

**Tennessee State University
Board of Trustees**



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

Tennessee State University
Thursday, March 17, 2022
10:00 a.m. CST

Board Committee Meetings Via Zoom
Live Stream: www.tnstate.edu/board/livestream.aspx

ORDER OF BUSINESS

- I. Call to Order
- II. Roll Call/Declaration of a Quorum
- III. Approval of the November 18, 2021, Audit Committee Meeting Minutes
- IV. Review of Completed Internal Audits
- 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
- VIII. Adjournment

**Tennessee State University
Board of Trustees**



**Approval of the
November 18, 2021,
Audit Committee
Meeting Minutes**

TENNESSEE STATE UNIVERSITY

BOARD OF TRUSTEES

ACTION ITEM

DATE: March 17, 2022

ITEM: Audit Committee Report - Approval of the November 18, 2021, Audit Committee Meeting Minutes

RECOMMENDED ACTION: Approval

PRESENTED BY: Chair of Audit Committee, Trustee Deborah Cole

The document reflecting the minutes from the November 18, 2021, Audit Committee meeting is included in the March 17, 2022, Board materials.

MOTION: To approve the minutes from the Board of Trustees' November 18, 2021, Audit Committee meeting, as contained in the Board materials for the Board's March 17, 2022, meeting.

**Meeting of the Tennessee State University Board of Trustees
Audit Committee Meeting
November 18, 2021
Tennessee State University – Electronic**

MINUTES

Committee Members Present: Trustee Deborah Cole, Obie McKenzie and Van Pinnock.

Other Board Members Present: Joseph W. Walker, III, Pam Martin, Andre Johnson, Richard Lewis, Bill Johnson, 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; Douglas Allen, Vice President of Finance and Budget; Dr. Curtis Johnson, Chief of Staff; Dean Frank Stevenson, Assoc. Vice President of Student Affairs; Dr. Frances Williams, Assoc. Vice President of Research & Sponsored Programs; and Terrence Izzard, Assoc. Vice President of Enrollment Management; and Adrian Davis, Auditor.

I. CALL TO ORDER

Trustee Cole called the meeting to order at 9:50 a.m. CST on November 18, 2021. 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 McKenzie seconded and the motion carried.

II. ROLL CALL/DECLARATION OF A QUORUM

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

III. APPROVAL OF THE SEPTEMBER 16, 2021, AUDIT COMMITTEE MEETING MINUTES

Trustee Cole moved to recommend to the full Board the approval of the minutes from the September 16, 2021, Audit Committee meeting, as contained in the November 18, 2021, Board materials. Trustee Pinnock seconded the motion, which carried.

IV. REVIEW OF COMPLETED INTERNAL AND EXTERNAL AUDITS

Trustee Cole introduced the next item on the agenda, the review of completed internal and external audits. She then 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 18, 2021, Board Meeting packet. This was an informational and discussion item, so no vote was required.

President Glover called on Ms. Davis to report on this agenda item. Ms. Davis stated that the Comptroller of the Treasury, Division of State Audit issued two follow-up reports, first was for FY Ending June 30, 2019, and then another for FY Ending June 30, 2020.

In the audit report related to the financial and compliance audit of the financial statements and related notes to the financial statements of TSU for FY Ending June 30, 2019, there were five audit findings. While two of the findings were corrected, three of the findings were still not corrected in their entirety, though improvements had been made. Details of the review are outlined in the Board materials on pages #28 to #33.

Chair Cole called on VP Allen to explain the findings that were still not corrected and stated emphatically that she does not expect to see any of these types of findings on the FY2021 audit report. VP Allen explained that some of the reconciliations had been performed by an outside CPA firm and his new team are now handling the other reconciliations. Chair Cole reminded everyone that the findings which were not completely corrected will come up again in the next report as a repeat finding. VP Allen assured her that these findings will not be on the FY21 audit.

Chair Cole and VP Allen continued a discussion regarding the reconciliation of the student accounts as it relates to accounts receivable. Ms. Davis stated that the other uncorrected findings will be discussed in Executive Session since it was deemed confidential.

In the audit report related to the financial and compliance audit of the financial statements and related notes to the financial statements of TSU for FY Ending June 30, 2020, there were seven audit findings. Five were repeated from the previous year's report (as discussed) and two additional were added. Director Davis explained that the additional two findings were regarding Title IV funds and financial aid records. Details of these are outlined in the Board materials on pages #35 to #41.

The Comptroller of the Treasury, Division of State Audit, issued a report related to its TSU 2020 Single Audit showing two findings. This follow-up review was to ascertain the current status of these two findings. Director Davis stated that the first finding pertained to the Office of Financial Aid not adequately reconciling its Direct Loan records to the Direct Loan Servicing System's records. Details of this can be found in the Board materials on pages #45 and #46. The current status showed that the reconciliations were not accurate and complete. The other finding related to the return of Title IV funds in a timely manner. The details of this finding and recommendations are outlined on pages #46 to #47 in the Board materials.

The Division of Audit issued a clean and unmodified audit opinion but with seven audit findings. This resulted in the University's unaudited net position remaining unchanged and the Foundation's unaudited net position being decreased by \$113,000.00.

