
Motlow State Community College

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

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

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

Institution	Significant Revisions to Audit Plans Since July 1, 2024
ChSCC	Added INV-2025-1, INV 2025-2, INV-2025-3, INV-2025-4.
DSCC	Added President’s Expense Audit for SWTCC and INV-2025-01. Removed Athletics, Physical Safety & Security, and Emergency Preparedness.
NeSCC	Added Food Service Contract. Removed Grant Development and Student Accounts.
TBR-INV	Added INV-TBR-25-01, INV-TBR-25-02, and INV-TBR-25-03. Removed INV-TBR-23-08.

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

Area	Type	Audit	Risk Factor	Estimated Audit Start Date	Original Hours Planned	Revised to Original			FN	Planned to Actual		Completion Date	Current Status
						Revised Plan	Change in Hours	Change in Percentage		Actual Hours	Variance		
IS	C	Management Advisory Services	5.0	Jul-24	100.0	80.0	-20.0	-20%	1	42.5	37.5		In Progress
FM	F	State Audit Assist/Follow-up	5.0	Jul-24	15.0	15.0	0.0	0%		3.0	12.0		In Progress
IS	F	Follow up Reviews	5.0	Jul-24	75.0	60.0	-15.0	-20%	1	22.0	38.0		In Progress
IS	I	Unscheduled Investigations	5.0	Jul-24	100.0	25.0	-75.0	-75%	2	0.0	25.0		Scheduled
IS	I	Developing Investigations-Assist TBR	5.0	Jul-24	15.0	15.0	0.0	0%		1.5	13.5		In Progress
IS	I	INV-2025-01	5.0	Jul-24	40.0	40.0	0.0	0%		44.0	-4.0	Dec-24	Completed
IS	I	INV-2025-02	5.0	Jul-24	0.0	40.0	40.0	100%	2	41.5	-1.5	Nov-24	Completed
IS	I	INV-2025-03	5.0	Aug-24	0.0	80.0	80.0	100%	2	37.5	42.5		In Progress
IS	I	INV-2025-04	5.0	Sep-24	0.0	40.0	40.0	100%	2	16.0	24.0		In Progress
IS	M	Enterprise Risk Assessment -FY 2025	5.0	Apr-25	30.0	30.0	0.0	0%		0.0	30.0		Scheduled
FM	S	YE Procedures FYE 2024	5.0	Jun-24	15.0	15.0	0.0	0%		12.5	2.5	Aug-24	Completed
FM	S	YE Procedures FYE 2025	5.0	Jun-25	15.0	15.0	0.0	0%		0.0	15.0		Scheduled
FM	R	President's Expense Audit - Motlow	5.0	Sep-24	90.0	90.0	0.0	0%		95.5	-5.5	Oct-24	Completed
SS	R	CCTA Element Audit	5.0	Mar-25	100.0	100.0	0.0	0%		0.0	100.0		Scheduled
AT	R	Athletic Compliance	5.0	Feb-25	130.0	130.0	0.0	0%		3.0	127.0		In Progress
IA	C	TCAT Timeclock Hours Reporting	5.0	Jun-24	20.0	10.0	-10.0	-50%	1	10.0	0.0	Aug-24	Completed
IS	S	Comp Time / Over Time Processes	5.0	Feb-24	35.0	35.0	0.0	0%		13.0	22.0		In Progress
IT	S	IAR-NACHA-2024	5.0	Nov-24	70.0	70.0	0.0	0%		70.0	0.0	Dec-24	Completed
IA	S	Faculty Credentials	5.0	May-25	60.0	60.0	0.0	0%		0.0	60.0		Scheduled
IS	C	Equipment Inventory Process Changes	5.0	Oct-24	60.0	60.0	0.0	0%		5.5	54.5		In Progress
IS	P	Gainful Employment Reporting Process	5.0	Aug-24	80.0	40.0	-40.0	-50%	1	3.5	36.5		In Progress
SS	F	Follow up to Financial Aid External Reviews	4.0	Jan-25	0.0	50.0	50.0	100%	1	0.0	50.0		Scheduled
Total Planned Audit Hours:					1050.0	1100.0	50.0			421.0	679.0		

Functional Areas:

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

Audit Types:

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

Status:

Scheduled
In Progress
Completed
Removed

FN1 Reduced Various projects to include a Financial Aid Follow-up.
FN2 Reduced Unscheduled Investigations hours to add specific investigative projects.

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

							Revised to Original			Planned to Actual			
Area	Type	Audit	Risk Factor	Estimated Audit Start Date	Original Hours Planned	Revised Plan	Change in Hours	Change in Percentage	FN	Actual Hours	Variance	Completion Date	Current Status
SS	R	CCTA Funding Formula		TBA	120.0	120.0	0.0	0%		0.0	120.0		Scheduled
AT	R	Athletic Compliance Audit		Jan-25	130.0	130.0	0.0	0%		0.0	130.0		Scheduled
IT	P	Campus Security & Safety		Mar-25	50.0	50.0	0.0	0%		0.0	50.0		Scheduled
IS	C	Management Consulting		As needed	200.0	200.0	0.0	0%		72.0	128.0		In Progress
FM	R	Year End Cash Counts/Bank Reconciliation		May-25	100.0	100.0	0.0	0%		0.0	100.0		Scheduled
IS	S	Internal Audit Awareness		Aug-24	150.0	150.0	0.0	0%		68.5	81.5		In Progress
FM	P	Management Risk Assessment Review		Sep-24	40.0	40.0	0.0	0%		19.5	20.5	Sep-24	Completed
SS	O	Technology Access Fee		Nov-24	125.0	125.0	0.0	0%		118.0	7.0		In Progress
IS	S	Unscheduled Audits/Special Requests		As needed	80.0	80.0	0.0	0%		0.0	80.0		Scheduled
IT	P	Information Security Risk Assessment Review		Oct-24	40.0	40.0	0.0	0%		15.5	24.5	Oct-24	Completed
Total Planned Audit Hours:					1035.0	1035.0	0.0			293.5	741.5		

Functional Areas:

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

Audit Types:

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

Status:

Scheduled
 In Progress
 Completed
 Removed

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

Area	Type	Audit	Risk Factor	Estimated Audit Start Date	Original Hours Planned	Revised Plan	Revised to Original		FN	Planned to Actual		Completion Date	Current Status
							Change in Hours	Change in Percentage		Actual Hours	Variance		
SS	R	CCTA Funding Formula		Jan-25	150.0	150.0	0.0	0%		21.0	129.0		In Progress
IS	R	Risk Assessment		Apr-25	140.0	140.0	0.0	0%		0.0	140.0		Scheduled
AT	R	Athletics		Mar-25	150.0	0.0	-150.0	-100%	1	0.0	0.0		Removed
FM	R	Year End - Cash Counts/Bank confirmations		May-25	50.0	50.0	0.0	0%		0.0	50.0		Scheduled
IS	I	Unscheduled Audits/Investigations		Jun-24	100.0	250.0	150.0	150%	2	0.0	250.0		In Progress
IS	C	General Consultation/Audit Assistance		Jun-24	150.0	250.0	100.0	67%	4	111.5	138.5		In Progress
PP	A	Physical Safety & Security		Mar-25	150.0	0.0	-150.0	-100%	3	0.0	0.0		Removed
PP	A	Emergency Preparedness		Apr-25	150.0	0.0	-150.0	-100%	3	0.0	0.0		Removed
IS	R	DSCC President's Expense Audit		Sep-24	0.0	200.0	200.0	0%		57.5	142.5	Oct-24	Completed
IA	I	INV-2025-01		Oct-24	0.0	150.0	150.0	0%	2	155.0	-5.0		In Progress
Total Planned Audit Hours:					1040.0	1190.0	150.0			190.0	850.0		

Functional Areas:

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

Audit Types:

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

Status:

Scheduled
 In Progress
 Completed
 Removed

FN1 Athletics audit was removed (-150) as a prior Athletics investigation was recently conducted.
 FN2 Unscheduled Audit/Investigative hours were increased by 150 to accommodate a current review. (+150)
 FN3 Physical Safety & Security Audit and Emergency Preparedness Audit removed and will be assessed for FY2026 Audit Plan. (-150, -150)
 FN4 Increased hours were needed for Police Staffing Review, Athletics Review, and Fixed Asses consultation.

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

Area	Type	Audit	Risk Factor	Estimated Audit Start Date	Original Hours Planned	Revised Plan	Revised to Original		FN	Planned to Actual		Completion Date	Current Status
							Change in Hours	Change in Percentage		Actual Hours	Variance		
SS	R	Complete College Tennessee Act Element	5.0	Jan-25	100.0	100.0	0.0	0%		0.0	100.0		Scheduled
FM	R	Walters State President Expense Audit	5.0	Aug-24	100.0	100.0	0.0	0%		104.5	-4.5	Oct-24	Completed
IS	C	Job Placement Reporting	5.0	Jul-24	100.0	200.0	100.0	100%	1	127.5	72.5		In Progress
IA	S	Attendance Reporting	5.0	Jul-24	15.0	15.0	0.0	0%		16.5	-1.5	Nov-24	Completed
FM	R	State Audit Follow-Up	5.0	Oct-24	30.0	30.0	0.0	0%		1.5	28.5		In Progress
IA	A	Faculty Credentials	3.6	Oct-24	55.0	100.0	45.0	82%	2	40.5	59.5		In Progress
AX	S	Food Service Contract	5.0	Jan-25	0.0	55.0	55.0	100%	2	0.0	55.0		Scheduled
IS	A	Grant Development	3.6	Feb-25	100.0	0.0	-100.0	0%	1	0.0	0.0		Removed
FM	A	Student Accounts	3.4	Dec-24	100.0	0.0	-100.0	0%	2	0.0	0.0		Removed
IS	I	Developing Investigations-Assist TBR	5.0	Jul-24	50.0	50.0	0.0	0%		0.0	50.0		Scheduled
IS	I	Unscheduled Investigations	5.0	Jul-24	50.0	50.0	0.0	0%		0.0	50.0		Scheduled
FM	R	State Audit Assistance - Year End	5.0	May-25	30.0	30.0	0.0	0%		0.0	30.0		Scheduled
IS	S	Special Requests and Projects	5.0	Jul-24	100.0	100.0	0.0	0%		45.5	54.5		In Progress
IS	F	Other Audit Follow-Up	5.0	Jul-24	60.0	60.0	0.0	0%		0.0	60.0		Scheduled
IS	M	Risk Assessment	5.0	Jul-24	50.0	50.0	0.0	0%		0.0	50.0		Scheduled
IS	C	Management Advisory Services	5.0	Jul-24	100.0	100.0	0.0	0%		57.5	42.5		In Progress
Total Planned Audit Hours:					1040.0	1040.0	0.0			393.5	646.5		

Functional Areas:

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

Audit Types:

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

Status:

Scheduled
 In Progress
 Completed
 Removed

FN1 Removed Grant Development, hours moved to Job Placement Reporting

FN2 Removed Student Accounts, hours divided among Faculty Credentials and newly added Special Request: Food Service Contract

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

Area	Type	Audit	Risk Factor	Estimated Audit Start Date	Original Hours Planned	Revised Plan	Revised to Original		FN	Planned to Actual		Completion Date	Current Status
							Change in Hours	Change in Percentage		Actual Hours	Variance		
FM	R	Year End Inventory & Cash Counts	5.0	Jun-25	22.5	22.5	0.0	0%		1.5	21.0		In Progress
FM	R	Audit Follow Up	5.0	Jul-24	22.5	22.5	0.0	0%		3.0	19.5		In Progress
IS	R	Funding Formula	5.0	Feb-25	112.5	112.5	0.0	0%		0.0	112.5		Scheduled
IS	M	Risk Assessment	5.0	Nov-24	45.0	45.0	0.0	0%		0.0	45.0		Scheduled
IA	S	Faculty Credentials	5.0	Oct-24	150.0	150.0	0.0	0%		128.0	22.0		In Progress
IA	S	Compliance Assist Review	5.0	Jan-25	37.5	37.5	0.0	0%		1.0	36.5		Scheduled
AD	C	Advancement Management Advisory Services	5.0	Jul-24	22.5	22.5	0.0	0%		7.5	15.0		In Progress
FM	C	Finance Management Advisory Services, Consultation	5.0	Jul-24	45.0	45.0	0.0	0%		13.0	32.0		In Progress
AT	R	Athletic Compliance Audit	5.0	Mar-25	150.0	150.0	0.0	0%		3.0	147.0		In Progress
IS	C	Institutional Support Management Advisory Services, Consultation	5.0	Jul-24	75.0	75.0	0.0	0%		20.5	54.5		In Progress
IT	C	IT Audit Management Advisory Service - Phishing Campaign & Building Security Review	5.0	Jul-24	112.5	112.5	0.0	0%		21.0	91.5		In Progress
IS	I	Unscheduled Investigations and Special Requests	5.0	Jul-24	30.0	30.0	0.0	0%		0.0	30.0		Scheduled
IT	C	IT Audit Management Advisory Service - PCI & ACH Review	5.0	Jul-24	127.5	127.5	0.0	0%		34.0	93.5		In Progress
IT	A	IT Backup Server Audit/Disaster Recovery	4.0	Aug-24	150.0	150.0	0.0	0%		150.0	0.0	Oct-24	Completed
IT	A	IT Banner MAPS Server Audit	3.6	Apr-25	150.0	150.0	0.0	0%		0.0	150.0		Scheduled
Total Planned Audit Hours:					1252.5	1252.5	0.0			382.5	870.0		

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

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

Status:
Scheduled
In Progress
Completed
Removed

**Roane State Community College
Internal Audit Plan
Fiscal Year Ending June 30, 2025
Revised January 2025**

Area	Type	Audit	Risk Factor	Estimated Audit Start Date	Original Hours Planned	Revised Plan	Revised to Original		FN	Planned to Actual		Completion Date	Current Status
							Change in Hours	Change in Percentage		Actual Hours	Variance		
FM	R	Year End Cash Counts	5.0	May-25	40.0	30.0	-10.0	-25%	3	0.0	30.0		Scheduled
IS	M	Enterprise Risk Assessment	5.0	Mar-25	45.0	30.0	-15.0	-33%	3	0.0	30.0		Scheduled
FM	R	CARES Act (HEERF)	5.0	Jul-24	75.0	70.0	-5.0	-7%		68.3	1.8	Nov-24	Completed
IS	A	Sick Leave Bank	4.3	Oct-24	30.0	30.0	0.0	0%		10.0	20.0		In Progress
FM	F	State Audit Follow-up	5.0	Nov-24	130.0	110.0	-20.0	-15%	3	27.0	83.0		In Progress
FM	F	IAR Audit Follow-up	5.0	Jul-24	95.0	95.0	0.0	0%		40.0	55.0		In Progress
FM	I	Unscheduled Investigations	5.0	Jul-24	75.0	50.0	-25.0	-33%	3	0.0	50.0		Scheduled
IS	C	Management Advisory Services	5.0	Jul-24	122.0	110.0	-12.0	-10%		72.3	37.8		In Progress
AX	S	Foundation - Restricted Funds	4.7	Oct-24	50.0	50.0	0.0	0%			50.0		Scheduled
IA	S	Nursing Program Review	4.9	Jul-24	30.0	30.0	0.0	0%			30.0		Scheduled
IS	A	Student Tuition	5.0	Jan-25	75.0	60.0	-15.0	-20%	3	15.0	45.0		In Progress
IA	R	Release Time/Workload IAR Follow-up	4.5	Nov-24	45.0	45.0	0.0	0%		15.0	30.0		In Progress
FM	S	Adjuncts Having More than 1 Position at RSCC	4.5	Sep-24	40.0	40.0	0.0	0%		5.0	35.0		In Progress
FM	I	INV 22-01	5.0	Jul-24	15.0	15.0	0.0	0%		15.0	0.0		In Progress
FM	I	INV 23-01	5.0	Jul-24	50.0	140.0	90.0	180%	2	61.0	79.0		In Progress
FM	I	INV 23-02	5.0	Jul-24	13.0	45.0	32.0	246%	1	43.0	2.0		In Progress
AT	R	Athletics	5.0	Jan-25	120.0	100.0	-20.0	-17%	3	0.0	100.0		Scheduled
Total Planned Audit Hours:					1050.0	1050.0	0.0			371.5	678.5		

Functional Areas:

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

Audit Types:

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

Status:

Scheduled
 In Progress
 Completed
 Removed

1 Report edits have taken longer than anticipated.
 2 Investigation analysis taking longer than anticipated.
 3 Reallocation of time estimates.

Southwest Tennessee Community College
Internal Audit Plan
Fiscal Year Ending June 30, 2025
Revised January 2025

Area	Type	Audit	Risk Factor	Estimated Audit Start Date	Original Hours Planned	Revised Plan	Revised to Original		FN	Planned to Actual		Completion Date	Current Status
							Change in Hours	Change in Percentage		Actual Hours	Variance		
FM	A	PCard Expense	2.2	Jul-24	100.0	120.0	20.0	20%		120.0	0.0	Aug-24	Completed
IA	A	Clery Act- Campus Security	1.8	Aug-24	100.0	130.5	30.5	31%		130.5	0.0	Oct-24	Completed
AT	A	Athletics Audit	3.6	Nov-24	100.0	120.0	20.0	20%		148.0	-28.0	Dec-24	Completed
R	A	Grant Audit	3.5		120.0	120.0	0.0	0%		0.0	120.0		
FM	A	A/R Collections Fees & Write-offs	3.0		120.0	120.0	0.0	0%		0.0	120.0		
FM	R	Fixed Assets	2.3		120.0	119.5	-0.5	0%		0.0	119.5		
IT	A	GLBA - IT General Controls	1.7	Oct-24	120.0	110.0	-10.0	-8%		133.5	-23.5		In Progress
FM	A	Cash Count	3.3		36.0	36.0	0.0	0%		0.0	36.0		
I	I	Investigations	4.8		120.0	100.0	-20.0	-17%		0.0	100.0		
M	M	Management Requests	3.4		120.0	100.0	-20.0	-17%		0.0	100.0		
F	F	Follow Up Audits		Dec-24	120.0	100.0	-20.0	-17%		15.0	85.0		In Progress
Total Planned Audit Hours:					1176.0	1176.0	0.0			547.0	629.0		

Functional Areas:

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

Audit Types:

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

Status:

Scheduled
 In Progress
 Completed
 Removed

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

Area	Type	Audit	Risk Factor	Estimated Audit Start Date	Original Hours Planned	Revised Plan	Revised to Original		FN	Planned to Actual		Completion Date	Current Status
							Change in Hours	Change in Percentage		Actual Hours	Variance		
SS	R	CCTA Funding Formula Outcomes	8.0	Mar-25	175.0	175.0	0.0	0%		0.0	175.0		Scheduled
AT	R	Athletics	7.2	Nov-24	175.0	175.0	0.0	0%		3.0	172.0		Scheduled
FM	R	President's Expense	5.0	Aug-24	175.0	225.0	50.0	29%	1	226.5	-1.5	Oct-24	Completed
IS	P	IIA QAIP	5.0	Jul-24	75.0	225.0	150.0	200%	2	160.0	65.0		In Progress
IS	M	Management Risk Assessment	5.0	Jan-25	100.0	100.0	0.0	0%		0.0	100.0		Scheduled
FM	R	State Audit Year-End Work	5.0	May-25	40.0	40.0	0.0	0%		2.5	37.5		Scheduled
IS	F	Follow-Up Activities	5.0	Jul-24	50.0	50.0	0.0	0%		20.0	30.0		In Progress
IS	C	General Consultation	5.0	Jul-24	100.0	100.0	0.0	0%		17.0	83.0		In Progress
IS	I	Unscheduled Investigations	5.0	Jul-24	50.0	50.0	0.0	0%		0.0	50.0		Scheduled
Total Planned Audit Hours:					940.0	1140.0	200.0			429.0	711.0		

Functional Areas:

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

Audit Types:

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

Status:

Scheduled
In Progress
Completed
Removed

- 1: Adjust budget to actual hours.
2: Expand hours due to implementation of updated IIA Standards

Walters State Community College
Internal Audit Plan
Fiscal Year Ending June 30, 2025
Revised January 2025

Area	Type	Audit	Risk Factor	Estimated Audit Start Date	Original Hours Planned	Revised Plan	Revised to Original		FN	Planned to Actual		Completion Date	Current Status
							Change in Hours	Change in Percentage		Actual Hours	Variance		
IS	C	Management Advisory Services/Consulting	5.0	Jul-24	50.0	50.0	0.0	0%		6.0	44.0		In Progress
FM	F	State Audit Assist/Follow-up	5.0	24-Sep	22.5	22.5	0.0	0%		0.0	22.5		Scheduled
FM	R	WSCC Enterprise-wide Risk Assessment	5.0	25-May	22.5	22.5	0.0	0%		0.0	22.5		Scheduled
IS	M	WSCC IET and Fin Aid Risk Assessments	5.0	25-May	45.0	45.0	0.0	0%		0.0	45.0		Scheduled
SS	R	IAR-CCTA-T/B/A	5.0	25-Jan	50.0	50.0	0.0	0%		0.0	50.0		Scheduled
FM	S	YE Procedures FYE 2024	5.0	24-Jul	22.5	22.5	0.0	0%		22.5	0.0	Jul-24	Completed
FM	S	YE Procedures FYE 2025	5.0	25-Jun	22.5	22.5	0.0	0%		0.0	22.5		Scheduled
IT	S	IAR-NACHA	5.0	24-Oct	120.0	120.0	0.0	0%		67.5	52.5		In Progress
IS	S	Unscheduled Investigations	5.0	24-Jul	97.5	97.5	0.0	0%		35.5	62.0		In Progress
FM	C	Business Continuity Planning	5.0	23-Jul	330.0	330.0	0.0	0%		266.0	64.0		In Progress
FM	P	Documentation of Workforce Training Operating Systems	5.0	24-Jul	82.5	82.5	0.0	0%		0.0	82.5		Scheduled
AT	S	WSCC Athletics Compliance	5.0	25-Mar	95.0	95.0	0.0	0%		45.0	50.0		In Progress
IA	C	Faculty Workload Reports	4.8	24-Jul	45.0	45.0	0.0	0%		0.0	45.0		Scheduled
IA	C	Department Chair Compensation Methodology	4.8	24-Jul	45.0	45.0	0.0	0%		0.0	45.0		Scheduled
Total Planned Audit Hours:					1050.0	1050.0	0.0			442.5	607.5		

Functional Areas:

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

Audit Types:

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

Status:

- Scheduled
- In Progress
- Completed
- Removed

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

Area	Type	Audit	Risk Factor	Estimated Audit Start Date	Original Hours Planned	Revised Plan	Revised to Original		FN	Planned to Actual		Completion Date	Current Status
							Change in Hours	Change in Percentage		Actual Hours	Variance		
FM	R	Pres Exp Audit-ChSCC		Sep-24	150.0	79.0	-71.0	-47%		79.0	0.0	Oct-24	Completed
FM	R	HEERF-DSCC		Jul-24	50.0	75.0	25.0	50%		13.0	62.0		In Progress
FM	R	HEERF-JSCC		Jul-24	10.0	6.0	-4.0	-40%		6.0	0.0	Jul-24	Completed
FM	R	HEERF-MSCC		Jul-24	125.0	75.0	-50.0	-40%		65.5	9.5		In Progress
FM	S	TN eCampus		Jan-24	150.0	75.0	-75.0	-50%	1		75.0		Scheduled
IS	P	TBR Website Content Review		Sep-22	25.0	25.0	0.0	0%		4.5	20.5		In Progress
IS	C	Unscheduled Audits/Audit Assist		As needed	100.0	50.0	-50.0	-50%	1		50.0		Scheduled
IS	C	General Consultation		As needed	100.0	50.0	-50.0	-50%	1	22.0	28.0		In Progress
FM	A	Review of Travel Claims		Feb-24	50.0	25.0	-25.0	-50%	1	4.5	20.5		In Progress
Total Planned Audit Hours:					760.0	460.0	-300.0			194.5	265.5		

Functional Areas:

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

Audit Types:

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

Status:

Scheduled
 In Progress
 Completed
 Removed

FN 1-Audit hours available were adjusted due to assignment related to coordination of system wide AAP plan preparation

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

Area	Type	Audit	Risk Factor	Estimated Audit Start Date	Original Hours Planned	Revised Plan	Revised to Original		FN	Planned to Actual		Completion Date	Current Status
							Change in Hours	Change in Percentage		Actual Hours	Variance		
IS	C	Consultation with Campus Auditors		Jul-24	125	125.0	0.0	0%		41.5	83.5		In Progress
IS	P	Investigation Management		Jul-24	260	260.0	0.0	0%		185.5	74.5		In Progress
FM	I	Unscheduled Investigations		Jul-24	500	89.5	-410.5	-82%		0.0	89.5		
PP	I	INV TBR 21-05		Feb-21	40	40.0	0.0	0%	1	0.0	40.0		FN1
IA	I	INV TBR 23-03		Sep-22	37.5	37.5	0.0	0%	1	0.0	37.5		FN1
IS	I	INV TBR 23-06		Jan-23	500	500.0	0.0	0%		344.5	155.5		In Progress
FM	I	INV TBR 23-07		Mar-23	150	150.0	0.0	0%		0.0	150.0		In Progress
MC	I	INV TBR 23-08		Apr-23	75	0.0	-75.0	-100%	2	0.0	0.0		Removed
FM	I	INV TBR 24-03		Aug-23	150	150.0	0.0	0%		0.0	150.0		In Progress
AT	I	INV TBR 24-04		Jan-24	37.5	37.5	0.0	0%		0.0	37.5		In Progress
IS	I	INV TBR 24-06		Feb-24	75	174.0	99.0	132%		174.0	0.0		In Progress
IS	I	INV TBR 25-01		Aug-24	0.0	36.5	36.5	100%		36.5	0.0	Sep-24	Completed
IS	I	INV TBR 25-02		Oct-24	0.0	200.0	200.0	100%		168.5	31.5		In Progress
PP	I	INV TBR 25-03		Dec-24	0.0	150.0	150.0	100%		33.0	117.0		In Progress
Total Planned Audit Hours:					1950.0	1950.0	0.0			983.5	966.5		

Functional Areas:

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

FN1 - Administrative Closing Memo pending
 FN2 - Not FWA. Investigation not necessary.

Audit Types:

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

Status:

Scheduled
 In Progress
 Completed
 Removed

BOARD TRANSMITTAL

MEETING: Committee on Audit

SUBJECT: Revision of Internal Audit Charter

DATE: February 18, 2025

PRESENTER: Mike Batson

ACTION REQUIRED: Roll Call Vote

STAFF'S
RECOMMENDATION: Approve

The TBR system's internal audit offices are required to adhere to the standards of the Institute of Internal Auditors (IIA). The IIA completed an overhaul of its *International Standards for the Professional Practice of Internal Audit* to develop the *Global Internal Audit Standards (Standards)*.

The new *Standards* incorporate the previous multiple mandatory documents and guides into one document. The new *Standards* include several major changes, including:

- Defining essential attributes that must exist for the Board and Senior Management to ensure that internal audit can fulfill its purpose. These include the mandate for internal audit, the charter, support of the board and senior management, organizational independence, CAE qualifications, board oversight, communication, resources, quality, and external quality assessment.
- Support the strategic plan and objectives of the organization.
- Develop audit plans based on organizational strategy, goals, and risks.
- Level of significance of findings documented
- External quality assessment teams must include at least one member who is an active CIA.

The Internal Audit Directors group has written a proposed new charter based upon the IIA's recommended template to ensure compliance with the *Standards*. Due to the extensive nature of the changes, we did not include an edited version of the previous charter, but the previous charter and proposed charter are included in the materials. We have included highlights of the significant changes in the *Standards*.

Summary of Required Changes to the Internal Audit Charters Based upon the Global Internal Audit Standards

Commitment to Adhering to the Global Internal Audit Standards

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

Mandate (Charter must state any legal or regulatory requirements for establishment of the Internal Audit Function)

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

Independence, Organizational Position, and Reporting Relationships (Must Establish Internal Audit function's independence)

The System-wide Chief Audit Executive and the College Directors will be positioned at a level in the System and colleges, respectively, that enables internal audit services and responsibilities to be performed without interference from management, thereby establishing the independence of the internal audit function. This positioning provides the organizational authority and status to bring matters directly to senior management and escalate matters to the Audit Committee, when necessary, without interference and supports the internal auditors' ability to maintain objectivity.

Governing Body Oversight These "Essential Conditions" for governing board oversight of Internal Audit are addressed in the Audit Committee Charter

Changes to the Mandate and Charter

Circumstances may justify a follow-up discussion between the System-wide Chief Audit Executive, the Audit Committee, and senior management on the internal audit mandate or other aspects of the internal audit charter.

Chief Audit Executive and College Director Roles and Responsibilities (Must Establish responsibility for Ethics and Professionalism)

In summary, the System-wide Chief Audit Executive and the College Directors will ensure that the internal audit activity conforms with the Global Internal Audit Standards, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care,

and confidentiality. They will also ensure that internal auditors understand, respect, meet, and contribute to the ethical expectations of the college and be able to recognize conduct that is contrary to those expectations.

Objectivity

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

Managing the Internal Audit Function

No significant changes.

Communication with the Audit Committee and Senior Management

Provides more specific information on items already being reported to the Audit Committee. (Revisions to audit plans, budgets, results of QAIP reviews, management response to significant risks)

Quality Assurance and Improvement Program (QAIP)

In summary, the System-wide Chief Audit Executive will develop, implement, and maintain a QAIP. External assessments will be conducted at least once every five years by a qualified, independent assessment team from outside the TBR System; qualifications must include at least one assessor holding an active CIA[®] credential. Experience in higher education internal auditing will also be considered when selecting external assessors.

Scope and Types of Internal Audit Services

The scope of internal audit services covers the entire breadth of the System and Colleges, including all activities, assets, and personnel, and the adequacy and effectiveness of governance, risk management, and control processes for the System and Colleges. This section includes additional clarification and broad examples of the nature and scope of potential engagements.

Periodic Review of Internal Audit Charter

The System-wide Chief Audit Executive will periodically assess this charter to determine whether the purpose, authority, and responsibilities defined in this charter are adequate to enable the internal auditing activity to accomplish its objectives.

(Name of College)
Internal Audit Charter

Introduction

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

Purpose

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

The internal audit function enhances [name of college]'s:

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

[name of college]'s internal audit function is most effective when:

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

Commitment to Adhering to the Global Internal Audit Standards

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

Mandate

Authority

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

The Audit Committee authorizes the internal audit function to:

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

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

Independence, Organizational Position, and Reporting Relationships

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

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

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

The (name of college) management has the primary responsibility for establishing and maintaining a sufficient system of internal controls.

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

communicating the implications of such interference on the internal audit function's effectiveness and ability to fulfill its mandate.

Changes to the Mandate and Charter

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

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

Chief Audit Executive and College Director Roles and Responsibilities

Ethics and Professionalism

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

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

Objectivity

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

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

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

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

Internal auditors will:

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

Managing the Internal Audit Function

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

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

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

Communication with the Audit Committee and Senior Management

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

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

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

Quality Assurance and Improvement Program

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

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

Scope and Types of Internal Audit Services

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

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

Internal audit engagements may include evaluating whether:

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

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

Periodic Review of Internal Audit Charter

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

 Name of President, President
 Institution

 Date

 Name of Auditor, Director of Internal Audit
 Institution

 Date

BOARD TRANSMITTAL

MEETING: Committee on Audit

SUBJECT: Consideration of Audit Committee Charter Revision

DATE: February 18, 2025

PRESENTER: Mike Batson

ACTION REQUIRED: Roll Call Vote

STAFF'S
RECOMMENDATION: Approve

Audit Committee Charter

The Audit Committee Charter is reviewed annually, as required by the charter, to consider any needed revisions. Upon approval of any changes by the Audit Committee and Board, the charter is submitted to the Comptroller of the Treasury for review and approval. The Audit Committee Charter was last revised by the Audit Committee on August 29, 2023, and subsequently approved by the Comptroller of the Treasury.

As noted in the previous agenda item for the Internal Audit Charter template, the IIA completely revised its *International Standards for the Professional Practice of Internal Audit* to develop the *Global Internal Audit Standards (Standards)*. The essential revisions to the *Standards* were highlighted in the internal audit charter section.

The Internal Audit staff have reviewed the charter and have included the recommended revisions in the materials in order to ensure compliance with the new *Standards*. The Committee will discuss the charter and consider whether any additional changes are needed.

Tennessee Board of Regents *Audit Committee Charter*

Purpose

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

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

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

Authority and Scope

In accordance with the T.C.A. Higher Education Accountability Act of 2004 (Tenn. Code Ann. § 49-14-101) and the T.C.A. Audit Committee Act of 2005 (Tenn. Code Ann. § 4-35-102), the Board created the Audit Committee and a System-wide Chief Audit Executive.

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

- Seek any information it requires from employees or external parties. Employees are directed to cooperate with the committee's requests.
- Have access to all books, records and physical properties of the Tennessee Board of Regents and its colleges.

Formatted: Not Highlight

- Meet with Board and institutional officials, external and internal auditors, legal counsel, or others, as necessary.
- Delegate authority to subcommittees, providing that such decisions by any subcommittee are presented to the full committee at its next scheduled meeting.

Organization and Reporting Structure

In accordance with T.C.A. 49-14-102 and TBR Policy 04.01.05.00, Internal Audit, the Board employs a person qualified by training and experience to serve as the Chief Audit Executive for the system. The System-wide Chief Audit Executive reports directly to the Audit Committee and the Board. The System-wide Chief Audit Executive reports administratively to the Vice Chancellor for Business and Finance. The campus Internal Auditors report to the respective community college President with audit reporting responsibility to the Audit Committee and the Board through the System-wide Chief Audit Executive. The Chief Audit Executive coordinates audit activities with the Tennessee Comptroller of the Treasury, with the campus internal auditors and with any other external auditors. The Audit Committee facilitates any audit and investigative matters, including advising auditors and investigators of any information the committee may receive pertinent to these matters.

Global Internal Audit Standards

The internal audit function adheres to the mandatory elements of the Institute of Internal Auditors’ Global Internal Audit Standards International Professional Practices Framework, including the Definition of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing (Standards), and the Core Principles for the Professional Practice of Internal Auditing. These mandatory elements constitute principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity’s performance. The System-wide Chief Audit Executive will provide a report annually to inform the Audit Committee and senior management about the Standards, any applicable changes to the Standards, and the internal audit function’s compliance with the Standards, which will be assessed through a quality assurance and improvement program.

Authority and Scope

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

- Seek any information it requires from employees or external parties. Employees are directed to cooperate with the committee’s requests.

Formatted: Indent: Left: 0.25", No bullets or numbering

Formatted: Font: Italic

Formatted: Font: Italic

Formatted: Font: Italic

- ~~Have access to all books, records and physical properties of the Tennessee Board of Regents and its colleges.~~
- ~~Meet with Board and institutional officials, external and internal auditors, legal counsel, or others, as necessary.~~
- ~~Delegate authority to subcommittees, providing that such decisions by any subcommittee are presented to the full committee at its next scheduled meeting.~~

Organization and Reporting Structure

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

Role and Responsibilities

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

Tennessee Comptroller of the Treasury Audits

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

Other External Audits

- Understand the scope and approach used by the external auditors in conducting their examinations.
- Review results of the external auditors' examinations and any other matters related to the conduct of the audits.

- Meet with the external auditors to discuss any matters that the Audit Committee or auditors deem appropriate.

Formatted: Left, Tab stops: Not at 0.25"

Ethics and Professionalism

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

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

Formatted: Font color: Dark Red

Formatted: Font color: Dark Red

Formatted: Font color: Dark Red

Formatted: Font color: Dark Red

Formatted: Body Text, Indent: Left: 0.04", Space After: 0 pt, Line spacing: single, Tab stops: 0.29", List tab + Not at 0.25"

Internal Audit Activities

- Ensure that the Chief Audit Executive has direct and unrestricted access to the chairman and other committee members.
- The System-wide Chief Audit Executive will confirm to the Audit Committee annually the organizational independence of the internal audit function. If the governance structure does not support organizational independence, the System-wide Chief Audit Executive will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence. The System-wide Chief Audit Executive will disclose to the Audit Committee any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the internal audit function's effectiveness and ability to fulfill its mandate.
- Review and approve the charter for the System-wide Internal Audit function and the colleges' audit functions.
- Review and approve the annual audit plans for the system office and the colleges' audit functions, including management's request for unplanned audits.
- Receive and review significant results of internal audits performed.
- Review the results of the year's work with the Chief Audit Executive. Receive and review any other work prepared by the Chief Audit Executive for the system.
- Ensure the internal audit function is authorized to have full, free, unrestricted access to all Tennessee Board of Regents and college records, physical property, and personnel necessary to complete any engagement. Internal audit accepts responsibility for the confidentiality and safeguarding of records and information and handles them in the same prudent manner that the Board expects of the employees normally accountable for them.
- Ensure the internal audit function maintains a quality assurance and improvement program, including internal procedures and assessments and a periodic external quality

Formatted: Font color: Auto

Formatted: Font color: Auto

Formatted: Font color: Auto

Formatted: Font color: Auto

Formatted: Font color: Auto

assessment of conformance with the Institute of Internal Auditors' ~~International Standards for the Professional Practice of Internal Auditing~~ Global Internal Audit Standards.

Internal Audit Administration

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

Risk, Internal Control and Compliance

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

Fraud

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

Other

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

Membership

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

Independence

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

Education

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

Meetings

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

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

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

Source: Committee on Audit Meeting, November 23, 2004; Committee on Audit Meeting, June 29, 2006; Committee on Audit Meeting, September 11, 2007; Committee on Audit Meeting, November 17, 2009; Committee on Audit Meeting, November 16, 2010; Committee on Audit Meeting, November 25, 2014; Committee on Audit Meeting, November 15, 2016; Committee on Audit Meeting, November 13, 2018; Committee on Audit Meeting, September 1, 2020; Committee on Audit Meeting, August 29, 2023.

Tennessee Board of Regents *Audit Committee Charter*

Purpose

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

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

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

Authority and Scope

In accordance with the T.C.A. Higher Education Accountability Act of 2004 (Tenn. Code Ann. § 49-14-101) and the T.C.A. Audit Committee Act of 2005 (Tenn. Code Ann. § 4-35-102), the Board created the Audit Committee and a System-wide Chief Audit Executive.

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

- Seek any information it requires from employees or external parties. Employees are directed to cooperate with the committee's requests.
- Have access to all books, records and physical properties of the Tennessee Board of Regents and its colleges.

- Meet with Board and institutional officials, external and internal auditors, legal counsel, or others, as necessary.
- Delegate authority to subcommittees, providing that such decisions by any subcommittee are presented to the full committee at its next scheduled meeting.

Organization and Reporting Structure

In accordance with T.C.A. 49-14-102 and TBR Policy 04.01.05.00, *Internal Audit*, the Board employs a person qualified by training and experience to serve as the Chief Audit Executive for the system. The System-wide Chief Audit Executive reports directly to the Audit Committee and the Board. The System-wide Chief Audit Executive reports administratively to the Vice Chancellor for Business and Finance. The campus Internal Auditors report to the respective community college President with audit reporting responsibility to the Audit Committee and the Board through the System-wide Chief Audit Executive. The Chief Audit Executive coordinates audit activities with the Tennessee Comptroller of the Treasury, with the campus internal auditors, and with any other external auditors. The Audit Committee facilitates any audit and investigative matters, including advising auditors and investigators of any information the committee may receive pertinent to these matters.

Global Internal Audit Standards

The internal audit function adheres to the mandatory elements of the Institute of Internal Auditors' Global Internal Audit Standards (*Standards*). These mandatory elements constitute principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance. The System-wide Chief Audit Executive will provide a report annually to inform the Audit Committee and senior management about the *Standards*, any applicable changes to the *Standards*, and the internal audit function's compliance with the *Standards*, which will be assessed through a quality assurance and improvement program.

Role and Responsibilities

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

Tennessee Comptroller of the Treasury Audits

- Understand the scope and approach used by the auditors in conducting their examinations.
- Review results of the Comptroller's examinations of financial statements and any other matters related to the conduct of the audits.

- Review with management and general counsel any legal matters (including pending litigation) that may have a material impact on the financial statements, and any material reports or inquiries from regulatory or governmental agencies.
- Resolve any differences between management and the Comptroller's auditors regarding financial reporting.
- Meet, as needed, with the Comptroller's auditors to discuss any matters that the Audit Committee or auditors deem appropriate.

Other External Audits

- Understand the scope and approach used by the external auditors in conducting their examinations.
- Review results of the external auditors' examinations and any other matters related to the conduct of the audits.
- Meet with the external auditors to discuss any matters that the Audit Committee or auditors deem appropriate.

Ethics and Professionalism

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

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

Internal Audit Activities

- The System-wide Chief Audit Executive will confirm to the Audit Committee annually the organizational independence of the internal audit function. If the governance structure does not support organizational independence, the System-wide Chief Audit Executive will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence. The System-wide Chief Audit Executive will disclose to the Audit Committee any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the internal audit function's effectiveness and ability to fulfill its mandate.
- Review and approve the charter for the System-wide Internal Audit function and the colleges' audit functions.
- Review and approve the annual audit plans for the system office and the colleges' audit functions, including management's request for unplanned audits.

- Receive and review significant results of internal audits performed.
- Review the results of the year's work with the Chief Audit Executive. Receive and review any other work prepared by the Chief Audit Executive for the system.
- Ensure the internal audit function is authorized to have full, free, unrestricted access to all Tennessee Board of Regents and college records, physical property, and personnel necessary to complete any engagement. Internal audit accepts responsibility for the confidentiality and safeguarding of records and information and handles them in the same prudent manner that the Board expects of the employees normally accountable for them.
- Ensure the internal audit function maintains a quality assurance and improvement program, including internal procedures and assessments and a periodic external quality assessment of conformance with the Institute of Internal Auditors' *Global Internal Audit Standards*.

Internal Audit Administration

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

Risk, Internal Control and Compliance

- Consider the effectiveness of the internal control system and compliance with laws and regulations, including computerized information system controls and security.
- Understand the scope of internal and external auditors' reviews of internal controls over financial reporting.
- Make recommendations to improve the internal control and compliance systems to ensure the safeguarding of assets and prevention and detection of errors and fraud. The components of the control system are:
 1. control environment—creating a culture of accountability;
 2. risk assessment—performing analyses of program operations to determine if risks exist;

3. control activities—taking actions to address identified risk areas;
 4. information and communication—using and sharing relevant, reliable, and timely information; and
 5. monitoring—tracking improvement initiatives and identifying additional actions needed to further improve program efficiency and effectiveness.
- Review and evaluate risk assessments performed by management of the Board and its colleges.

Fraud

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

Other

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

Membership

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

Independence

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

Education

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

Meetings

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

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

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

Source: Committee on Audit Meeting, November 23, 2004; Committee on Audit Meeting, June 29, 2006; Committee on Audit Meeting, September 11, 2007; Committee on Audit Meeting, November 17, 2009; Committee on Audit Meeting, November 16, 2010; Committee on Audit Meeting, November 25, 2014; Committee on Audit Meeting, November 15, 2016; Committee on Audit Meeting, November 13, 2018; Committee on Audit Meeting, September 1, 2020; Committee on Audit Meeting, August 29, 2023.