

**Tennessee State University
Board of Trustees**



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

10 a.m. CST
Thursday,
March 11, 2021

Tennessee State University – Board Committee
Meeting: Via Zoom Link:

ORDER OF BUSINESS

- I. Call to Order
- II. Roll Call/Declaration of a Quorum
- III. Approval of the November 19, 2020, Audit Committee Meeting Minutes
- IV. Report of Completed Internal Audit Reports
- V. Review of Outstanding Audit Issues
- VI. Review of University's Risk Assessment Process
- VII. Executive Session – Discussion of Items Deemed Confidential Under State Law

**Tennessee State University
Board of Trustees**



**Approval of
November 19, 2020,
Audit Committee
Meeting Minutes**

TENNESSEE STATE UNIVERSITY

BOARD OF TRUSTEES

ACTION ITEM

DATE: March 11, 2021

ITEM: Audit Committee Report - Approval of the November 19, 2020,
Audit Committee Meeting Minutes

RECOMMENDED ACTION: Approval

PRESENTED BY: Chair of Audit Committee, Trustee Deborah Cole

The document reflecting the minutes from the November 19, 2020, Audit Committee meeting is included in the March 11, 2021 Board materials.

MOTION: To approve the November 19, 2020, Audit Committee meeting minutes, as contained in the March 11, 2021, Board materials.

**Meeting of the Tennessee State University Board of Trustees
Audit Committee Meeting
November 19, 2020
Tennessee State University – Electronic**

MINUTES

Committee Members Present: Trustees Deborah Cole, Obie McKenzie and Richard Lewis;

Other Board Members Present: Joseph W. Walker, III, Pam Martin, Andre Johnson, Steve Corbeil, Dr. Ali Sekmen, and Tiara Thomas.

University Staff Present: President Glenda Glover; Laurence Pendleton, General Counsel and Board Secretary; Dr. Michael Harris, Interim Provost & Vice President for Academic Affairs; Dr. Curtis Johnson, Chief of Staff; Dean Frank Stevenson, Assoc. Vice President of Student Affairs; Horace Chase, Vice President of Business and Finance; Dr. Frances Williams, Assoc. Vice President of Research & Sponsored Programs; Terrence Izzard, Assoc. Vice President of Enrollment Management; Adrian Davis, Auditor and Dr. Arlene Nicholas-Phillips, Liaison to the Board of Trustees.

I. CALL TO ORDER

Trustee Cole called the meeting to order at 10:28 a.m. on November 19, 2020. Trustee Cole moved to make certain findings on the record regarding the necessity for conducting the meeting electronically without a physical quorum present due to the coronavirus pandemic. The Committee found that there were various important matters that required immediate action by the Committee. Participation by electronic means was necessitated by the COVID-19 pandemic and accompanying guidance from the Center for Disease Control (“CDC”) and the State of Tennessee to enforce social distancing guidelines, including limiting face-to-face contact whenever possible. Electronic participation for the Committee meeting was necessary for the safety of Board members, staff, and guests. Trustee Lewis seconded the motion and the motion carried by roll call vote.

II. ROLL CALL/DECLARATION OF A QUORUM

Trustee Cole asked Secretary Pendleton to call the roll. Board Secretary Pendleton called the roll. Present: Trustees Deborah Cole, Richard Lewis, and Obie McKenzie. A quorum was established.

Trustee Cole asked the committee members to state now if any of the committee members cannot hear or speak with each other. No committee members answered in the affirmative. Trustee Cole

also asked the committee members to indicate if someone is present with them from the location in which they are calling. No committee members indicated there was anyone present.

III. APPROVAL OF THE SEPTEMBER 24, 2020, AUDIT COMMITTEE MEETING MINUTES

Trustee Cole moved to recommend to the full Board the approval of the minutes from the September 24, 2020, Audit committee meeting, as contained in the November 19, 2020, board materials. Trustee Lewis seconded the motion, which carried.

IV. REVIEW OF COMPLETED INTERNAL AND EXTERNAL AUDITS

Trustee Cole asked President Glover and Director of Internal Audit, Ms. Adrian Davis, to provide pertinent information related to this agenda item. The material is included in the November 19, 2020, Board Meeting packet.

Director Davis stated she would begin with completed internal audit findings and then proceed to completed external audit findings. She noted that the internal audit was a follow-up of undergraduate student admissions from Fall 2019. They were reviewed in Fall 2020 to confirm that the four findings were corrected.

Director Davis provided a detailed summary of the follow-up findings as outlined in pages 30 through 35 of the Board materials for the November 19, 2020, Board meeting. President Glover added that increased measures had been taken to secure documentation from students enrolling in the dual enrollment programs. Director Davis shared with the committee that the follow-up of graduate student admissions was to determine if the two previous findings had been corrected. She noted that the details of that follow-up are outlined from pages 40 through 43 of the November 19, 2020, Board meeting materials. The other report from Director Davis pertained to the President's expense schedules for FY20. She noted that the findings were detailed on pages 46 to 49 in the Board materials dated November 19, 2020. Auditor Davis noted that there were no issues found here.

Director Davis shared with the committee the findings from the external audit. She stated that the two financial audits were the Financial and Compliance audit of TSU, and the Financial and Compliance audit of the Endowment for Educational Excellence at the TSU Foundation. The findings of these are detailed on page 50 of the Board materials dated November 19, 2020. These findings were noted as repeat findings. A CPA firm had been contracted to assist in correcting these and other findings.

President Glover shared that she was confident that the deadlines discussed will be met. Trustee Johnson commented that the Board should take a more prominent role in ensuring that the objectives are met. A discussion continued with VP Chase acknowledging that several additional personnel were being put in place, namely a new Controller and a new Director of Grants Accounting. He shared that a CPA firm was also hired to help.

Director Davis indicated that the Sunset Performance Audit had been released on November 17, 2020, but due to the timing, it was not included in her submission.

Trustee Cole summarized the risk factors associated with the findings of the Financial Audits and the Sunset Audit and suggested that VP Chase and others ensure that they take immediate and appropriate action to address the deficiencies. She pointed out that the timelines presented to the Board be met. She then thanked Director Davis for her report.

V. REVIEW OF OUTSTANDING AUDIT ISSUES

Trustee Cole asked President Glover to provide pertinent information related to this agenda item. The material is included in the November 19, 2020, Board Meeting packet.

Director Davis discussed the list of outstanding internal and external audit issues as of October 26, 2020, as included in the Board Meeting packet.

With no questions or comments, Trustee Cole moved to recommend to the full Board the motion to adjourn the meeting to enter into Executive Session. Trustee Lewis seconded the motion, which carried unanimously by roll call vote: Cole, Lewis, and McKenzie.

VI. EXECUTIVE SESSION FOR DISCUSSION OF ITEMS DEEMED CONFIDENTIAL UNDER STATE LAW

Trustee Cole moved for the Audit Committee to go into Executive Session to discuss items deemed confidential under State law. Trustees McKenzie and Lewis seconded the motion, which was carried unanimously. The committee then transitioned into the executive session.

Following the Executive Session there was no further discussion. Trustee Cole moved to adjourn the meeting and the motion was seconded by Trustee Lewis. The motion carried unanimously by roll call vote. The meeting was adjourned at 12:15 pm.

**Tennessee State University
Board of Trustees**



**Review of Completed
Internal Audit Reports**

TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES
INFORMATION ITEM

DATE: March 11, 2021

ITEM: Audit Committee Report – Review of Completed Internal Audit Reports

RECOMMENDED ACTION: None

PRESENTED BY: Chair of Audit Committee, Trustee Deborah Cole

Background Information:

President Glover and Internal Audit Director Davis will discuss recently completed internal audit reports.

DEPARTMENT OF INTERNAL AUDIT

Follow-Up Review of Undergraduate Admissions for Fall 2020 Semester

Re-Issued and Updated

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February 12, 2021

Dr. Glenda Baskin Glover, President
Tennessee State University
3500 John A. Merritt Boulevard
Nashville, Tennessee 37209

Dear Dr. Glover:

Enclosed is our re-issued internal audit report related to our follow-up review of the Tennessee State University Office of Enrollment Management's adherence to state and institutional student admission policies and procedures. Our initial report was issued on October 21, 2020. We are re-issuing the report to correct non-compliance percentage totals and to update the status of management's implementation of corrective actions. The scope of the follow-up review included newly admitted and readmitted students during the fall 2020 semester. 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 review are included in the attached report.

We appreciate the courtesy and cooperation of institution personnel during the review.

Sincerely,

Adrian R. Davis

Adrian R. Davis, *CPA, CGFM*
Director of Internal Audit
Tennessee State University

CC: Dr. Deborah A. Cole, Tennessee State University Audit Committee Chair
Mr. Terrence Izzard, Associate Vice President of Admissions and Recruitment
Mr. Frank Stevenson, Associate Vice President and Dean of Students

**Tennessee State University
Department of Internal Audit
Follow-Up Audit of Admissions
Fall 2020
Executive Summary**

Key Area	Undergraduate Student Admissions	Internal Auditor	Adrian R. Davis, <i>CPA, CGFM</i> Director of Internal Audit
Introduction	Attracting and attaining qualified students is an essential element of effective recruitment and admissions and university success. The Department of Admissions and Recruitment is one of the departments in the university's Division of Enrollment Management and Student Success. The Department of Admissions' primary functions is the processing of prospective student admissions applications and obtaining supporting documentation to support the admissions decisions made. University management ensures confidence in its admissions process by adhering to its admission policies, rules, regulations, and procedures.		
Objective	The Tennessee State University Office of Internal Audit performed an audit of the undergraduate admissions process to determine if the university was in compliance with state and institutional policies and procedures related to student enrollment for the fall 2019 semester. The results of that audit included four audit findings. The objective of this audit was to determine whether management has implemented adequate corrective actions to address the four prior audit findings.		
Scope	Undergraduate students (newly admitted and readmitted) enrolled during the fall 2020 semester		
Current Status of Prior Audit Findings	<p>1. Prior Audit Finding: University policy allows for the admission of conditionally admitted (students not meeting all admissions requirements) first-time freshmen students. The number of these students is not to exceed 10% of the first-time freshmen students admitted during a given semester. During the fall 2019 semester, management accepted 21.5% of conditional admits, exceeding the 10% limit by 11.5%.</p> <p style="padding-left: 40px;">❖ Current Status: Corrected.</p> <p>2. Prior Audit Finding: Management in the Division of Enrollment Management and Student Success did not ensure that proper supporting documentation (final transcripts after high school graduation, test scores, etc). was obtained for all enrolled students.</p> <p style="padding-left: 40px;">❖ Current Status: Corrected (First-Time Freshmen) Improved, Not Corrected (Dual Enrollment).</p> <p style="padding-left: 40px;">*Spring 2021 Update- Management has achieved 100% compliance in this area for Dual Enrollment students who remained enrolled during the Fall 2020 semester.</p> <p>3. Prior Audit Finding: Management in the Division of Enrollment Management and Student Success did not ensure that admission policies addressed exceptions to admission requirements for all categories of students (e.g. Dual Enrollment and Readmitted students).</p>		

	<p>❖ Current Status: Corrected.</p> <p>4. Prior Audit Finding: Management did not ensure adherence to the state laws requiring newly admitted and readmitted full-time students and those who reside in student housing to provide valid proof of certain immunizations, or valid support for exemption, prior to residing in student housing or being enrolled full-time in a Tennessee higher education institution.</p> <p>❖ Current Status: Not Corrected.</p> <p>CORRECTION: Our initial report indicated documentation was not obtained for 6 of 29 students (20.7%). Information obtained subsequent to the release of the report support the university's non-compliance should have been 3 of 29 students (10.3%).</p> <p>*SPRING 2021 UPDATE: We reviewed the accounts of 33 students enrolled in the Spring 2021 semester to determine if all required immunization documentation was obtained. Our testing included 17 graduate students and 16 undergraduate students. We found where required documentation was not obtained for 4 of the 33 students (12%). This total includes 2 graduate students and 2 undergraduate students.</p>
Conclusion	The objective of our audit was met. It was determined that management has implemented adequate corrective actions to implement the previous audit recommendations and address the audit findings, except as noted above.
Restriction on Use of Report	<i>This report is intended solely for the internal use of Tennessee State University (TSU) and the Tennessee State University Audit Committee, a standing committee of the Tennessee State University Board of Trustees. It is not intended to be and should not be used for any other purpose. The distribution of the report to external parties must be approved by the TSU Audit Committee and Tennessee State University Office of Internal Audit, and handled in accordance with institutional policies; however, this report is a matter of public record.</i>

Prior Audit Recommendations and Management's Response

Audit Recommendation 1:

Management in the Division of Enrollment Management and Success should:

- a. Develop procedures that help to ensure all personnel involved in the review and approval/denial of prospective student applications are obtaining required supporting documentation to support the decision;
- b. Ensure that admission exception thresholds are not exceeded, unless allowable per policy; and
- c. Ensure that criteria for any exceptions to the admissions policies are transparent and documented

Management's Response:

Many of the issues cited in this report were the result of inefficient admissions processing personnel, poor supervision of daily operations under the former Director of Admissions, coupled with several technical challenges with our Banner Document Management System (BDMS). To address the issues noted in this report:

- We have hired new management, and admissions processing personnel. Inefficient personnel in this area were relieved of their duties.
- The Office of Admissions has automated document management services for incoming supporting documents allowing them to be directly attached to the student record. This eliminates the previous manual practice of scanning and indexing.
- We have implemented a new "Quality Assurance" check process policy to prevent recurrence of several of the issues noted above
- For the students identified as not having an official final transcript on file, we have placed a hold on each student's account and have requested a copy of the final high school transcripts.

An exception to the ACT/SAT score requirement was given to dual enrollment students on the basis of their high GPA scores and pending schedules to take the ACT exam.

Audit Recommendation 2:

Per discussion with previous management personnel in charge of *First-Year Students* during the fall 2019 semester, the six students determined not to have provided health records were registered to attend a 2019 New Student Orientation summer session. They were registered for courses through a process called block scheduling prior to their New Student Orientation session. Block scheduling allows the university to mass register large amounts of students who attend the New Student Orientation sessions while ensuring they are registered for 15+ credit hours in the first semester to support student progression. The process also allows staff to override immunization requirements. Students attending the session are asked to complete the Fall 2019 Registration Agreement Form where they (and their guardian, if applicable) acknowledge that although they are registered for courses, required documentation (health records, final transcripts, etc.) is still due for submission by August 1st to maintain registration throughout the upcoming semester.

Current management of *First-Year Students* should ensure that they communicate with the university's Office of Student Health Services (responsible for collecting the forms) to ensure that

these block scheduled students have a hold placed on their account until the appropriate health forms are obtained. The students should also be included in purge lists when required information is not provided.

Prior Audit Findings and Current Status

1. New/First-Time Freshmen

A. Prior Audit Finding:

The university's policy states that 10% of the total number of first-time freshmen admitted in any given term can be conditionally admitted. Conditionally admitted students are those students that have completed all required high school units but did not meet the university's minimum 2.50 grade point average (GPA) and/or minimum test score requirement (ACT 19/SAT 900). We identified 4,711 approved applications for prospective first-time freshmen. The total number of conditional admits should have been 471 students according to university policy. It was determined that 1,016 (or 21.5%) of the accepted students did not meet the university's admission requirements. The university exceeded the allowed acceptance limit for conditional admits by 545 students (or 11.5%). The average grade point average for the 1,016 students was determined to be 2.52.

- 41 of the 1,016 students did not meet the university's GPA requirement
- 910 of the 1,016 students did not meet the university's score requirement
- 65 of the 1,016 students did not meet either requirement (GPA or score)

Current Status: [Corrected](#)

****Tennessee State University** waived the ACT/SAT score requirement for first-time students for the Fall 2020 semester in response to the COVID-19 pandemic. For this reason, conditional admits during the fall 2020 semester included only those students who did not meet the minimum GPA requirement.

- ✓ We identified 5,436 approved applications for prospective first-time freshmen students during the fall 2020 semester. We found where 110 of these 5,436 approved applicants (2.02%) did not meet the minimum 2.50 GPA admission requirement and qualified as conditional admits. It was determined that this 2.02% acceptance rate is in agreement with the university's conditional admit policy.

B. Prior Audit Finding:

It was determined that the university did not obtain the official transcript after high school graduation for 5 of the 40 students (12.5%) selected for testing

Current Status: [Corrected](#)

We selected 40 new/first-time freshmen students for testing.

- ✓ We found where the university obtained the official transcript after high school graduation for 37 of the 40 students tested. For the 3 students whose final transcript had not been submitted,

we found where management admitted the students as ‘tentatively admitted’ and appropriately applied holds to the students’ accounts at the time of acceptance. The hold prevents the students from registering for future semesters until the required document is provided.

- Management obtained 2 of the 3 outstanding transcripts during our testing.

C. Prior Audit Finding:

State law requires new and readmitted full-time students and those living in student housing to provide proof of certain immunizations or acceptable proof of exemption from receiving the immunization(s). It was determined that the university did not obtain immunization support for 6 of the 40 students (15%) selected for testing.

Current Status: Not corrected

For the 40 new/first-time freshmen students selected for testing:

- The Office of Student Health Services did not obtain required immunization history documentation for 3 of the 29 students (10.3%) required to submit immunization documentation. The remaining 11 students were not required to submit immunization documentation because they were not enrolled full-time (1 student) or were enrolled 100% online (15 students) and did not reside in a residential hall.

****CORRECTION:** Our initial follow-up report indicated an error rate of 6 of 29 students (20.7%). Our results were based on the related student’s enrolled courses per the university’s student information system. Subsequent to the release of our report, we were notified that the ongoing COVID-19 pandemic caused several courses intended to be delivered via the hybrid method to be delivered 100% online instead. For this reason, 3 of the 6 students included in our sample were determined to be enrolled 100% online and thus not subject the state law regarding immunization.

SPRING 2021 UPDATE: We reviewed the accounts of 33 students enrolled in the Spring 2021 semester to determine if all required immunization documentation was obtained. Our testing included 17 graduate students and 16 undergraduate students. We found where required documentation was not obtained for 4 of the 33 students (12%). This total includes 2 graduate students and 2 undergraduate students.

2. Dual enrollment

Prior Audit Findings:

- For 32 of the 40 dual enrollment students (80%) tested who were under the age of 18, we were not provided with supporting documentation to show that the university obtained supporting documentation of parental permission for the student to participate in the program.
- For 2 of the 40 students (5%) selected for testing, it was determined that the students did not meet the minimum grade point average required for participation in the program. The two students’ GPA was 1.82 and 1.83.

- Participants are required to take the ACT or SAT test in order to participate in the program. For 11 of the 40 students (27.5%) selected for testing, it was determined that the university did not obtain proof that the students took either of the required tests.
- ❖ For 8 of 20 dual enrollment students (40%) under the age of 18 and selected for testing:
 - We were not provided with signed consent forms for 3 of these 8 students
 - The consent form did not include the signature of the student's parent/guardian for 4 of these 8 students
 - The consent form was signed after it was requested by auditors for 1 of these students
- ❖ We reviewed the GPA for the 209 dual enrolled students during the fall 2020 semester. For the 10 students who did not meet the minimum grade point average, management advised us that these students were allowed to enroll as part of the *Tennessee State University Aspiring Scholars Program* (TASP). It was determined that these 10 students' GPA was not materially different from admissions requirements. Differences ranged from .07 to .25 below the minimum required grade point average.
 - Management did not provide the high school transcript for 1 of the 209 enrolled dual enrollment students so we were unable to verify the student's GPA

Current Status: Improved, but Not Corrected

SPRING 2021 UPDATE: Management has ensured 100% compliance in this area by obtaining the consent form, transcript, application and applicable consortium forms for the 164 dual enrolled students who remained enrolled throughout the fall 2020 semester.

**There were no newly enrolled dual enrollment students for the spring 2021 semester.

3. Re-admitted Students

Prior Audit Finding:

For 1 of 25 students (4%) selected for testing, it was determined that the student did not meet the minimum grade point average required for admission for the number of credit hours attempted.

Current Status: Corrected

- ✓ All 25 students selected for testing met the minimum required grade point average required for admission.

DEPARTMENT OF INTERNAL AUDIT

Audit of
Tennessee State University
Department of Human Resources
for the fiscal year ended
June 30, 2020

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February 11, 2021

Dr. Glenda Baskin Glover, President
Tennessee State University
3500 John A. Merritt Boulevard
Nashville, Tennessee 37209

Dear Dr. Glover:

Enclosed is the internal audit report related to our audit of the Tennessee State University Department of Human Resources' adherence to state, federal, and institutional human resource policies and procedures. 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.

We appreciate the courtesy and cooperation of institution personnel during the review.

Sincerely,

Adrian R. Davis

Adrian R. Davis, CPA, CGFM
Director of Internal Audit
Tennessee State University

CC:Dr. Deborah A. Cole, Tennessee State University Audit Committee Chair
Mr. Horace Chase, Vice President for Business and Finance
Ms. Linda C. Spears, Associate Vice President for Human Resources

Tennessee State University
Department of Internal Audit
Audit of TSU Department of Human Resources
Executive Summary

Key Area	TSU Department of Human Resources	Internal Auditor	Adrian R. Davis, <i>CPA, CGFM</i> Director of Internal Audit
Introduction	The <i>Tennessee State University Department of Human Resources</i> (HR) provides continuing support and service for all university personnel. HR supports the university's endeavors to create a successful work environment. HR is responsible for supporting the recruitment of faculty and staff, assisting the State department with administering benefits to employees, and assisting the administration in determining and setting salary and pay rates. HR also helps to ensure that the university maintains compliance with university, state, and federal employment policies, regulations, and acts.		
Objective	The objective of our audit was to determine if the university was in compliance with applicable policies, procedures, rules, regulations, etc. for select human resource processes as they relate to hiring, employee background checks, employee evaluations, employee grievances, and employee separations.		
Scope	July 1, 2019 through June 30, 2020		
Audit Finding Ranking	Audit findings are rated as high, medium, or low depending on auditor judgment. Some of the factors included in judging the seriousness of a finding include: (1) level of financial impact, (2) extent of violation of laws, regulations and restrictions, (3) lack of a university policy or noncompliance with an important matter, (4) lack of internal controls or ineffective controls and procedures, and (5) fraud, theft, conflicts of interest or serious waste of university resources.		
Audit Findings	<ol style="list-style-type: none"> 1. Management did not provide the required U.S. Citizenship and Immigration Services (USCIS) Form I-9, <i>Employment Eligibility Verification</i>, for 1 of 44 employees selected for testing. In addition, forms were not completed in the required timeframe for 15 of 44 employees selected for testing. [High] 2. Management did not ensure that employee performance evaluations for approximately 50% of non-faculty personnel were submitted to the Tennessee State University Department of Human Resources for inclusion in employees' personnel file folders during the fiscal year ended June 30, 2020. [High] 3. Details of noncompliance in the area of Pre-Employment Screening/Employee Background Checks was determined to be confidential pursuant to Section 10-7-504(i), <i>Tennessee Code Annotated</i>. [Medium] 4. University management did not provide us with a copy of the signed <i>Employee Confidentiality Agreement</i> for 1 of 44 (2.1%) employees tested. [Low] 		

Conclusion	The objective of our audit was met. It was determined that the university was in compliance with applicable policies, procedures, rules, regulations, etc. for selected human resource processes as they related to hiring, employee background checks, employee evaluations, employee grievances, and employee separations, except as noted in the findings above.
Restriction on Use of Report	<i>This report is intended solely for the internal use of Tennessee State University (TSU) and the Tennessee State University Audit Committee, a standing committee of the Tennessee State University Board of Trustees. It is not intended to be and should not be used for any other purpose. The distribution of the report to external parties must be approved by the TSU Audit Committee and Tennessee State University Office of Internal Audit, and handled in accordance with institutional policies; however, this report is a matter of public record.</i>

Introduction

According to its website, the Tennessee State University Department of Human Resources (TSU HR Department) “exists to support, honor and value the University's most important resource: its people”. HR supports the university’s endeavors to create a successful work environment by assisting with the recruitment, retention, and development of a diverse workforce.

Management in each University department is responsible for determining when a position needs to be created or filled in order to meet the needs of the university. Once the determination is made that an existing position or newly-created position (as approved by the university’s Budget Office) needs to be filled, the TSU HR Department assists university departments with posting applicable positions and determining the salary rate to be offered for the position. Also, the TSU HR Department ensures that all related hiring documentation is obtained and retained in employee personnel file folders in accordance with federal and state document retention policies. Hiring-related documentation to be maintained in an employee’s personnel file folder includes the employee’s signed application, signed contract, data form, etc. The TSU HR Department is subject to numerous compliance requirements, including federal, state, and university requirements. The TSU HR Department has its human resource policies located on its university website.

We reviewed compliance in certain key areas:

- *New Hires*
- *Employee Evaluations*
- *Employee Grievances*
- *Employee Separations (Final Pay)*
- *Family and Medical Leave Act (leave due to COVID-19)*

Audit Results

Our audit of the *Tennessee State University Department of Human Resources* focused on compliance in certain areas, which are detailed below. The results of our testing in these selected areas are documented below.

1. New Hires

We obtained from management a listing of employees hired during the period July 1, 2019 through June 30, 2020. There were 274 employees included in the listing. Our sample included 44 of these 274 employees hired during fiscal year 2020.

A. U.S. Citizenship and Immigration Services (USCIS) Form I-9

Federal regulations require the university to retain a U.S. Citizenship and Immigration Services (USCIS) Form I-9, *Employment Eligibility Verification*, for each person hired for three years after the date of hire, or one year after the date employment ends, whichever is later. In addition, federal guidelines for completing the form are that the employee must complete and sign section 1 of the form no later than his/her first day of employment, and the university's authorized representative should complete and sign section 2 of the form within 3 business days of the employee's first day of employment. Failure to adhere to federal regulations pertaining to obtaining, retaining, and timely completing the U.S. Citizenship and Immigration Services (USCIS) Form I-9, *Employment Eligibility Verification*, could result in fines or penalties for the university.

- ❖ For 1 of the 44 employees (2.27%) included in our sample, university management did not provide us with a copy of the USCIS Form I-9 completed for the employee.
- ❖ For 15 of the 44 employees (34.1%) included in our sample, university management did not ensure that the employee and/or the university representative completed the applicable sections of the USCIS Form I-9 within the required timeframe.
 - For each of these 15 employees, the respective employees completed and signed section 1 of the USCIS Form I-9 from 1 to 269 days late. Forms were completed and signed an average of 27 days late.
 - For 11 of these 15 employees, the university representative completed and signed section 2 of the USCIS Form I-9 from 4 to 266 days late. Forms were completed and signed an average of 34 days late.

B. Pre-Employment Screening/ Employee Background Checks

We observed a condition in violation of federal regulations and/or university policies. The details of this finding are confidential pursuant to Section 10-7-504(i), *Tennessee Code Annotated*.

C. Employee Confidentiality Agreement for Access to Classified Records

University employees have access to sensitive information, including social security numbers, student education records, personnel records, etc. when carrying out their daily responsibilities. Newly hired employees complete an *Employee Confidentiality Agreement for Access to Classified Records* form, whereby the employee agrees to act responsibly and avoid disclosure of confidential data maintained by the university, during and after employment at the university. The employee also acknowledges that there are consequences for noncompliance, including dismissal from employment, as well as criminal penalties and liability.

- ❖ For 1 of the 44 employees (2.1%) included in our sample, university management did not provide us with a copy of the Employee Confidentiality Agreement signed by the employee.

2. Employee Performance Evaluations

Tennessee State University Department of Human Resources Policy 6.29, *Performance Evaluation*, states, “During the initial year of employment, employees will be evaluated at least twice: once within the 6-month probationary period and at the conclusion of their first year. Thereafter, evaluations will be conducted annually or more frequently as deemed appropriate by supervisory personnel”. Performance evaluations for non-faculty personnel at the university are to be submitted to the Tennessee State University Department of Human Resources to be included in respective employees’ personnel file folders. Performance evaluations for faculty members are handled by the Division of Academic Affairs. Non-faculty supervisory personnel are to submit completed annual employee performance evaluations by June 30th of each year. Due to the COVID-19 pandemic, which occurred during the fiscal year ended June 30, 2020, this deadline was extended to August 31, 2020. By August 31, 2020, the Department received approximately 45% of non-faculty employee performance evaluations. We were advised by management in the Department of Human Resources that this is an ongoing area of concern and management is implementing procedures to ensure 100% compliance in this area in the future. Management also disclosed that 70% of the non-faculty performance evaluations had been received by December 17, 2020.

3. Employee Grievance Procedures

- ✓ We reviewed University Policy 6.10.1, *Grievance Procedures for Employees*. We obtained from university personnel supporting documentation related to the one employee grievance filed during the fiscal year ended June 30, 2020. It appears that the university followed its documented grievance policy. No findings were noted in this area.

4. Employee Separations (Final Pay)

- ✓ We obtained a listing of the 128 employees that separated employment during the period July 1, 2019 through June 30, 2020, both voluntarily and involuntarily. We selected a sample of 33 employees for review to determine if the former employee was improperly paid beyond his/her final day of work. No improper payments were found.

5. Family and Medical Leave Act (FMLA) (leave taken due to COVID-19 pandemic)

We obtained a listing of the university employees who were approved for FMLA leave due to the COVID-19 pandemic during the fiscal year ended June 30, 2020 in order to determine if employee sick leave paid under the act was paid within federal guidelines. No findings were noted in this area.

Audit Recommendations:

New Hires:

- Management in the Tennessee State University Department of Human Resources should ensure that USCIS Form I-9s are maintained on file for the required period of time and that the forms are completed timely by both the employee and university representative.
- Management should ensure that all new hires are completing *Employee Confidentiality Agreement for Access to Classified Records* forms documenting their understanding and agreement to act responsibly and maintain discretion in the use of confidential information garnered during their employment at the university. Also, a copy of the completed form should be maintained for the requisite amount of time in accordance with state and university retention policies.

Employee Performance Evaluations:

- Management in the Tennessee State University Department of Human Resources should continue to develop procedures to ensure that employee evaluations for all non-faculty personnel are received in the Tennessee State University Department of Human Resources by the June 30th deadline and that the completed forms are placed in the employees' personnel file folders.

Pre-Employment Screening/ Employee Background Checks:

- Management should implement procedures to immediately remedy the issue(s) cited in this area.

Management's Response:

1. I-9s

HR management will continue to provide training to HR staff and ensure that they understand the requirement to accurately complete the I-9 forms. Management will work with University supervisors to understand the consequences of non-compliance when forms are not completed in a timely manner. Training/information sharing will be a high priority for partnering with staff and university supervisors.

2. Confidentiality Forms

HR will continue the recent procedures of all employees completing confidentiality forms. HR will continue to retain copies (implemented during the pandemic) and send originals to the IT department to maintain in their files.

3. Employee Performance Evaluations

HR staff has already reviewed demonstrations for several on-line evaluation systems and will be making recommendations to purchase an on-line system that should result in a higher

completion rate. Training will be provided to supervisors and staff. It is anticipated that the on-line process will be implemented for fiscal year 2021 non-faculty evaluations.

4. **Pre-Employment Screening/Employee Background Checks**

Management is currently implementing measures to eliminate the issue cited in this area.

DEPARTMENT OF INTERNAL AUDIT

Follow-up Review of Federal Work-Study (FWS) Timesheets Fall 2020



February 10, 2021

Dr. Glenda Baskin Glover, President
Tennessee State University
3500 John A. Merritt Boulevard
Nashville, TN 37209

Dear Dr. Glover:

We completed our review of a sample of timesheets submitted by students participating in the Federal Work-Study (FWS) program during the fall 2020 semester. The purpose of our review was to determine the status of management's implementation of the corrective action plan provided in response to our previous review of FWS expenses.

Our findings are included in the attached report.

Sincerely,

Adrian R. Davis

Adrian R. Davis, *CPA, CGFM*
Director of Internal Audit

Attachment

Dr. Deborah A. Cole, Tennessee State University Audit Committee Chair
Dr. Michael Harris, Interim Provost and VP for Academic Affairs, Tennessee State University
Mr. Horace Chase, Vice President for Business and Finance, Tennessee State University

**Tennessee State University
Federal Work-Study Timesheets
Fall 2020 Semester**

Key Staff: Office of Financial Aid; Office of Payroll	Auditor: Adrian R. Davis, CPA, CGFM Director of Internal Audit
Introduction: The Federal Work-Study (FWS) Program is a federally-funded program that provides funds for part-time employment to help undergraduate and graduate students who have a financial need to finance the costs of postsecondary education. In order to qualify to receive FWS funds, students must file a <i>Free Application for Federal Student Aid (FAFSA)</i> .	
Objectives: Determine if payments made to students participating in the federal work-study program are supported by properly approved timesheets; Determine if students participating in the federal work-study program are prevented from working during scheduled class times; Determine if students participating in the federal work-study program are not working more than 20 hours during weeks that classes are in session; Determine if students participating in the federal work-study program are allowed at least a 30-minute break when working more than six hours	
Scope: Federal Work-Study wage payments made during the fall 2020 semester	
Total Fall 2020 Payments: \$115,913.63	Questioned Costs: \$599.10
Audit Findings: <ol style="list-style-type: none"> 1) We obtained copies of the timesheets supporting the 40 timesheets under review 2) For 6 of 14 (43%) timesheets selected for detailed review, we found where the students performed FWS duties during scheduled class hours for at least one day during the month(s) under review. 3) For 8 of the 40 (20%) timesheets reviewed, the students worked more than 20 hours a week for at least one week while classes were in session. 4) For 2 of the 8 (25%) 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. 5) A net overpayment of \$599.10 was paid to 9 of the 17 students whose timesheets were selected for review. The related supervisor did not ensure that documented time worked was accurately calculated. 	
Conclusion: University management continues to address findings in this area. Increased oversight and consequences for non-compliance are needed to achieve 100% compliance with federal and university guidelines as it relates to the Federal Work-Study program, as indicated by the findings above.	
Restriction on use of report: This report is intended solely for the internal use of the <i>Tennessee State University Board of Trustees' Audit Committee</i> and <i>Tennessee State University</i> . It is not intended to be and should not be used for any other purpose. The distribution of the report to external parties must be approved by the Audit Committee and the university's Office of Internal Audit, and handled in accordance with institutional policies. However, this report is a matter of public record.	

Prior Audit Results:

- We obtained a copy of the student timesheet to support all payments under review
- For 14 of the 27 students included in our sample, we noted several instances where students and related supervisors certified the student as performing work-study assignments during a scheduled class time.
- For 27 of the 60 timesheets selected for review, the students worked more than 20 hours a week for at least one week while classes were in session
- For 24 Of the 60 timesheets reviewed where the student worked in excess of 6 hours for at least one day in the month, we found where all students were taking the required minimum 30-minute unpaid rest/meal break

.Current Status

We obtained a listing of payroll payments made to students participating in the Federal Work-Study (FWS) program during the fall 2020 semester. The listing included 310 payments to 128 students totaling \$115,913.64.

We selected a sample of 40 payments to 17 students for review. Our review found:

1. The *Tennessee State University Office of Payroll* provided copies of the 40 timesheets supporting the \$22,356.65 in FWS wages paid to the students included in our sample.
2. We randomly selected 14 of the 40 timesheets included in our sample for detailed review to determine if the students' supervisors certified them performing work study duties during a scheduled class time.
 - 6 of these 14 timesheets (43%) supported the student performing FWS duties during scheduled in-person class hours for at least one day during the month(s) under review. We found sporadic overlapping for several students that range from 5 to 15 minutes and some of the students worked the entire scheduled time for the course.
 - In its prior year response, management indicated that the Office of Payroll would only accept the newly formatted timesheets which require applicable supervisors to certify that the student has not worked during any scheduled class time. We found that:
 - 10 of the 40 timesheets (25%) available for review and submitted to the Office of Payroll were not the updated timesheets.

Not Corrected

3. For 8 of the 40 timesheets (20%) reviewed, the students worked more than 20 hours a week for at least one week while classes were in session.

Not Corrected

4. For 8 of the 40 timesheets reviewed, the student worked in excess of 6 hours for at least one day in the month. We found where 2 of the 8 (25%) timesheets reviewed showed that the student did not take the required minimum 30-minute unpaid rest/meal break.

Not Corrected

5. For 11 of the 40 timesheets reviewed, the related supervisor did not ensure that the total calculated hours worked each month were in agreement with the documented hours worked. Our review of 40 FWS payments found a net overpayment of \$599.10 to 9 student workers. The \$599.10 total consists of 3 underpayments ranging from \$31.50 to \$42.75 and 8 overpayments ranging from \$10.00 to \$188.10.

New Finding

Audit Recommendations:

1. As indicated in the response to our prior audit findings, management in the Office of Financial Aid should ensure that the appropriate consequences are enacted for those supervisors who received training on the university's policies related to carrying out the FWS program and then were found to be in violation of university and/or federal policies related to the FWS program.
2. Management in both the Tennessee State University Office of Financial Aid and Office of Payroll should ensure that the Federal Work-Study (FWS) program is appropriately reimbursed for the net \$599.10 overpayment and that related students receive refunds and/or re-pay overpayments, as required.

Management's Response:

Office of Payroll -

We will contact the supervisors of the 9 FWS student workers who were (underpaid)/overpaid and request that they submit revised re-calculated timesheets for these students. Based on this information, we will pay those students who were underpaid and seek reimbursement from those students who were overpaid. For those students found to be participating in the FWS during the spring 2021 semester, we will make necessary deductions from their upcoming paycheck.

Office of Financial Aid -

We continue to stress the importance of Supervisors' responsibility to ensure the students assigned to their areas are following federal and university rules and regulations related to the Federal Work Study program. It is equally important that supervisors are monitoring the student hours worked, obtain a copy of his/her class schedule to ensure the student is not working during scheduled class times, and provide breaks as prescribed when a student works six or more hours. The supervisor must use the updated timesheet and must confirm the student has worked the hours and has not worked any hours when the student was scheduled to be in class, either in-person or online.

We conducted a Supervisor Training in the past and provided documentation outlining the rules. The Payroll Office participated in the training and gave instructions related to the appropriate way to record and submit the timesheets.

There are four identified deficiencies in this report:

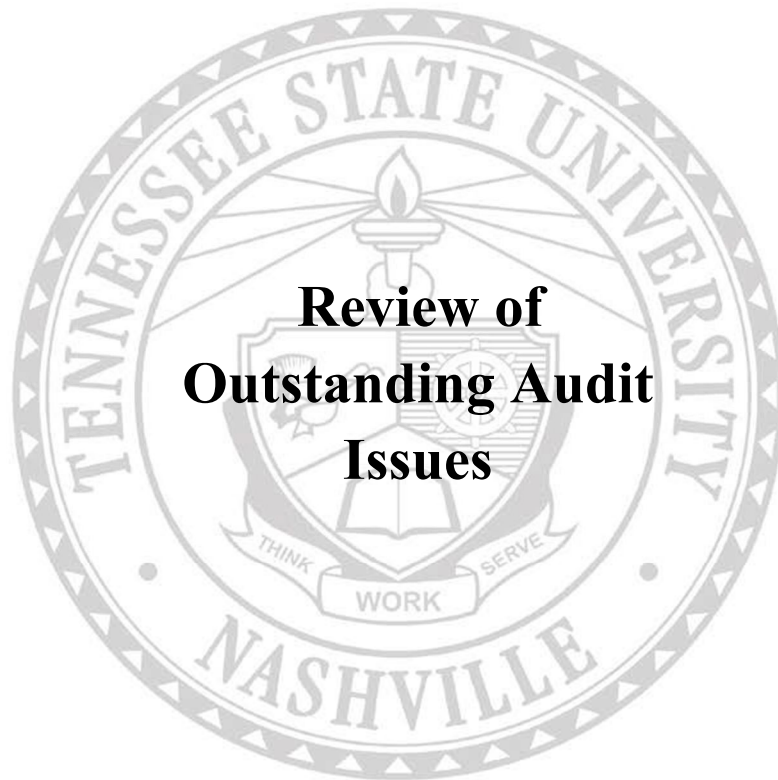
1. Students working hours when they are supposed to be attending classes
2. Students working in excess of 20 hours in a week while classes were in session
3. Students not taking 30-minute unpaid break when working 6 or more hours
4. Student timesheets not properly calculated causing over/under payments

For those supervisors who violate any of the above listed policies and procedures, the following consequences will be implemented beginning FALL 2021:

1. For the supervisors included in the findings in this report, the area will be notified of the error. If the noncompliance is repeated in the Spring of 2021, the supervisor will not be allowed to have work-study students assigned for one full term.
2. For those supervisors who repeat the infractions after regaining access to FWS student assistance, they will be not be assigned federal work-study students for a full year.
3. If we identify repeated errors after a full -year suspension, the area will not qualify for work-study assistance for a minimum of two full academic years.

Supervisors are responsible for overseeing the student workers assigned to their areas. They are provided with documentation that outlines the rules for these workers. The Office of Financial Aid does not oversee the supervisors or the student workers assigned to any other department on campus. We rely on the supervisor to adhere to the constraints of the program. The timesheets are sent directly to the Office of Payroll for processing. Financial Aid does not review or monitor timesheets for student workers outside of those assigned to the Financial Aid Office. While the Office of Financial Aid does not have direct oversight of students working across campus, we accept responsibility for compliance related to this program and will continue to work with supervisors by providing training and manuals to ensure they have the information needed to adhere to all guidelines.

**Tennessee State University
Board of Trustees**



TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES
INFORMATION ITEM

DATE: March 11, 2021

ITEM: Audit Committee Report – Review of Outstanding Audit Issues

RECOMMENDED ACTION: None

PRESENTED BY: Chair of Audit Committee, Trustee Deborah Cole

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 on the part of 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 towards correcting issues cited in audit reports. The status of management's progress towards correcting outstanding issues will be discussed.

Tennessee State University
Department of Internal Audit
Audit Issues Outstanding at February 12, 2021

INTERNAL AUDITS

Tennessee State University
Department of Internal Audit
Audit Issues Outstanding at February 12, 2021

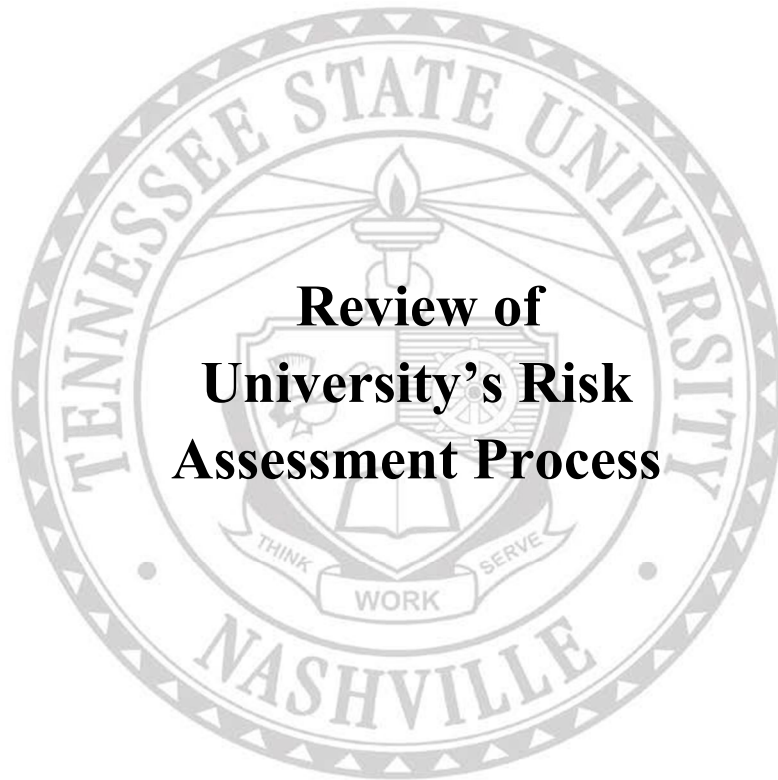
Report Date	Report Title	Observations	Status
2/10/2021	Follow-up Review of Federal Work-Study (FWS) Timesheets	<p>1) We obtained copies of the timesheets supporting the 40 timesheets under review</p> <p>2) For 6 of 14 (43%) timesheets selected for detailed review, we found where the students performed FWS duties during scheduled class hours for at least one day during the month(s) under review.</p> <p>3) For 8 of the 40 (20%) timesheets reviewed, the students worked more than 20 hours a week for at least one week while classes were in session.</p> <p>4) For 2 of the 8 (25%) timesheets reviewed where the student worked in excess of six 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.</p> <p>5) A net overpayment of \$599.10 was paid to 9 of the 17 students whose timesheet was selected for review. The related supervisor did not ensure that documented time worked was accurately calculated.</p>	Management to enact consequences for supervisors failing to properly oversee student workers assigned to their area. Management plans to pay underpaid students and collect from overpaid FWS student workers for the Fall 2020 semester.
2/11/2021	Tennessee State University Department of Human Resources for the fiscal year ended June 30, 2020	<p>1) Management did not provide the required U.S. Citizenship and Immigration Services (USCIS) Form I-9, Employment Eligibility Verification, for 1 of 44 employees selected for testing. In addition, forms were not completed in the required timeframe for 15 of 44 employees selected for testing.</p> <p>2) Management did not ensure that employee performance evaluations for approximately 50% of non-faculty personnel were submitted to the Tennessee State University Department of Human Resources for inclusion in employees' personnel file folders during the fiscal year ended June 30, 2020.</p> <p>3) Details of noncompliance in the area of Pre-Employment Screening/Employee Background Checks was determined to be confidential pursuant to Section 10-7-504(i), Tennessee Code Annotated.</p> <p>4) University management did not provide us with a copy of the signed Employee Confidentiality Agreement for 1 of 44 (2.1%) employees tested.</p>	<p>1) HR management will continue to provide training to HR staff and ensure that they understand the requirement to accurately complete the I-9 forms.</p> <p>2) HR will continue the recent procedures of all employees completing confidentiality forms.</p> <p>3) Management is currently implementing measures to eliminate the issue cited in this area. 4) HR staff has reviewed several on-line evaluation systems and will be making recommendations to purchase an on-line system that should result in a higher completion rate.</p>
2/12/2021	Follow-up Audit of Undergraduate Admissions for Fall 2019 (Re-Issued)	Management did not ensure adherence to the state laws requiring newly admitted and readmitted full-time students and those who reside in student housing to provide valid proof of certain immunizations, or valid support for exemption, prior to residing in student housing or being enrolled full-time in a Tennessee higher education institution.	Management developing procedures to prevent students from enrolling with full-time status without providing required documentation.

INTERNAL AUDITS

EXTERNAL AUDITS

Report Date	Report Title	Observations	Status
9/21/2020	Division of State Audit, Financial and Compliance Audit of Tennessee State University for the Year Ended June 30, 2018	<p>1) As noted in the prior three audits, management needs to improve procedures for preparing and reviewing financial statements</p> <p>2) As noted in the prior audit, the university and the university foundation's accounting records show more cash on hand than the bank statements show; this variance is again unexplained</p> <p>3) As noted in the prior audit, the university did not have adequate policies and procedures for the collection of accounts receivable</p> <p>4) As noted in the prior four audits, Tennessee State University did not provide adequate internal controls in one area</p>	<p>1) Division undertook staffing changes, changes in organizational structure, and retained reputable CPA firm to aid in preparing FY 2020 financial statements, which were submitted on 12/12/20. 2) Bank reconciliations prepared through June 30, 2020. Analysis being performed to identify why differences not identified timelier. 3) University developed a new policy, which was approved by the TSU Board of Trustees and has implemented procedures to retain copies of collection letters. 4) Internal controls continue to be strengthened in this area.</p>
9/21/2020	Division of State Audit, Financial and Compliance Audit of The Endowment for Educational Excellence at the Tennessee State University Foundation for the Year Ended June 30, 2018	As noted in the prior two audits, management needs to improve procedures for preparing and reviewing financial statements	Trust's fiscal year 2020 financial statements are currently being prepared
11/17/2020	The Tennessee State University Board of Trustees Performance Audit Report	<p>1) The TSU Board did not ensure management took corrective action on known fiscal deficiencies and did not hold management accountable for pervasive issues in university operations</p> <p>2) TSU management did not maintain a records retention schedule to ensure compliance with records disposition authorization policies prescribed by the Public Records Commission</p> <p>3) TSU management did not report an allegation of fraud, waste, and abuse to the Comptroller's Office</p> <p>4) TSU management did not design and implement internal controls to ensure the Annual Security and Fire Safety Report included all required components</p> <p>5) TSU management did not design and implement internal controls to ensure the Clery daily crime log was complete and accurate</p> <p>6) TSU management did not ensure a third-party vendor maintained student counseling records</p> <p>7) TSU management did not develop and distribute a suicide prevention plan in compliance with Section 49-7-172, Tennessee Code Annotated</p> <p>8) TSU management did not provide sufficient oversight of the procurement and performance of a third-party vendor</p>	<p>1 and 2) **See status for FY 2018 Finance and Compliance audit 3) All allegations received have been reported to TN Comptroller's Office 4) The 2020 report was disbursed with the corrections to identified deficiencies. 5) TSU Management has revamped its internal controls and procedures to ensure the complete and accurate reporting on the Clery Act daily crime log. 6) TSU now has an in-house counseling staff. TSU management has secured Titanium Schedule, a legally compliant Electronic Record Keeping system, to house all student client mental health records. 7) TSU management developed a suicide prevention plan and disseminated it to students, faculty and staff via University communications in Fall 2020. 8) TSU Management is currently undertaking a review of its internal controls to ensure compliance with its procurement policies and procedures, including policies governing sole-source contracts, and strengthening its monitoring activities</p>

**Tennessee State University
Board of Trustees**



TENNESSEE STATE UNIVERSITY

BOARD OF TRUSTEES

INFORMATION ITEM

DATE: March 11, 2021

ITEM: Audit Committee Report – Review of University’s Risk Assessment Process

RECOMMENDED ACTION: None

PRESENTED BY: Chair of Audit Committee, Trustee Deborah Cole

Background Information:

The Financial Integrity Act of 2010 requires each agency of state government and institution of higher education to establish and maintain internal controls that provide reasonable assurance that:

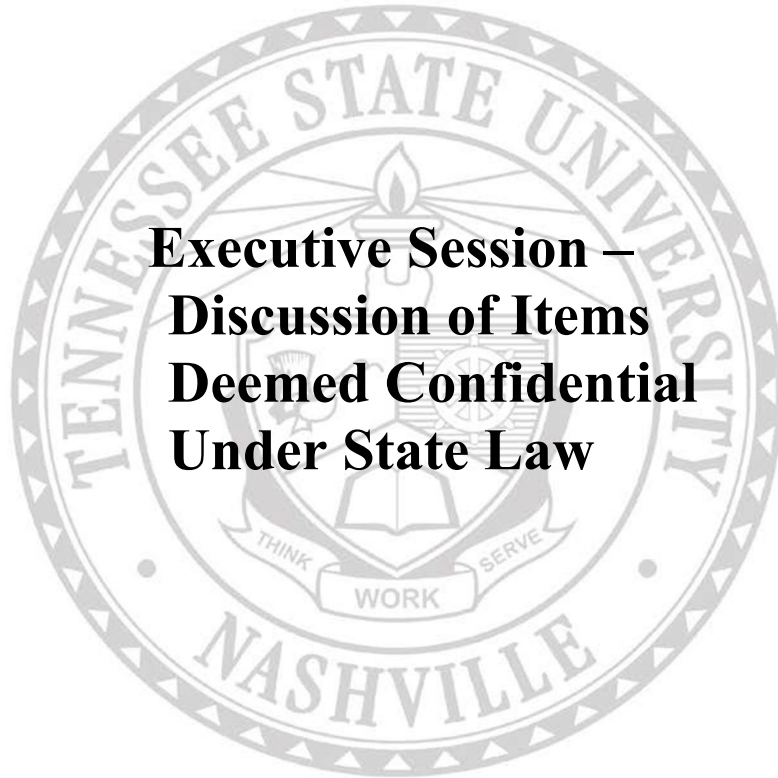
- (1) Obligations and costs are in compliance with applicable law;
- (2) Funds, property and other assets are safeguarded against waste, loss, unauthorized use or misappropriation; and
- (3) Revenues and expenditures applicable to agency operations are properly recorded and accounted for to permit the preparation of accurate and reliable financial and statistical reports and to maintain accountability over the assets.

To document compliance, Tennessee State University must annually perform a management assessment of risk, incorporating the above-referenced internal controls into that assessment. The objectives of the annual risk assessment are to provide reasonable assurance of the following:

- (1) Accountability for meeting program objectives;
- (2) Promoting operational efficiency and effectiveness;
- (3) Improving reliability of financial statements;
- (4) Strengthening compliance with laws, regulations, rules, and contracts and grant agreements; and
- (5) Reducing the risk of financial or other asset losses due to fraud, waste and abuse.

The university’s risk assessment was provided to the Audit Committee for review in Executive Session during the November 19, 2020 board meeting.

**Tennessee State University
Board of Trustees**



**Executive Session –
Discussion of Items
Deemed Confidential
Under State Law**