President Glover stated that all the financial aspects of the university are now under one area, the Department of Business and Finance. VP Allen confirmed that all the relevant areas are under his

purview and are now in compliance. He is actively documenting the policies and procedures of each finance related area and monitoring closely. He commended his team for correcting the Title IV discrepancy regarding the returning of funds in a timely manner within the 45 day window.

Chair Cole wanted to know what VP Allen's his process for ensuring future compliance. VP Allen stated that communication was key. He was now engaging with each area on a weekly basis and ensuring full compliance with federal laws.

Director Davis added that the Audit of President's expenses resulted in no findings.

Chair Cole later asked about any travel expenses for President Glover since none were noted. Chair Cole and President Glover engaged in a discussion regarding the President's presentation of her travel expenses.

Trustee Bill Johnson thanked President Glover for her generosity regarding permitting a faculty member to charge travel to the university while she pays her own. Chair Cole commended that response.

V. REVIEW OF OUTSTANDING AUDIT ISSUES

Trustee Cole announced the next item on the agenda, the review of outstanding audit issues and asked President Glover to provide pertinent information related to this agenda item. The material is included in the November 18, 2021, Board Meeting packet. This was an informational and discussion item, so no vote was required.

President Glover again asked Director Davis to discuss this item as included in the Board Meeting packet. She pointed out that her office prepares a review of all outstanding audit issues which resulted from both internal and external audits. She shared that included in her report were also the follow-up dates. A detail outline of these outstanding issues can be found on pages #55 to #57 in the Board materials. Director Davis stated that the purpose preparing this review was to meet the requirement of the Audit Committee.

Trustee Cole thanked Director Davis for her report on this agenda item.

VII. 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. Trustee Pinnock seconded the motion, which carried unanimously. The committee then transitioned into the Executive Session.

VIII. ADJOURNMENT

There was no further discussion. Trustee Cole moved to adjourn the meeting and the motion was seconded by Trustee Pinnock. The motion carried unanimously by roll call vote. The meeting was adjourned at 11:15 a.m. CST.

**Tennessee State University
Board of Trustees**



TENNESSEE STATE UNIVERSITY

BOARD OF TRUSTEES

INFORMATION ITEM

DATE: March 17, 2022

ITEM: Audit Committee Report – Review of Completed Internal Audits

RECOMMENDED ACTION: None

PRESENTED BY: Chair of Audit Committee, Trustee Deborah Cole

Director of Internal Audit, Ms. Adrian Davis, President Glover and/or her designee will discuss the results of recent audits completed by the Tennessee State University Department of Internal Audit.



DEPARTMENT OF INTERNAL AUDIT

**Follow-up Report to the
Financial and Compliance Audit of
Tennessee State University
For the Fiscal Year Ended June 30, 2020**



February 24, 2022
Dr. Glenda Glover, President
Tennessee State University
3500 John A. Merritt Boulevard
Nashville, TN 37209-1561

Dear Dr. Glover:

Transmitted herewith is the Department of Internal Audit's report on our follow-up of the status of management's implementation of the audit recommendations for the findings included in the Division of State Audit's finance and compliance report for the fiscal year ended June 30, 2020. The review was conducted 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 wish to express our appreciation for the cooperation of university staff contacted during our review.

Sincerely,

Adrian R. Davis

Adrian R. Davis, CPA, CGFM
Department of Internal Audit

CC: Dr. Deborah A. Cole, Tennessee State University Audit Committee Chair
Mr. Douglas Allen, Vice President for Business and Finance, Tennessee State University

**Tennessee State University
 Department of Internal Audit
 Follow-up to the State Audit Report
 For the Fiscal Year Ended June 30, 2020
 Executive Summary**

Key Areas: Division of Business and Finance; Office of Financial Aid; TSU Foundation	Auditor: Adrian R. Davis, <i>CPA, CGFM</i> Director of Internal Audit
Introduction: On September 29, 2021, the Comptroller of the Treasury, Division of State Audit, issued the audit report related to its financial and compliance audit of the financial statements and related notes to the financial statements of Tennessee State University for the fiscal year ended June 30, 2020. The report included seven audit findings.	
Objective: The objective of this review was to determine whether adequate corrective actions have been taken to address the audit findings, implement the audit recommendations, and mitigate the risks that either errors or fraud could occur and not be detected in a timely manner.	
<u>Findings and Current Status:</u>	
Finding 1: TSU management allowed a breakdown of controls that has resulted in errors in the financial statements, inadequate daily operations, and deficiencies in oversight of federal programs	
Current Status: Management has implemented corrective actions to address the findings resulting from the fiscal year 2020 audit, except where indicated below. *See the ‘Current Status’ for each finding below.	
Finding 2: As noted in the prior five audits, management needs to improve procedures for preparing and reviewing financial statements	
Current Status: Management has implemented corrective actions to address the finding. The university hired new staff members with extensive accounting experience to prepare and review the financial statements and notes to the financial statements for the fiscal year ended June 30, 2021. Financial statements were submitted timely to facilitate the audit process.	
Finding 3: As noted in the prior three audits, the university and university foundation’s accounting records did not reconcile to the bank statements	
Current Status: <i>Foundation</i> – Management has implemented corrective actions to address the finding. However, current bank reconciliations include unsupported reconciling items.	

University- Management has not provided bank reconciliations prepared during the fiscal year 2022. We are unable to determine if management has implemented corrective actions to address the finding.

Finding 4: As noted in the prior three audits, university personnel did not perform adequate collection procedures for accounts receivable

Current Status:

Management has begun implementing corrective actions to address the finding. However, additional effort is required to ensure due diligence is performed for receivable balances existing prior to July 1, 2019, when the TSU Board-approved revised receivables collection policy went into effect.

Finding 5: Tennessee State University did not return Title IV funds in compliance with federal regulations

Current Status:

Management has implemented corrective actions to address the finding. However, we identified errors in 3 of 33 return of Title IV calculations selected for review.

Finding 6: 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 did not resolve discrepancies timely

Current Status:

Management has implemented corrective actions to address the finding. The Financial Aid Office provided us with monthly Direct Loan reconciliations prepared from October 2021 to January 2022. However, we found that identified discrepancies are not always timely resolved each month.

Finding 7: Tennessee State University did not provide adequate internal controls in three areas, including one area reported for the seventh consecutive audit {Details are confidential per state law}

Current Status:

Management has implemented corrective actions to correct two of the three areas. Controls continue to be strengthened for the third area.

FINDINGS AND CURRENT STATUS

FINDING 1: TSU management allowed a breakdown of controls that has resulted in errors in the financial statements, inadequate daily operations, and deficiencies in oversight of federal programs

TSU management is responsible for designing and implementing a system of internal control to ensure the university achieves its objectives, including operating effectively and efficiently; reporting accurate financial information; and complying with applicable federal laws, regulations, and grant agreements. TSU management must monitor the ongoing, daily operations and activities of the university and its staff. Management must prepare and fairly present the university's financial statements and the accompanying notes in accordance with accounting principles generally accepted in the United States of America. Because TSU is a recipient of federal grant awards, management must also ensure the university complies with the requirements and provisions of those federal awards. While ensuring the university achieves these objectives, TSU management must safeguard the assets of the university, including its financial and physical assets, as well as TSU's reputation and legacy, to ensure the ongoing viability of the university and to reasonably ensure the university achieves its mission and strategic goals.

CURRENT STATUS:

Management has implemented corrective actions to address the findings resulting from the fiscal year 2020 audit, except where indicated below.

*See the 'Current Status' for each finding below.

FINDING 2: As noted in the prior five audits, management needs to improve procedures for preparing and reviewing financial statements

Tennessee State University's procedures for preparing its financial statements and the accompanying notes to the financial statements were not adequate to ensure the accuracy, proper classification, and disclosure of information. Management made significant misstatements. When management and staff do not take adequate care when preparing financial statements and the accompanying notes to the financial statements, the risk of fraud or errors in the financial statements increases. Providing inaccurate financial information can negatively impact the decision-making ability of users of the financial statements.

As noted in the prior five audits, it appears that rushing to meet financial reporting deadlines resulted in a lack of attention necessary to ensure compliance with accounting principles. In addition, the Director of Fiscal Affairs struggled with the information system and its recording of certain transactions, as well as the complexity of the foundation's investments. The university's financial statements were prepared by the former Associate Vice President for Accounting and Payroll. The Director of Fiscal Affairs for Institutional Advancement provided information included for the foundation. The financial statements for both the university and the foundation were the ultimate responsibility of the former Vice President of Business and Finance.

CURRENT STATUS:

The university hired new staff members with extensive accounting experience to prepare and review the financial statements and notes to the financial statements for the fiscal year ended June 30, 2021. The university's financial statements were prepared by the Controller (hired November 2020). The foundation's financial statements were prepared by the Executive Director for Foundation Fiscal Operations (hired July 2021). The Vice President for Business and Finance (hired May 2021) reviewed the financial statements and notes to the financial statements for the university and foundation prior to their submission to the Tennessee Board of Regents. University management

initiated weekly status meetings with state auditors to ensure that auditors timely receive the information needed to perform the current audit.

FINDING 3: As noted in the prior three audits, the university and university foundation's accounting records did not reconcile to the bank statements

As noted in the prior three audits, Tennessee State University has written policies and procedures for completing bank reconciliations; however, they were not adequate. While current best practices recommend that management prepare and review bank reconciliations within 30 calendar days after month's end, TSU's policy states that reconciliations should be prepared and completed within 60 days after month's end. Even though TSU's policy allowed additional time, employees did not follow the policy. TSU Business Office personnel did not complete any monthly bank reconciliations for the fiscal year ended June 30, 2020.

In fall 2020, TSU management contracted with a CPA firm to reconcile fiscal year 2020 bank statements. On January 12, 2021, we received one combined bank reconciliation for the university operating account, university payroll account, and foundation operating account for the entire fiscal year ended June 30, 2020. This reconciliation included unreconciled foundation deposits in the general ledger totaling \$1,064,738.60 and unreconciled foundation disbursements totaling \$220,275.23. The reconciliation also included unresolved reconciling items of \$368,182.24 for the university. In addition, this reconciliation took into account the prior-audit adjustments that had not been made by management. Management examined the reconciliations to determine the cause of the adjusting amounts that existed at fiscal year-end. As of February 17, 2021, roughly 7 months after June 30, 2020, management was able to reconcile \$820,924.49 of the unreconciled foundation deposits of \$1,064,738.60. Management's examination also uncovered additional unresolved reconciling items for the foundation of \$138,360.96.

CURRENT STATUS:

Foundation

We previously obtained individual bank reconciliations for the foundation operating account for January 2021 through August 2021.

- The individual reconciliations compared/reconciled monthly activity per the bank and the accounting system
- There was no monthly reconciliation of the cash balance per the bank to the cash balance according to the institution's accounting records during this timeframe

On February 21, 2022, we obtained the most recently completed reconciliations for the months September 2021 through December 2021. Our review of these monthly bank reconciliations found that:

- There was a reconciliation of the cash balance per the bank to the cash balance according to the institution's accounting records
 - Each reconciliation included a "Prior Year Owed to University" amount of \$377,518.31 that was unsupported
- The ending book balance per the reconciliation did not agree to the ending book balance for the related month currently recorded in the information system
 - We identified differences from September 2021 to November 2021 of \$72,723.88, \$138,527.28, and \$177,290.90, respectively. The December variance was \$378.00.

- We were unable to determine if the bank reconciliations were prepared timely as the preparer and reviewer did not include a date on the reconciliation
 - The reconciliations also did not include a signature, but the typed name of the preparer and reviewer

Each of the reconciliations from September 2021 to December 2021 included outstanding checks dated from January 2012 to June 2020 totaling \$90,945.31. Management should investigate these stale checks and determine the appropriate action to address these reconciling items.

University

On February 9, 2022, we requested all bank reconciliations prepared for July 2021 through December 2021. As of February 23, 2022, we have not been provided with the bank reconciliations prepared during the requested timeframe.

FINDING 4: As noted in the prior three audits, the university did not perform adequate procedures for accounts receivable

Our review of Tennessee State University's accounts receivable collection procedures revealed that the university did not consistently perform timely collection procedures and collection agency assignments. As accounts receivable cannot be written off until the university has exhausted all collection efforts, accounts receivable reported in the notes may not accurately reflect the amount that the university expects to collect.

At June 30, 2020, the university had 6,873 separate accounts receivable totaling \$26,818,896.40. From that group, we selected the largest receivable, representing \$8.1 million, and 27 random accounts, representing \$84,600.93, subject to collection procedures. We did not note any problems with the largest receivable account, but for 20 of the 27 random student accounts (74.1%), we could either find no evidence of collection efforts or the collection attempts and collection agency assignments were not timely based on the university's procedures during the period under audit. Also, 5 of 20 accounts totaling \$8,623 were returned from the second collection agency as uncollectable and should have been submitted for write-off.

CURRENT STATUS:

On October 20, 2021, we requested the 2021 fiscal year-end student accounts receivable listing and a current receivables listing. The June 30, 2021 receivables listing included 9,855 separate accounts receivable totaling \$33,199,003.37. At October 20, 2021, the university had 9,557 separate accounts receivable totaling \$30,549,939.50. We selected a sample of 25 accounts receivable balances from the listing of accounts receivable as of June 30, 2021. Our discussions with management and review of supporting documentation for the 25 student accounts revealed that the university can support due diligence performed for receivable balances incurred after July 1, 2019, when the TSU Board-approved revised receivable policy went into effect. Over 70% of the university's student accounts receivable balance is related to student charges incurred before July 1, 2019.

The university's new Bursar begins employment on March 1, 2022. The Bursar will be empowered to hire the personnel necessary to ensure the efficient operations of the Bursar's Office and the adequate collection of accounts receivable. Procedures will be implemented to ensure that documented due diligence is performed on balances existing before July 1, 2019, in addition to balances incurred after this date. Accounts receivable cannot be written off until the university has exhausted all collection efforts. Documented due diligence efforts will need to be performed for

these prior balances. The university can then submit balances deemed uncollectible for write-off to ensure compliance with its receivables policy and the accurate reflection of receivables balances in its financial records.

FINDING 5: Tennessee State University did not return Title IV funds in compliance with federal regulations

We selected a sample of 11 students from a population of 120 Title IV aid recipients who officially or unofficially withdrew from classes at Tennessee State University during the 2019–2020 award year. When we reperformed the return of Title IV funds calculations, we found that the university did not perform its return of Title IV funds calculations in compliance with federal regulations for 6 of the 11 Title IV aid recipients tested (54.5%). In addition...financial aid personnel did not return Title IV funds to the Department of Education (ED) in a timely manner. For our sample of 11 students, the university calculated a total return of \$15,543 in Title IV funds. The corrected total for the 11 students was \$18,547.15, which is \$3,004.15 more than the university returned to the U.S. Department of Education.

CURRENT STATUS:

On October 5, 2021, we obtained the listing of students that withdrew during the fall 2021 semester. There were 32 Title IV aid recipients included in the listing. It was determined that a return of Title IV calculation was required to be performed for 23 of these 32 students. After correcting semester start and end dates, the return calculations were correctly calculated. The return of Title IV funds was also performed within 45 days of the student’s withdrawal.

On February 9, 2022, we identified 33 additional student withdrawals during the fall 2021 semester.

- For 26 of these 33 students, the return calculation was performed correctly and funds were returned within the required 45-day timeframe
 - Two of the students’ accounts had unearned Title IV funds erroneously re-applied after the return calculation was performed. After it was brought to their attention, management reversed the errors.
- For 2 of these 33 students, no return calculation was required because the student withdrew after earning 100% of the Title IV funds received
- For 3 of these 33 students, a return of Title IV funds calculation was erroneously performed for the student. The students initiated the withdrawal process after the 60% point in the semester when 100% of Title IV aid was earned. According to the 2021- 2022 Federal Student Aid Handbook, return calculations were not required for these students.
 - The university returned \$1,522, \$1,510, and \$2,776 for the three students, respectively.
- For 1 of these 33 students, a return of Title IV calculation was performed. As a result of the return calculation, \$1,543 of the \$3,248 disbursed to the student was returned within the required 45-day timeframe. Subsequent to the performance of the return calculation, the Financial Aid Office became aware that the student never attended his classes. Per Title 34, *Code of Federal Regulations*, Part 668, Section 21(b), schools must return funds disbursed to students who failed to begin attendance as soon as possible but no later than 30 days after the date that the school becomes aware that a student will not or has not begun attendance.
 - The remaining \$1,705 in Title IV aid disbursed to the student was returned 63 days after the student’s date of withdrawal but within 30 days of the latest professor reporting that the student never attended class

- For 1 of these 33 students, a return of Title IV funds calculation was performed. However, subsequent to the performance of the return calculation, the Financial Aid Office became aware that the student was ineligible for the aid received because the student was enrolled at less than half-time status
 - Although, the less than half-time status was not identified when the return calculation was performed, 99 days after the student’s date of withdrawal, management did ensure that all Title IV aid disbursed to the student was returned

FINDING 6: 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 did not resolve discrepancies timely

Title 34, *Code of Federal Regulations*, Part 685, Section 300(b)(5), states that to participate in the Direct Loan program, a school must “on a monthly basis, reconcile institutional records with Direct Loan funds received from the Secretary and Direct Loan disbursement records submitted to and accepted by the secretary.” The Financial Aid Office at Tennessee State University did not properly reconcile and document the university’s Direct Loan financial records with the federal Direct Loan Servicing System. The Financial Aid Office did perform informal monthly reconciliations for August and September. After noting a large discrepancy in October 2019, however, they prepared an informal aggregated reconciliation for the remaining academic year.

CURRENT STATUS:

We obtained the monthly Direct Loan reconciliations completed from September 2021 to January 2022.

The *2021-2022 Federal Student Aid Handbook*, Volume 4, page 4-138, states: “A school has completed its monthly reconciliation when all differences between the Direct Loan SAS and the school’s internal records (Direct Loan system, financial aid office, and business office system) have been resolved or documented and the school’s ending cash balance is zero...”

Page 4-139, states, “Each month you should identify, resolve, and document all discrepancies...”

- Management ensured that the monthly reconciliations were performed. However, discrepancies were not always timely resolved. We identified reconciling items that appear on each of the reconciliations from October 2021 to January 2022.
 - The Federal Student Aid Handbook states that the reconciliation is not complete until differences have been resolved. The Financial Aid Office can make, send, and receive corrections daily. Management should ensure that discrepancies do not remain unresolved on subsequent reconciliations.

FINDING 7: Tennessee State University did not provide adequate internal controls in three areas, including one area reported for the seventh consecutive audit (Details are confidential)

CURRENT STATUS: Management has implemented corrective actions to correct two of the three areas. Controls continue to be strengthened for the third area.



**TENNESSEE
STATE UNIVERSITY**
DEPARTMENT OF INTERNAL AUDIT

Audit of
TSU Foundation Gifts
July 1, 2021 through December 31, 2021



**TENNESSEE
STATE UNIVERSITY**
Department of Internal Audit
3500 John A. Merritt Boulevard
Nashville, TN 37209-1561

February 21, 2022

Dr. Glenda 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 follow-up review of gifts received by the Tennessee State University Foundation for the period July 1, 2021 through December 31, 2021. 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 primary objectives of the audit were to determine if gifts received by the Tennessee State University Foundation were deposited timely, recorded timely, and spent in accordance with donor intent. Our findings are documented in the attached report.

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

Sincerely,

Adrian R. Davis

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

CC: Dr. Deborah A. Cole, Chair, Tennessee State University Audit Committee
Mr. Amos L. Otis, Chair, Tennessee State University Foundation Board of Directors
Mr. Douglas Allen, Vice President for Business and Finance, Tennessee State University

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**Tennessee State University
Department of Internal Audit
Audit of TSU Foundation Gifts
Executive Summary**

Key Area	Tennessee State University Foundation	Internal Auditor	Adrian R. Davis, <i>CPA, CGFM</i> , Director of Internal Audit
Introduction	The Tennessee State University Foundation (TSU Foundation) is a legally separate, tax-exempt organization supporting Tennessee State University. The mission of the Foundation is to promote and support literary, scientific, educational, scholarship, research, charitable and development purposes and goals at the university. The Foundation raises and invests contributions on behalf of the university.		
Objective	The objectives of our audit were to determine if gifts received by the Tennessee State University Foundation were timely deposited, timely recorded, and spent in accordance with donor intent.		
Scope	Foundation gifts received from July 1, 2021 through December 31, 2021		
Audit Finding Ranking	Audit findings are rated as high, medium or low depending on auditor judgment. Some of the factors considered 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 a matter in 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.		
Prior Audit Findings	<ul style="list-style-type: none"> ▪ Objective 1 –For 1 of 13 (7.7%) daily deposits tested, daily gifts were not deposited within one business day. The funds were deposited three business days late. ▪ Objective 2 –For 46 of 66 (60.7%) bank statement credit transactions selected for testing, the transaction was were either not recorded or not recorded within 10 days of the receipt of the donated funds. ▪ Objective 3 - For 12 of 212 (5.67%) scholarship recipients selected for testing, the awarded students did not meet the documented awarding criteria as determined by the donor. 		
Current Audit Findings	<ul style="list-style-type: none"> ➤ Objective 1 –For 3 of 18 (17%) daily deposits tested, daily gifts were not deposited within one business day. The funds were deposited from one to four business days late. [high] ➤ Objective 2 –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. [high] ➤ Objective 3 - 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 proceeds were solicited to provide scholarships to university students. [high] 		

Conclusion	The objectives of the audit were met. It was determined that TSU Foundation management did not always ensure that donated funds received in the Office of the TSU Foundation were timely deposited during the period under review. It was determined that gifts received in the TSU Foundation bank account were not always recorded in a timely manner, and gifts were not always spent in accordance with donor intent during the period under review.
Restriction on Use of Report	<i>This report is intended solely for the internal use of Tennessee State University 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

Tennessee State University Foundation

The Tennessee State University Foundation (TSU Foundation) is a legally separate, tax-exempt organization supporting Tennessee State University. The mission of the Foundation is to promote and support literary, scientific, educational, scholarship, research, charitable, and development purposes and goals at the university. According to the TSU Foundation website, gifts made to the TSU Foundation “allows us to provide scholarships, departmental support, and other special projects that benefit our students.” Gifts are received in various forms, including liquid funds (cash, checks, credit cards, etc.), endowments, stocks, and other types of assets (i.e. gift-in-kind). The Foundation raises and invests contributions on behalf of the university. Donations are classified into two categories: restricted or unrestricted. Restricted donations can only be used for the designated purpose.

Other Audit

The latest annual audit of the financial statements for the TSU Foundation resulted in two repeat audit findings. The repeat audit findings were due to numerous errors included in the TSU Foundation’s financial statements and the accompanying notes, and TSU Foundation’s bank reconciliation containing several unidentified reconciling items resulting in the bank statement and general ledger not being completely reconciled.

Current Audit

Our audit was performed to determine if gifts received by the TSU Foundation on behalf of Tennessee State University were being deposited timely, recorded timely, and spent in accordance with donor intent. Ensuring compliance in these areas will assist the TSU Foundation in correcting the core issues that caused the repeat findings included in its most recent audit report.

AUDIT RESULTS

A. Objective: To determine if gifts were timely deposited

We obtained the daily gift logs and selected 18 individual dates during the period July 2021 to December 2021 for testing. Gifts not credited to the Foundation's bank account are received in the Tennessee State University Foundation (TSU Foundation) Office and detailed in the daily gift log. Our review of the documentation provided by TSU Foundation personnel to support gifts received on selected dates found that:

- ✓ For 15 of the 18 dates selected, gifts totaling \$6,129,767.58 were deposited within 1 business day
- For 3 of the 18 dates selected (17%), gifts were not taken to the Bursar's Office to be deposited within 1 business day. The gifts were prepared for deposit from 1 to 4 business days late.
 - Gifts not deposited timely for the three dates totaled \$50,100, \$151,700, and \$1,950.
 - We were advised that the deposits were late for unknown reasons, employee time-off/vacation, and the numerous activities employees involved in around homecoming time, respectively.

B. Audit Objective: To determine if gifts were timely recorded

We obtained the TSU Foundation bank statements for the period July 2021 through December 2021. We selected 22 credit transactions from these bank statements. For purposes of our testing, we set a timeliness threshold of 10 days after the receipt of a gift. Our review of the supporting documentation to support the 22 credit amounts found that:

- For 8 of the 22 credit amounts selected for review, totaling \$960,743.17, the transactions were recorded within 10 days of the gift being credited to the TSU Foundation's bank account.
 - The donor for a \$50,000 gift received on 07/29/2021, was identified on the bank statement but entered as an anonymous donation to the unrestricted fund in the information system. On February 9, 2022, the donor was updated and the purpose of the funds was identified by management.
 - An \$800,000 gift was received on 09/30/2021 and recorded in the suspense account. As of February 11, 2022, management is still investigating the intended recipient of the funds.
- For 5 of the 22 credit amounts selected for review, totaling \$1,111,211.34, the transactions were recorded from 11 to 30 days (an average of 21 days) after being credited to the TSU Foundation's bank account.
 - A \$1,074,850 gift received on 09/20/2021 was recorded in the suspense account on October 6, 2021. On November 30, 2021, management reversed the funds from the suspense account and recorded them in the appropriate fund.
 - A \$25,000 gift received on 11/30/2021 was recorded in the suspense account on December 29, 2021. On February 11, 2022, management reversed the funds from the suspense account and recorded them in the appropriate fund.

- For 9 of the 22 deposits selected for review, totaling \$219,729.01, the transactions were recorded from 48 to 171 (an average of 89 days) days after being credited to the TSU Foundation's bank account.
 - A \$15,000 gift was received on 07/07/2021 and recorded in the suspense account on August 29, 2021 as an anonymous gift. The donor/company's acronym was included in the description for the deposit on the bank statement. As of February 9, 2022, management is still investigating the intended recipient of the funds.
 - A \$70,000 gift was received on 08/13/2021 and recorded in the suspense account on January 31, 2022 as an anonymous gift. The donor/company's acronym was included in the description for the deposit on the bank statement. On February 9, 2022, management was able to identify the purpose for the funds.
 - A \$36,000 gift was received on 10/18/2021 and recorded in the suspense account on December 29, 2021. The donor/company's name was included in the description for the deposit on the bank statement. On January 25, 2022, management was able to identify the purpose for the funds.
 - Hundreds of individual gifts totaling \$83,264.84 were received via an online giving platform during October 2021. The gifts were credited to the TSU Foundation bank account on October 29, 2021.
 - Management did not provide a gift listing that reconciled to this total. We were able to verify that gifts received via the online giving platform during this period exceeded the total.
 - While responding to our audit request, management identified gifts totaling \$7,000 that had not been recorded. The gifts were recorded on February 10, 2022.

C. Audit Objective: To determine if gifts were spent in accordance with donor intent

We obtained a listing of foundation expenses in the university's accounting system for the period July 1, 2021 through December 31, 2021.

We reviewed scholarship awards to 56 students totaling \$204,495.50. Our review of the disbursements to these 56 students found that:

- For 3 of the 56 (5%) scholarship award recipients tested, the student did not meet all awarding criteria for the award received.
 - For 1 of these 3 students, the student did not meet the minimum required cumulative grade point average at the time of application. The student received \$3,000.
 - For 2 of these 3 students, the student was not enrolled full-time as required
 - The two students received \$1,599 and \$1,500, respectively
- We randomly selected 20 non-scholarship disbursements totaling \$611,158.73 for review. Our review of these 20 disbursements found that:
 - For 1 of these 20 disbursements (5%), \$24,000 in consulting fees were erroneously paid from a fund where gifts were solicited to provide scholarships to university students.

AUDIT RECOMMENDATIONS

- A. To ensure the integrity of the cash balance and reduce exposure to theft and/or loss of donated funds, the Executive Director of Foundation and Fiscal Operations (Executive Director) should ensure that gifts received in the TSU Foundation Office are deposited within one business day.

- B. To ensure that all transactions in a monthly period are accounted for and to minimize the risk of having unidentified amounts impact bank reconciliation completion or financial statement accuracy, the Executive Director should ensure that all transactions each month are recorded timely.

- C. To honor donor intent, reinforce trust between donors and the foundation, and maintain or increase donor support in the future, the Executive Director should ensure that contributions are always made in accordance with donor intent.

- D. In addition, the Executive Director should ensure that funds are accurately recorded in the system (e.g., donor and purpose) to prevent delays in the availability of donated funds for their intended purpose.
 - The Executive Director should set a timeframe for staff to inquire and identify the intended recipient for gifts initially recorded to the suspense account.



**Follow-up Review of
Federal Work-Study (FWS) Timesheets
Fall 2021**



February 16, 2022

Dr. Glenda 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 2021 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.

The results of our review 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
Mr. Douglas Allen, Vice President for Business and Finance, Tennessee State University

**Tennessee State University
Department of Internal Audit
Review of Federal Work-Study Timesheets
Fall 2021 Semester**

Key Staff: Office of Financial Aid; Office of Payroll	Auditor: Adrian R. Davis, <i>CPA, CGFM</i> Director of Internal Audit
<p>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>.</p>	
<p>Objectives:</p> <ul style="list-style-type: none"> ▪ 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 	
<p>Scope: Federal Work-Study wage payments during the Fall 2021 semester</p>	
<p>Total Fall 2020 Payments: \$140,926.55 Total Sample Payments: \$ 39,931</p>	<p>Questioned Costs: \$ 262.00</p>
<p>Audit Findings:</p> <ul style="list-style-type: none"> ❖ We obtained copies of the monthly timesheets supporting the 50 FWS payments under review ❖ For 14 of 30 (47%) monthly timesheets selected for detailed review, we found where the student performed FWS work duties during scheduled class hours ❖ For 15 of the 50 (30%) monthly timesheets reviewed, the students worked more than 20 hours a week while classes were in session. ❖ For 3 of the 20 (15%) monthly timesheets reviewed where the student worked in excess of 6 hours for at least one day in the month, we found that the student did not take the required minimum 30-minute unpaid rest/meal break. ❖ For 5 of the 50 (10%) monthly timesheets reviewed, the related supervisor did not ensure that the hours worked was accurately calculated. A net underpayment of \$262.00 was identified in our student sample. In addition, an overaward of \$340 was also identified. 	
<p>Conclusion: University management continues to address findings in this area. As supported by the audit results above, increased oversight and enacted consequences for non-compliance are needed to achieve 100% compliance with federal regulations and university guidelines as it relates to the Federal Work-Study program.</p>	

Prior Audit Results

- ❖ We obtained copies of the timesheets supporting the 40 payments under review.
- ❖ 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.
- ❖ 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.
- ❖ 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.
- ❖ 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.

Current Audit Results

We obtained a listing of payroll payments made to students participating in the Federal Work-Study (FWS) program during the fall 2021 semester. The listing included 338 payments to 141 students totaling \$140,926.55. We selected a sample of 50 payments to 27 students for review. Our review found:

- The *Tennessee State University Office of Payroll* provided copies of the 50 monthly timesheets supporting the FWS wages paid to the students included in our sample.
 - We did find that 3 of the 50 submitted timesheets were not updated student timesheets which include a certification by the applicable supervisor that “the student was not allowed to work during any scheduled class time.” The three timesheets were from the same department and included time worked during a scheduled class time.
- We randomly selected 30 of the monthly timesheets included in our sample for detailed review to determine if the students’ supervisors certified the student performing work-study duties during a scheduled class time.
 - 14 of these 30 timesheets (47%) included time worked by a FWS student-participant during scheduled in-person class hours.
- For 15 of the 50 monthly timesheets (30%) reviewed, the students worked more than 20 hours during a week when classes were in session.
- For 20 of the 50 monthly timesheets reviewed, the student worked more than 6 hours for at least one day in the month. We found that 3 of the 20 (15%) timesheets supported the student not taking the required minimum 30-minute unpaid rest/meal break.
- For 5 of the 50 monthly timesheets reviewed (10%), the related supervisor did not ensure that the hours worked were accurately calculated for the related month. Our review of the 50 FWS payments included in our sample revealed a net underpayment of \$262.00 owed to 5 student workers. The total consists of 4 underpayments ranging from \$20.00 to \$120.00 and one overpayment of \$30.00. The Office of Payroll ensured that the 4 students who were owed funds received remuneration in February 2022.

- For 1 of the 27 students included in our sample, the student received an overall overpayment in excess of the total amount of FWS funds awarded. As of February 17, 2022, the student was overpaid \$340.
 - The *2021-2022 Federal Student Aid Handbook*, Volume 4, page 4-80, states “Because students can’t be required to repay wages earned, you can only adjust FWS by reducing the hours students can work in the future thus reducing future earnings. You can continue to employ the students, but they can’t be paid from FWS funds. If you’ve already adjusted all other federal aid and institutional aid, and there’s still an overaward, you must reimburse the FWS program from your school’s funds.”

Audit Recommendations:

1. As indicated in the response to our prior audit findings, management should ensure that the appropriate consequences are enacted for those supervisors who received training on the university's policies and procedures related to carrying out the FWS program but were later found to be in violation of university policy and/or federal regulations related to the FWS program.
2. Management in the Office of Financial Aid should ensure that the Federal Work Study program is reimbursed for the student overaward, if adjustments to other aid received by the student does not eliminate the overaward.

Management's Response:

The Office of Financial Aid does not supervise the students in other areas or have an opportunity to review time sheets before they are processed by the Payroll Office. Supervisors are provided with a manual that outlines the rules and regulations they are to follow. Student workers are also given the guidelines they are to follow.

1. FWS student payroll has been moved to on-line time entry.
 - The Office of Financial Aid is reviewing the process to see how it may add to our ability to track and monitor the FWS program.
2. The Over-Award is resolved. The student is no longer paid over the amount awarded.
 - Student had additional eligibility allowing the award amount.
3. With regard to students working during scheduled class time, the timesheets will be reviewed to see if any are a result of an error when completing the forms.
4. With regard to students working more than 20 hours per week, the timesheets will be reviewed to see if any are a result of an error when completing the forms.
 - This rule is a Tennessee State University rule, not part of the federal regulatory restrictions.
5. With regard to students working 6 or more hours without taking a 30-minute unpaid break, the timesheets will be reviewed to see if any are a result of an error when completing the forms.
6. With regard to the students using the incorrect time sheet form, we will ask the Payroll Office to notify the department and ensure that they have access to the correct form. Additionally, Payroll will be advised not to accept the incorrect form in the future.
7. As compliance with federal regulations and university policies is imperative, consequences will need to be imposed for those who violate the rules. Our office will recommend a one term "probation". If a continued violation is identified, the area or department would be denied access to Federal Work Study funded student assistance for one term.



**Follow-Up Review
Admissions (Student Immunizations)
Fall 2021 Semester**



February 12, 2022

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

Dear Dr. Glover:

Enclosed is our internal audit report related to our follow-up review of Tennessee State University's adherence to state immunization rules. The scope of the follow-up review included newly admitted students during the fall 2021 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 executive summary.

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. Frank Stevenson, Associate Vice President and Dean of Students

Tennessee State University Department of Internal Audit
Follow-Up Review- Admissions
Student Immunizations
Fall 2021
Executive Summary

Key Area	Division of Student Affairs	Internal Auditor	Adrian R. Davis, <i>CPA, CGFM</i> