

**TENNESSEE STATE UNIVERSITY BOARD OF TRUSTEES  
AUDIT COMMITTEE MEETING**

1:00 p.m. (CT)  
Thursday, June 12, 2025

Tennessee State University  
Main Campus – The Barn  
Agricultural Building  
3500 John A. Merritt Blvd.  
Nashville, TN 37209

**AGENDA**

- I. Call to Order
- II. Roll Call/Declaration of a Quorum
- III. Approval of March 13, 2025, Audit Committee Meeting Minutes
- IV. Annual Report on the Audit Office’s Audit Activities
- V. Report on Internal and External Audit Items
- VI. Report on Internal and External Assessment Review
- VII. Review of Outstanding Audit Issues
- VIII. Approval of the Fiscal Year 2025-2026 Audit Plan
- IX. Executive Session - Discussion of Items Deemed Confidential Under State Law
- X. Adjournment

TENNESSEE STATE UNIVERSITY  
BOARD OF TRUSTEES

ACTION ITEM

DATE: June 12, 2025

ITEM: Approval of Audit Committee Meeting Minutes

RECOMMENDED ACTION: Approval

PRESENTED BY: Trustee Dimeta Smith Knight, Committee Chair

**Background Information**

The Audit Committee conducted the meeting(s) referenced below. The document reflecting the minutes from the meeting(s) are included in the Board materials:

March 13, 2025, Audit Committee Meeting Minutes

**Committee Action**

The Committee Chair will call for a motion recommending the approval of the meeting minutes.

**MOTION: I move to approve the March 13, 2025, Audit Committee meeting minutes, as contained in the Board materials for the June 13, 2025, meeting.**

**Meeting of the Tennessee State University Board of Trustees  
Audit Committee  
March 12, 2025  
Tennessee State University – The Farrell Westbrook Complex (the “Barn”)**

**MINUTES**

**Committee Members Present:** Trustees Dimeta Smith Knight (Committee Chair), Charles Traughber (virtual), Marquita Qualls, and Dakasha Winton. Other Board members present: Trustees Jeffery Norfleet, Terica Smith, and Artenzia Young-Seigler

**University Staff Present:** Interim President Dwayne Tucker; Ginette Garza Brown, Interim General Counsel and Board Secretary; Dr. Renée Forbes-Williams, Director of Internal Audit; Jim Grady, A&M Consultant; Ingrid Gardner; Angela Mills, Interim Associate VP of Public Relations and Communications; Cynthia Howell, Vice President of Business and Finance

**I. CALL TO ORDER**

The Committee Chair Dimeta Smith Knight called the meeting to order at 1:06 p.m.

**II. ROLL CALL/DECLARATION OF A QUORUM**

Committee Chair Dimeta Smith Knight declared that a physical quorum was not present and moved that electronic participation by a quorum was necessary, which was approved. Committee Secretary conducted the roll call. The following committee members were present: Trustees Dimeta Smith Knight, Marquita Qualls, Charles Traughber, and Dakasha Winton.

**III. APPROVAL OF THE NOVEMBER 22, 2024, AUDIT COMMITTEE MEETING MINUTES**

The minutes from the November 22, 2024, meeting of the Audit Committee were approved as submitted, with Chair Winton making the motion and Trustee Qualls seconding the motion. The motion passed unanimously by roll call vote.

**IV. REPORT ON EXTERNAL AND INTERNAL AUDITS**

Committee Chair Smith Knight next asked Director of Internal Audit Renée Forbes-Williams to provide a report on Internal and External Audits.

Dr. Forbes-Williams began with the external audits. She reported that the FY2023 financial statement audit, conducted by state auditors, has completed its fieldwork and is now in the final stages, with the report expected to be released in April. She then discussed the FY2024 Single Audit, noting that there were four repeat findings. Management comments have been received and will be included in the FY2024 State of Tennessee Single Audit Report, which is scheduled for

publication in late March. She added that the FY2024 financial statement audit is on track and is anticipated to be completed by June.

Dr. Forbes-Williams then turned to the internal audit of the Office of the President, covering the period from July 1, 2023, to June 30, 2024, under former President Glenda Glover. She explained that the audit was conducted to ensure compliance with Tennessee Code Title 49, Chapter 7, and with institutional policies related to expenses. She directed trustees to page 14 of the board materials for detailed information. The report identified total presidential expenses of \$1,144,929, broken down as follows: \$1,078,611 from institutional funds, \$6,263 from the foundation, and \$60,055 from external sources. Additional expenses included housing costs and athletic tickets. She noted that there were no findings. However, there was a year-over-year increase of \$127,827, which represents an 11% increase compared to the prior year.

A trustee presented the question of who is included under “Salary and Benefits” in the President’s Office. Dr. Forbes-Williams responded that the category includes two executive assistants, the executive to the president, and possibly the chief of staff, though she was not entirely certain. She stated that these financials should be tracked by General Accounting rather than the Budget Office.

Another trustee asked about the average year-over-year increase in presidential expenses. Dr. Forbes-Williams said that the Budget Office has historically tracked that information and that she would follow up. She emphasized again that this reporting should fall under General Accounting moving forward.

Trustee Qualls asked why housing maintenance costs were reported separately from facilities. Dr. Forbes-Williams explained that while JLL is the contracted provider for facilities operations, the housing-related maintenance expenses in this report fall directly under the President’s Office and not under JLL’s scope.

President Tucker inquired about Schedule V, asking whether the charges listed should have been recorded under the Foundation. Dr. Forbes-Williams clarified that the charges were related to Nissan Stadium, and that these types of charges occur annually because the university’s financial books are closed before those expenses are finalized.

A trustee asked whether the Foundation’s payment process is different from the University’s. Dr. Forbes-Williams explained that while the processes are separate, they are not coded separately in the system. She concluded by recommending that future conversations related to executive financial reporting continue under the oversight of General Accounting.

## **V. REPORT ON INTERNAL AUDIT PLAN STATUS**

Committee Chair Smith Knight next asked Director of Internal Audit Dr. Renée Forbes-Williams to provide a report on the Internal Audit Plan Status.

Dr. Forbes-Williams began by referencing the Internal Audit Plan for the fiscal year ending June 30, 2025, noting updates as of March 2025. She explained that items highlighted in purple on the plan reflect recent changes, including the addition of Cash Advance to the Travel Card

Transactions review. As a result, project dates were extended. She also noted that the Quality Assessment Review (both external and internal) would be reserved for discussion during Executive Session. Regarding the Conflict-of-Interest audit, she reported that although the original goal was to complete it by November 2024, the team did not finalize the work until January 2025.

Dr. Forbes-Williams further explained that the hours allocated to the audit plan were adjusted. Specifically, the Quality Assessment Review was removed for this year, decreasing that project's hours to 990. However, the total planned hours for the full audit plan increased from 3,915 to 4,415 due to additional time allocated to other projects.

Committee Chair Smith Knight asked whether there is a formal system or framework in place to support the audit plan and program. Dr. Forbes-Williams responded that there is not.

Trustee Traugher observed that the total budgeted hours for the audit plan are 4,415 and noted that one person working a standard 40-hour week accounts for 2,080 hours annually. He asked how this discrepancy is reconciled. Dr. Forbes-Williams responded that she would address the matter further in Executive Session, where she plans to discuss the possibility of co-sourcing audit support.

She also confirmed that she has been dedicating her time to audits as well as other investigations.

Trustee Traugher then inquired whether a risk assessment had been conducted for items not required by law and whether there were concerns about delays in completing those audits. Dr. Forbes-Williams responded that a risk assessment had been conducted and reported to the Audit Committee. It was completed in coordination with Risk Management Director Cynthia Howell. She clarified that while it was a comprehensive assessment of financial integrity, it was not specifically targeted to the individual items listed on the audit plan.

## **VI. EXECUTIVE SESSION – DISCUSSION OF ITEMS DEEMED CONFIDENTIAL UNDER STATE LAW**

Committee Chair Smith Knight moved for the Audit Committee to go into Executive Session to discuss items deemed confidential under State law. The committee then transitioned into the Executive Session.

## **VII. ADJOURNMENT**

Committee Chair Smith Knight adjourned the meeting. The meeting was adjourned.

TENNESSEE STATE UNIVERSITY  
BOARD OF TRUSTEES  
INFORMATION ITEM

DATE: June 12, 2025  
ITEM: Annual Report on the Audit Office's Audit Activities  
RECOMMENDED ACTION: None  
PRESENTED BY: Dimeta Smith Knight, Committee Chair

**Background Information**

The Tennessee State University Board of Trustees Audit Committee Charter requires the Audit Committee to review the Audit Office's annual activities with the Director of Internal Audit.

The Director of Internal Audit will discuss the Office of Internal Audit's Year End Report for the fiscal year 2024-2025.

**Tennessee State University  
Department of Internal Audit  
Year-End Report on Annual Audit Activity  
for the  
Fiscal Year Ended June 30, 2025**

Review NCAA Student Assistance Fund FY 2024  
Report Date: July 9, 2024

Review of Highest Outstanding Student Account Balance  
Report Date: August 1, 2024

Review of Student Account Balances  
Report Date: August 6, 2024

Follow-up Report to the Single Audit Finding for HEERF Funds 2022  
Report: August 7, 2024

Report of Action: Financial and Compliance Audit \_ FY 2022  
Report Date: September 27, 2024

Report of Action: Single Audit – 2023  
Report Date: September 27, 2024

Compilation of the Conflict-of-Interest Forms  
Report Date: October 31, 2024  
Findings/Observations:  
Submission Rates – (83%) 1374

Comparative Assessment of Austin Peay State's Indirect Cost policy with TSU's  
Report Date: November 14, 2024

Review of the NCAA FY2024 Report Review – Completed by General Accounting  
Report Date: December 5, 2024

Review of the Financial Integrity Report – Completed by the Office of Risk and Financial  
Compliance  
Report Date: December 16, 2024

Audit of President's Expense Schedules for the Fiscal Year Ended June 30, 2024  
Report Date: January 14, 2025  
Findings/Observations: None

Audit of University-Owned Laptop Inventory  
Report Date: May 19, 2025

Audit of Travel Open Purchase Orders

Ongoing: January 2025 Started – See Spreadsheet - New State Auditor assigned - 5/15/2024

Investigations—At the 24-25 Year End, there were 25 allegations in total, over 50% more than last year.

Committee Meeting and Consulting

Ongoing

TENNESSEE STATE UNIVERSITY  
BOARD OF TRUSTEES  
INFORMATION ITEM

DATE: June 12, 2025

ITEM: Report on Internal and External Audits

RECOMMENDED ACTION: No Action

PRESENTED BY: Trustee Dimeta Smith Knight, Audit Committee Chair  
Dr. Renée Forbes, Director, Internal Audit

**Background Information**

The Tennessee State University Board of Trustees Audit Committee Charter requires the Audit Committee to review the results of the university's internal audits and the examinations of the Tennessee Comptroller auditors.

The Director of Internal Audit will review the completed Internal and External Audits Year-End Report for the fiscal year 2024-2025.

## **Report on External Audits**

### **Three External Audits were released doing this quarter:**

1. State of Tennessee Single Audit for the Year Ended June 30, 2024 - Released: March 21, 2025
2. State of Tennessee FY23 Financial Statement and Compliance for the Year Ended June 30, 2023 - Released: May 8, 2025
3. EEE - Endowment for Educational Excellence (managed by the Tennessee State University Foundation) for the Fiscal Year Ending June 30, 2023 – Released: May 8, 2025

### **OPINION:**

The financial statements referred to above **present fairly**, in all material respects, the respective financial position of Tennessee State University, its fiduciary fund information, and its discretely presented component unit as of June 30, 2023; and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **FINDINGS:**

#### **FY 2023 Finding 1**

As noted in the prior audit, Tennessee State University management lacks appropriate oversight, allowing a breakdown of controls that created an error-prone environment that has resulted in errors in the financial statements, inadequate daily operations, and deficiencies in oversight of federal programs, which contributed to subsequent cash flow deficits.

#### **Recommendation**

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

#### **Management's Comment**

We concur. Tennessee State University's current management fully recognizes the significance of the audit findings regarding the control breakdowns that have adversely affected the accuracy of financial reporting, the efficiency of daily operations, and the oversight of federal programs. We are approaching these findings and recommendations with the utmost seriousness and a deep commitment to rectification. We have already

initiated or are planning to implement a range of corrective measures in consultation with external third-party consultants and organizations. These include but are not limited to strengthening governance structures and processes to ensure effective oversight and accountability, enhancing our internal control systems, developing/updating policies and procedures, investing in the training of our accounting staff, hiring qualified and experienced personnel for key positions, and implementing improvements to the financial system. Through these comprehensive initiatives, our overarching goal is to restore and enhance the integrity of our financial systems and operational processes. We will closely monitor the progress of these initiatives, ensuring regular updates and transparent reporting to state governance and other relevant regulatory bodies, thereby reinforcing our commitment to accountability and transparency.

## **FY 2023 Finding 2**

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

### **Recommendation**

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

The Vice President of Business and Finance and the Controller must ensure staff identify unreconciled bank reconciliation items to determine if cash has been misappropriated or errors exist with bank transactions. Each month, soon after receiving the bank statements but no later than 30 days after the end of the month, Business Office personnel and foundation personnel should prepare and review bank account reconciliations for each bank statement.

The board should further update bank reconciliation policies to require the university's Business Office personnel and foundation personnel to perform all reconciliations within 30 days each month. Once those policies are modified, management must ensure staff follow them consistently and are properly trained to complete reconciliations.

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

### **Management's Comment**

We concur. TSU's current management acknowledges the audit finding for fiscal year

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

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

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

### **FY 2023 Finding 3**

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

#### **Recommendation**

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

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

#### **Management's Comment**

We concur. TSU and the foundation's current management acknowledge the ongoing deficiencies highlighted in the audit findings and are committed to taking corrective measures to improve financial controls and enhance the accuracy of financial reporting. To achieve these goals, we have implemented several processes and financial controls designed to enhance both the accuracy and timeliness of our financial statements. Ensuring adequate staffing for the preparation and timely submission of accurate financial statements is our top priority. Building a strong team will lead to ongoing improvements in financial controls, helping to reduce errors. As of fiscal year 2025, TSU has secured external support from third-party consultants and organizations, including the Tennessee Board of Regents (TBR) and the Tennessee Higher Education Commission (THEC), to enhance its financial processes. Our transformation efforts also include hiring individuals with the appropriate experience and skill sets, strengthening accountability structures, and improving system automation and functionality. TSU management also recognizes the importance of effective oversight, enforcement, communication, and collaboration among all personnel involved in accounting functions.

#### **FY 2023 Finding 4**

Tennessee State University management did not have adequate controls over ledgers, grants, and subledgers and did not perform reconciliations.

#### **Recommendation**

TSU management should implement a review process for all assigned codes to verify the proper accounts and impact. Management should implement reconciliations holistically for grant activity and ledger and subledger activity. Management should perform the reconciliations routinely, within 30 days of month's end. When staff and management prepare and review reconciliations, they should document their name and the date of review. Management should immediately investigate unreconciled differences in the reconciliation.

#### **Management's Comment**

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

Each reconciliation will include a documented sign-off, clearly indicating who performed

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

### **FY 2023 Finding 5**

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

#### **Recommendation**

Management should ensure that all staff involved in creating courses and entering tuition and fees in the accounting system have been adequately trained. Management should establish a documented review process to ensure that the board-approved published fee rates are accurately entered into the system and that fees have been properly waived. The review process should include confirming that students have the correct charges on their accounts. Furthermore, management should consider centralizing duties for creating courses to make the controls more effective or only allowing certain staff access to apply waivers.

#### **Management's Comment**

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

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

### **FY 2023 Finding 6**

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

#### **Recommendation**

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

### **Management's Comment**

We concur. TSU reaffirms its commitment to providing accurate and timely reporting of student withdrawals, which is essential for determining the appropriate refund amounts to be returned both to students and to state and federal financial grantors. To enhance the effectiveness of this process, the university's Enrollment Management Office hired a Data Analyst on March 1, 2024. This individual's primary responsibility is to manage and oversee the enrollment reporting processes.

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

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

### **Faculty Attendance Reporting and Training Policy Statement**

To ensure compliance with federal regulations and institutional procedures, the Division of Enrollment Management will partner with Academic Affairs to ensure faculty are trained on the importance of documenting students' Last Date of Attendance (LDA). This training will be incorporated into the Faculty Orientation, tentatively scheduled for August 11, 2025, and reinforced with a clear rationale, emphasizing how accurate LDA reporting impacts financial aid eligibility, academic records, and institutional accountability.

Additionally, attendance notification emails containing specific instructions for reporting attendance and the LDA are sent to faculty throughout the term. Initial university-wide notifications are distributed by Enrollment Management at the start of the term, followed by weekly reminders from Academic Affairs targeting faculty who have not submitted their attendance. Academic Affairs and Enrollment Management will continue to collaborate closely to ensure consistent adherence to these reporting procedures.

### **Student Withdrawal Communication and Account Adjustment**

During the fall and spring terms, the following schedule and percentages, programmed into the system, govern the refunds for students who drop or withdraw from a class.

- 100% before the first day of classes;
- 75% beginning the first day of classes through the fourteenth day (including weekends);
- 25% beginning the fifteenth day of classes through 25% of the term;
- 0% after the 25% refund period. A

Additionally, to ensure proper coordination after student withdrawals, a daily withdrawal report is sent via email to the Offices of Financial Aid, the Bursar, the Registrar, and Residence Life. This report allows each office to take timely action based on the student's enrollment status. Additionally, the Office of Financial Aid uses internal reports that provide detailed information about student withdrawals, enabling them to make timely and accurate adjustments to financial aid awards. This coordinated communication helps the Bursar's Office promptly update student accounts in accordance with institutional policies and federal regulations.

### **Student Purge and Manual Deletion**

TSU management is currently updating our purge policy, with an expected completion date of July 2025. Once finalized, the new policy will be consistently enforced across the university, accompanied by comprehensive training for all staff. Manual deletions and student purges from course schedules or institutional records will only be conducted with formal approval from the university President, through the Bursar's Office. This process ensures financial accountability and compliance with institutional policies related to tuition, fees, and refunds. Before any purge or deletion is executed, the Registrar's Office will coordinate with the Bursar's Office to verify the student's account status. This measure helps maintain the integrity of student records and ensures that all account adjustments are properly authorized and documented.

### **FY 2023 Finding 7**

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

### **Recommendation**

Management should ensure that staff perform collection efforts timely in accordance with policy and that the tracking system documents when staff send delinquency letters and

when they refer accounts to collection agencies. Management should oversee and review the collection process to ensure that staff complete each step properly.

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

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

### **Management's Comment**

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

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

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

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

The Collection Manager and Assistant Bursar continuously monitor the system to ensure accuracy across all platforms. Since implementing corrective measures, we have

collected over \$3.6 million to date, which includes \$2.6 million from the single entity addressed in the finding.

### **FY 2023 Finding 8 (EEE)**

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

#### **Recommendation**

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

#### **Management's Comment**

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

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

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

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

#### **Auditor's Comment**

Based on discussions, foundation management disagrees that they do not comply with investment manager concentrations as noted in Figures 18 and 19. Based on a review of the investment policy, we determined the investment manager concentrations are based on the firms managing the foundation's investment portfolios. Foundation management has interpreted the investment managers as individual employees working for the investment firms. After reevaluating the investment policies and the contracts with the portfolio managers, we stand by the finding based on our interpretation of the investment policies. If the foundation intends to continue investing based on their interpretation, an update to the policies may be required that further defines an investment manager.

#### **FY 2023 Finding 9**

Tennessee State University continued not to follow federal guidance for the Higher Education Emergency Relief Fund.

#### **Recommendation**

Executive leadership should provide appropriate guidance and oversight when devising how to expend resources for a federal program, especially new programs with quickly evolving guidance and multiple programs providing similar types of funding. This should include creating documented policies, procedures, and controls for implementing those funds; these procedures should be guided by the corresponding federal authority. Management should also document reviews by knowledgeable employees throughout the implementation process to compare the implementation with federal guidance and university policy.

#### **Management's Comment**

We concur. Tennessee State University (TSU), through its legacy as an HBCU and land grant institution, remains committed to transforming lives and cultivating a diverse generation of leaders. To this end, TSU's goal is to ensure that the financial resources available not only assist students in achieving their educational objectives but also comply with the requirements set forth by funders at all levels, including federal, state, institutional, and community sources. Since the initial findings, TSU has implemented a policy to govern scholarships, grants, and emergency funding. This policy delineates the procedures for assessing the total financial assistance available to eligible students and establishes a framework for evaluating their eligibility. It is also designed to ensure that our processes and applicants adhere to the criteria set forth by federal regulations and other relevant authorities. To provide oversight, the Director of Grants Accounting and the Associate Vice President for Financial Services will monitor and evaluate the implementation process throughout its life cycle, ensuring alignment with federal guidance and university policies. Additionally, the Vice President for Business and Finance will furnish written approval of the process. Through these initiatives, TSU is committed to fostering a supportive educational environment by minimizing financial barriers and enabling students to focus on their academic and personal growth while still adhering to funder requirements.

#### **FY 2023 Finding 10 Single Audit (001)**

The financial aid office did not adequately reconcile its direct loan records to the Direct Loan

Servicing System's records, as required by federal regulations, and therefore could not resolve discrepancies timely.

### **Recommendation**

The financial aid office and the business office should develop policies and procedures for the reconciliation process. The Director of Financial Aid should ensure that the required monthly reconciliations are prepared and documented based on instructions in the Federal Student Aid Handbook and yearly training documents. If any items in the School Account Statement do not agree with the institution's financial records, financial aid staff should investigate and resolve these differences promptly. The Director of Financial Aid and a member of the business office should review the reconciliation each month and at award year-end to ensure its accuracy and completeness.

### **Management's Comment**

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

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

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

### **FY 2023 Finding 11 Single Audit (002)**

Tennessee State University did not have adequate procedures to ensure Title IV credits were refunded timely per federal guidelines.

**Recommendation**

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

**Management's Comment**

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

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

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

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

**FY 2023 Finding 12 Single Audit (003)**

For the federal Direct Loan and Pell Grant programs, Tennessee State University did not report

timely and accurate information regarding students' enrollment statuses.

### **Recommendation**

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

### **Management's Comment**

We concur. TSU reaffirms our commitment to delivering accurate and timely reporting for the federal Direct Loan and Pell Grant programs. We understand that accurate data is crucial not only for effective student financing but also for maintaining the integrity of our institution. By prioritizing thorough data management and reporting practices, our goal is to enhance transparency, support our students' financial needs, and uphold the standards expected in higher education. To improve the effectiveness of this process, the University's Enrollment Management Office has hired a Data Analyst whose primary responsibility is to manage and oversee enrollment reporting processes.

The Registrar's Office has also reviewed and updated its procedures for withdrawals in collaboration with an external consultant. This enhancement aims to ensure accurate and timely uploads of information to the National Student Clearinghouse (NSLDS), significantly reducing discrepancies and ensuring compliance with federal regulations. In accordance with the federal guidance in the Federal Student Aid Handbook Volume 2, Chapter 3, updates to the NSLDS will occur after the census date, followed by a regular reporting schedule every 30 to 45 days. This ensures that all enrollment changes, including withdrawals and status adjustments, are communicated promptly.

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

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

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

are prepared to uphold the University's dedication to accurate reporting and strong student support.

**FY 2023 Finding 13 Single Audit (004)**

Tennessee State University did not return Title IV funds in compliance with federal regulations.

**Recommendation**

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

**Management's Comment**

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

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

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

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

**FY 2023 Finding 14**

Tennessee State University's Office of Financial Aid granted Title IV funds to ineligible students.

**Recommendation**

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

**Management's Comment**

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

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

**FY2023 Finding 15 (Confidential)**

Tennessee State University did not provide adequate internal controls in two areas.

**Recommendation**

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

**Management's Comment**

We concur. We have either corrected the issues or are in the process of correcting the issues brought to our attention.

## Report on Internal Audits



May 21, 2025

Mr. Dwayne Tucker, Interim President  
Tennessee State University  
3500 John A. Merritt Boulevard  
Nashville, Tennessee 37209

Dear Mr. Tucker:

Enclosed is the internal audit report related to our review of the Tennessee State University Laptop Inventory under the responsibility of the Office of Technology Services (OTS) and General Accounting. This review was performed to verify the existence, condition, and proper recording of laptops owned by the university and to assess compliance with university policies on asset management. The audit was performed in accordance with the *International Standards for the Professional Practice of Internal Auditing*, issued by the Institute of Internal Auditors.

The results of our audit are included in the attached report.

The Office of Internal Audit appreciates the courtesy and cooperation of institution personnel during the review.

Sincerely,

*Renée Forbes*

Dr. Renée Forbes, CPA  
Director of Internal Audit  
Tennessee State University

CC: Mrs. Dimeta Smith Knight, Tennessee State University Audit Committee Chair  
Mr. Bradley White, Interim Vice President for Business and Finance

**TSU Department of Internal Audit  
Laptop Inventory Audit  
Executive Summary**

**Key Area:** TSU Office of Technology Services and General Accounting

**Internal Auditor:** Dr. Renée Forbes-Williams, CPA, Director of Internal Audit

**Introduction:**

The Office of Technology Services (OTS) at Tennessee State University provides technology solutions and support tailored to the IT goals and needs of departmental units.

The function of Finance and Accounting is to provide timely, accurate financial reporting for the University, provide courteous and responsive service to the entire University community and enforce University and TBR policies, procedures and guidelines and State/Federal laws to ensure protection and proper use of the University's assets.

**Objective:**

The goal of our audit was to assess the university's compliance with relevant policies and procedures for safeguarding laptops and verify the existence, condition, and proper documentation of the university's laptops.

**Scope:** The standard operating procedures affect all university-purchased laptops.

**Audit Finding Ranking:**

Audit findings are rated high, medium, or low depending on the auditor's judgment. The seriousness of a finding is determined based on several factors, including the level of financial impact, the extent of violation of laws, regulations, and restrictions, the presence or absence of a university policy, the effectiveness of internal controls and procedures, and the potential for fraud, theft, conflicts of interest, or serious waste of university resources.

**Audit Results:**

The Office of Technology Services does not have adequate controls in place to safeguard university laptops. Additionally, General Accounting fails to record the purchase of laptops that exceed the established purchase price threshold. The most concerning issues are the lack of adherence to policies and procedures for ensuring the security of laptops, as well as the failure to account for this inventory in the accounting records. This lack of control could lead to various adverse consequences, including data breaches, the loss of sensitive information and inventory, and potential legal repercussions for the university if data is compromised. [High]

The Office of Information Technology (IT) does not conduct a physical inventory of laptops. Physical inventory involves verifying each item's existence, serial number, and location. As part of its responsibilities, the Office of Internal Audit requested the following laptop information from IT and General Accounting:

- University Tag Identifier

- Date of Purchase
- Item Description
- Manufacturer
- Model Number
- Serial Number
- User Name
- Physical Location

Upon request, the Office of Internal Audit could not obtain a complete listing of the above information for all university-owned computers. They were eventually provided with a list of all laptops associated with TSU's network; however, the details requested were not fully provided, as only the item description, serial number, and username were included.

Our office noticed that an individual who no longer worked at the university was still included in this listing. However, the former employee has not accessed the computer since their termination.

According to the sensitive inventory policy, the accounting system should record laptops with a purchase price exceeding \$1,500. However, our office could not locate these inventories in the financial statements.

Additionally, our office determined that numerous laptops had been abandoned across campus. Many offices housed unused laptops, some of which were clearly obsolete.

### **Conclusion:**

The primary objective of our audit was successfully accomplished. Our findings revealed that the university did not adhere to the established policies and procedures concerning laptop inventory management. This lack of compliance raises significant concerns regarding the oversight and tracking of university-owned laptops, highlighting the need for improved governance in asset management practices.

We will continue to perform follow-up procedures to determine the level of establishment and compliance with the university's policies and procedures related to laptop inventory.

### **Recommendation:**

At a university, managing laptop inventory is typically the responsibility of both the IT department and the accounting/finance department. The IT department oversees the technical aspects of inventory management, such as tracking, maintenance, and software licenses, while the accounting/finance department handles the financial aspects, including depreciation and asset accounting.

The Office of Technology Services should develop and implement a comprehensive policy designed to safeguard all university-issued laptops, preventing loss, theft, and unauthorized access. This policy should include a tagging system to mark each laptop with a unique identifier and maintain detailed records for inventory management. The recorded information should

include the item description, manufacturer, model, serial numbers, the names of assigned users, and their respective locations within the university.

Additionally, the IT and General Accounting departments should establish a parallel policy focused on the annual inventory of these laptops. This policy should outline procedures for periodic checks to ensure that all laptops are accounted for, and their information is up to date. It should also detail the protocols for recording, reporting and addressing any discrepancies that arise during inventory purchases and assessments. By implementing these measures, the university can enhance the security and accountability of its technological assets.

**Management's Response:**

The Office of Technology Services (OTS) understands the urgency surrounding the findings outlined in the recent audit report regarding our laptop inventory management. OTS is fully committed to establishing strong policies and procedures that will support the development of an adequate inventory asset management database.

We recognize the significance of these findings and are dedicated to implementing effective measures to enhance our inventory management practices.

Our goal is to ensure the security and accountability of university-owned laptops while complying with all relevant policies and procedures.

Moving forward, the objectives identified within the IT Inventory Asset Management Plan Outline that includes robust tracking, asset tagging, enhanced security and routine reporting protocols. We appreciate the insights provided by the audit and are committed to working collaboratively with other departments to address these concerns promptly.

**Plan of Action:**

**Office of Technology Services (OTS)** has outlined a plan to conduct a comprehensive assessment of technology assets starting May 13, 2025, with an estimated completion date of April 17, 2026.

**General Accounting: No Response**

**Internal Auditor's Comment:**

The roles of Controller, Director of Accounting, and Assistant Director of Accounting are not just critical, but pivotal to the success, sustainability, and integrity of a university's Business and Finance department. These positions have been vacant for some time. Their absence is keenly felt and should be addressed urgently.

TENNESSEE STATE UNIVERSITY

BOARD OF TRUSTEES

INFORMATION ITEM

DATE: June 12, 2025

ITEM: Report on Audit Office's Internal and External Assessment Review

RECOMMENDED ACTION: None

PRESENTED BY: Trustee Dimeta Smith Knight, Audit Committee Chair  
Dr. Renée Forbes, Director, Internal Audit

**Background Information**

The Institute of Internal Auditors (IIA) requires that the Office of Internal Audit performs both Internal and External Quality Assessments. Standard 1311, Internal Assessments, issued by the IIA, states that “the chief audit executive” is responsible for ensuring that the internal audit activity conducts and internal assessment that includes both ongoing monitoring and periodic self-assessments. “Standard 1320, Reporting on the Quality Assurance and Improvement Program, requires the results of ongoing monitoring be reported to the Audit Committee at least annually.

The Director of Internal Audit will discuss the status of the Internal and External Assessment Review.

## The Audit Office's Internal and External Assessment Review

Under The Institute of Internal Auditors (IIA)'s 2024 Global Internal Audit Standards, universities **must** adhere to the new standards, like other organizations. These standards, which include principles, requirements, and considerations for internal audit practices, are designed to help internal auditors and their organizations respond better to complex and changing business environments. Universities **must** conduct gap and readiness assessments to prepare for implementing the new standards, effective for quality assessments from January 9, 2025. On April 4, the Office of Internal Audit, in close collaboration with the Audit Committee, interviewed three firms to assist us with the gap and readiness assessments. We have selected the Eminere Group, whose contractual agreement best meets our needs.

The initial Scope of Work agreement includes the IIA Global Standards Gap Assessment Project Approach and Methodology and the QAR IIA Global Standard Readiness Assistance. As discussed, we will consider this firm and other firms for the Co-Sourcing and Staff Supplementation, which we desperately need to complete the audit plan and alleviate some of the University's risk. The details of these contractual agreements will be provided separately. Also, the commitment to the **required** External Quality Assessment contract is at least a year out, giving us ample time to prepare and plan. We plan to reach out to one of the other firms interviewed for the External Quality Assessment to ensure independence.

President Approval: 5/7/2025

Awaiting Contract Approval from the Office of General Counsel

TENNESSEE STATE UNIVERSITY

BOARD OF TRUSTEES

DISCUSSION ITEM

DATE: June 12, 2025

ITEM: Review of Outstanding Audit Issues

RECOMMENDED ACTION: None

PRESENTED BY: Trustee Dimeta Smith Knight, Audit Committee Chair  
Dr. Renée Forbes, Director, Internal Audit

**Background Information**

Tennessee State University is subject to audits by its internal audit department and external entities. The audits, reviews, etc., can result in findings that require corrective actions by university management. The Tennessee State University Audit Committee is diligent in its commitment and responsibility to ensure university compliance. The Audit Committee requests quarterly updates on management's progress toward correcting issues cited in audit reports. The status of management's progress towards correcting outstanding issues will be discussed.

The Director of Internal Audit will present a report on the Outstanding Audit Issues for 2025-26.

**Tennessee State University**  
**Internal Audit**  
**Audit Issues Outstanding as of June 2025**  
**INTERNAL AND EXTERNAL AUDITS**

**Internal**

**Report Date**

**Audit Issues**

**Release Date: February 21, 2022**

**Foundation Gifts Follow-Up**

For 3 of 18 (16.7%) daily deposits tested, daily gifts were not deposited within one business day. The funds were deposited from one to four business days late.

- For 9 of 22 (41%) bank statement credit transactions selected for testing, the transaction was not recorded within 10 days of the receipt of the donated funds.
- For 3 of 56 (5%) scholarship recipients selected for testing, the awarded students did not meet the documented awarding criteria as determined by the donor.
- For 1 of 20 (5%) non-scholarship disbursements, \$24,000 in consulting fees were erroneously paid from a fund where funds were solicited to provide scholarships to university students.

**Release Date: May 26, 2022**

**Grants Management Follow-Up**

- For 14 of 30 (47%) timesheets selected for detailed review, we found where the students performed FWS duties during scheduled class hours for at least one day during the months under review
- For 15 of the 50 (30%) timesheets reviewed, the students worked more than 20 hours a week for at least one week while classes were in session.
- For 3 of the 20 (15%) timesheets reviewed where the student worked in excess of 6 hours for at least one day in the month, we found where the student did not take the required minimum 30-minute unpaid rest/meal break.
- A net underpayment of \$262.00 was paid to 5 of the students included in our sample. In addition, an over award of \$340 was also identified.

**Release Date: February 16, 2022**

**Work Study Student Timesheet Follow-Up**

- Management did not ensure that financial and performance reports were always submitted in a timely manner during the period under review. We found where 1 of 19 project/progress reports, and 11 of 16 financial reports were not timely submitted. We were not provided with 2 of 16 financial reports and were unable to determine if the reports were timely submitted.
- Management did not ensure that the effort reporting system accurately supported the work performed.
  - Management did not always ensure that time and effort was timely certified or that there was evidence to support timely certification
  - Management did not ensure that time and effort certifications were supported by the underlying payroll charges to the project.

**Release Date: August 23, 2022**

**Procurement Card Follow-Up**

- Cardholders did not always obtain approval to exceed the single transaction limit of \$1,000.
- Cardholders did not always ensure adequate supporting documentation was provided for procurement card transactions.

**Release Date: October 28, 2022**

**Vaccine Requirements Compliance**

- Tennessee Immunization Requirements Compliance
- Vaccination information in the university's student information system found that the university did not obtain adequate proof of the student's receipt of mandated vaccinations for 279 of the 3,738 (7.5%) students included in our testwork.

**Release Date: February 5, 2024**

**Department of Human Resources Follow-Up**

- Management did not ensure that all staff performance evaluations were submitted to the Tennessee State University Department of Human Resources
- Details of noncompliance in this area were determined to be confidential per Section 10-7-504(i), Tennessee Code Annotated.

**Release Date May 21, 2025**

**Inventory Laptops Follow-Up**

- The Office of Technology Services does not have adequate controls in place to safeguard university laptops.
- General Accounting fails to record the purchase of laptops that exceed the established purchase price threshold.

## External

**External Audits**

**Report of Action Due: November 7, 2025**

**Follow - Up**

- Released: March 21, 2025, State of Tennessee Single Audit for the Year Ended June 30, 2024
- Released: May 8, 2025, State of Tennessee FY23 Financial Statement and Compliance for the Year Ended June 30, 2023
- Released: May 8, 2025, EEE - Endowment for Educational Excellence (managed by the TSU Foundation) for the Fiscal Year Ending June 30, 2023

## **Early Report of Action Concerns:**

### **Internal Audit:**

#### **Audit of University Owner Laptops**

No Response from General Accounting

The roles of Controller, Director of Accounting, and Assistant Director of Accounting are not just critical, but pivotal to the success, sustainability, and integrity of a university's Business and Finance department. These positions have been vacant for some time. Their absence is keenly felt and should be addressed urgently.

### **External Audits:**

#### **Financial and Compliance Audit**

#### **Finding 2: Bank Reconciliations:**

The delayed completion of the December 2024 bank reconciliation, which was not finalized until April 2025, can significantly impact the financial processes. This delay has caused a ripple effect, affecting the timely completion of monthly reconciliations.

Again, the following positions have been vacant for months: Controller, Director of Accounting, and Assistant Director of Accounting.

#### **Finding 7: Collection Procedures for Accounts Receivable:**

Collection Procedures for Accounts Receivable have been a recurring finding in our audits. Despite management's commitment to address this, it remains an area that requires attention and improvement.

Summer 25 Registration	1629
Students registered for Summer 25 with Balances	969
Student registered for Summer 25 with Balances and have prior term balances *	41
Fall 25 Registration	3288
Students registered for Summer and Fall 25	891
Students registered for Summer and Fall 25 and have balances for Summer 25	500

Highest Balance for Summer Enrolled Student: \$33, 401

The reasons for the 41 students with balances are as follows\*:

- Summer pre-registration opened in March before the last payment of the deferment due on April 1<sup>st</sup>, some students failed to pay for the last installment.
- Students with pending payment from VA for Spring.
- Students paid their Spring balance with check and then the check bounced back after they registered for Summer.
- Students register for Summer with pending financial aid for Spring showing as Memo to their account. The memo later expired and reflected prior balance.

TENNESSEE STATE UNIVERSITY  
BOARD OF TRUSTEES

ACTION ITEM

DATE: June 12, 2025

ITEM: Approval of the Fiscal Year 2025-2026 Audit Plan

RECOMMENDED ACTION: Approval

PRESENTED BY: Trustee Dimeta Smith Knight, Audit Committee Chair  
Dr. Renée Forbes, Director, Internal Audit

**Background Information**

The Audit Committee is responsible for reviewing the annual audit plans for the University's Internal Audit department, including management request for unplanned audits.

The Director of Internal Audit will present a report on the Internal Audit Plan for 2025-26.

See attachment.

**MOTION:** To approve the Fiscal Year 2025-2026 Audit Plan, as contained in the meeting materials.

**Tennessee State University  
Department of Internal Audit Internal  
Audit Plan Fiscal Year Ending June 30, 2026**

Rank/Status	Type	Area	Audit	Budget (Hours)	Estimated Start	Estimated Completion
Required	R	AT	NCAA Student Assistance Fund FY 2025	125	July 2025	August 2025
Required	R	FM	State Audit (Single Audit FY 2024) Follow-up	100	July 2025	October 2025
Risk-Based	A	FM	Cash Advance and Travel Card Transactions	350	February 2025	September 2025
Required	R	IS	Quality Assessment Review- Internal	150	July 2025	September 2025
Required	R	FM	State Audit (Financial Audit 2023) Follow-up	150	July 2025	October 2025
Required	R	FM	State Audit (EEE Audit FY 2023) Follow-up	30	July 2025	October 2025
Required	R	FM	President's Expenses FY 2025	125	September 2025	December 2025
Follow-Up Review	F	IS	Follow-Up Reviews of Internal Audit Findings	600	July 2025	June 2026
Follow-Up Review	F	SS	(A) Admissions - Vaccine Compliance			
Follow-Up Review	F	FM	(B) Federal Work-Study			
Follow-Up Review	F	IS	(C) Department of Human Resources			
Follow-Up Review	F	AD	(D) Foundation Gifts			
Follow-Up Review	F	RS	(E) Grants Management			
Follow-Up Review	F	FM	(F) Procurement Card Review			
Follow-Up Review	F	FM/IT	(G) Inventory/Laptops			
Required	A/M	IS	Review Management's Risk Assessments	75	September 2025	December 2025
Risk-Based	A	FM	Internal Controls Review	250	September 2025	December 2025
Required	R	IS	Review of Conflict-of-Interest Forms	300	September 2025	January 2026
Investigation	I	IS	Unscheduled Audits/Projects/Investigations	650	Ongoing	Ongoing
Consultation	C	IS	Unscheduled Consultations	150	TBD	TBD
Risk-Based	A	FM	Student Housing Assignment Review	150	February 2026	March 2026
Risk-Based	A	FM	Accounts Payable/ Disbursements	225	February 2026	April 2026
Risk-Based	A	AX	Bookstore and Food Services Revenue Review	225	March 2026	May 2026
Required	R	FM	Cash Counts	10	June 2026	June 2026
Required	R	IS	Quality Assessment Review- External	225	January 2026	June 2026
			Required	1290		
			Total	3890		

	Audit Types		Functional Area
R	Required	AD	Advancement
A	Risk-Based (Assessed)	AT	Athletics
S	Special Request	AX	Auxiliary
I	Investigation	FM	Financial Management
M	Management's Risk Assessment	IA	Instruction & Academic Support
C	Consultation	IS	Institutional Support
F	Follow-Up Review	IT	Information Technology
RS	Research	PP	Physical Plant
		SS	Student Services

TENNESSEE STATE UNIVERSITY

BOARD OF TRUSTEES

DISCUSSION ITEM

DATE: June 15, 2025

ITEM: Executive Session

RECOMMENDED ACTION: No action

PRESENTED BY: Trustee Dimeta Smith Knight, Audit Committee Chair

**Background Information**

The Audit Committee will go into Executive Session to discuss items deemed confidential under state law.



**Meeting  
of the  
TSU Board of Trustees  
Audit Committee**

Thursday 12, 2025

**TENNESSEE STATE UNIVERSITY  
BOT AUDIT COMMITTEE  
ORDER OF BUSINESS**

Thursday June 12, 2025

- I Call to Order
- II Roll Call/Declaration of a Quorum
- III Approval of March 13, 2025, Audit Committee Meeting Minutes
- IV Annual Report on the Audit Office's Audit Activities
- V Report on Internal and External Audit Items
- VI Discussion of the Audit Office's Internal and External Assessment Review
- VII Review of Outstanding Audit Issues
- VIII Approval of the Fiscal Year 2025-2026 Audit Plan
- IX Executive Session - Discussion of Items Deemed Confidential Under State Law
- X Adjournment

## Year-End Report on Annual Audit Activity 2024 - 2025

- Review NCAA Student Assistance Fund FY 2024
- Review of Outstanding Student Account Balance
- Follow-up - FY22 SA Finding for HEERF Funds
- Report of Action: FY22 F and C Audit
- Report of Action: Single Audit FY23
- Compilation of the Conflict-of-Interest Forms
- Comparative Assessment Indirect Cost
- Review of the NCAA FY2024 Report Review – Completed by General Accounting
- Review of the Financial Integrity Report – Completed by the Office of Risk and Financial Compliance
- Audit of President's Expense Schedules FY24
- Audit of University-Owned Laptop Inventory
- Audit of Travel Open Purchase Orders – Ongoing
- Investigations: At the 24-25 Year End, there were 27 allegations in total, over 50% more than last year.

## Report of External Audits

1. State of Tennessee Single Audit for the Year Ended June 30, 2024 – Clean Opinion
2. State of Tennessee FY23 Financial Statement of Compliance – Clean Opinion
3. EEE – FY 23 Endowment for Educational Excellence – Clean Opinion

## Findings

1. TSU management lacks appropriate oversight
2. Bank Reconciliations
3. TSU management allowed controls to break down
4. Management did not have adequate controls over ledgers, grants, and subledgers
5. Student Fees
6. Student Withdrawal Dates and Types
7. Collection Procedures for Accounts Receivable
8. Asset Allocation Requirements and Limits (EEE)
9. Higher Education Emergency Relief Fund
10. Reconcile its Direct Loan Records (Single Audit)
11. Title IV Credits were not refunded timely (Single Audit)
12. Procedures for Direct Loan and Pell Grant programs (Single Audit)
13. Return Title IV funds in compliance with federal regulations (Single Audit)
14. Office of Financial Aid granted Title IV funds to Ineligible Students
15. TSU did not provide adequate Internal Controls in two areas (Confidential)

## Report of Internal Audits

### Laptop Inventory Audit

#### Finding:

Our findings revealed that the university did not adhere to the established policies and procedures concerning laptop inventory management.

## Internal and External Assessment Review

**Required:** The Institute of Internal Auditors (IIA) requires that the Office of Internal Audit performs both Internal and External Quality Assessments.

On April 4, 2025, the Office of Internal Audit, in close collaboration with the Audit Committee, conducted interviews with three firms to assist with gap and readiness assessments and complete the required External Quality Assessment (EQA). We have decided to partner with the Eminere Group for the gap and readiness assessments and plan to reach out to one of the other firms for the External Quality Assessment (EQA) to ensure independence.

## Review of Outstanding Audit Issues

### INTERNAL

- Foundation Gifts
- Work Study Timesheets
- Grant Management
- Procurement Card
- Vaccine Compliance
- HR Performance Evaluations
- University Laptop Inventory

### EXTERNAL

- FY 24 Single Audit
- FY 23 Financial Statement and Compliance Audit
- FY 23 Endowment for Educational Excellence (EEE)
- Report of Action Due: November 7, 2025

## Review of Outstanding Audit Issues Early Report of Action Concerns

### INTERNAL AUDIT

#### University Laptop Inventory

#### General Accounting – No Response

**Cause:** The absence of strong key personnel in the area of Business and Finance

- Controller
- Director of Accounting
- Assistant Director of Accounting

## Review of Outstanding Audit Issues Early Report of Action Concerns

### EXTERNAL AUDITS

#### Finding 2: Bank Reconciliations Delays

**Cause:** The absence of strong key personnel in the area of Business and Finance

- Controller
- Director of Accounting
- Assistant Director of Accounting

#### Finding 7: Collection Procedures for Accounts Receivable Summer 25

Enrolled: 1629

Students with balances exceeding the threshold: 969

Students registered with prior term balances: 41

Highest Balance: \$33,401

## Approval of FY 25-26 Audit Plan

- Required**
- NCAA Student Assistance Fund FY 2025
  - State Audit (Single Audit FY 2024) Follow-Up
  - State Audit (Financial and Compliance FY23)
  - State Audit (EEE Audit FY23) Follow-Up
  - President's Expenses FY 2025
  - Review of Conflict-of-Interest Forms
  - Quality Assessment Review- Internal
  - Quality Assessment Review- External
  - Review Management's Risk Assessments

- Risk- Based**
- Cash Advance and Travel Card Transactions
  - Internal Controls Review
  - Follow-Up Reviews of Internal Audit Findings
  - Student Housing Assignment Review
  - Accounts Payable/Disbursements
  - Bookstore and Food Services Revenue Review



## **ADJOURNMENT TSU Board of Trustees Audit Committee**

Thursday 12, 2025

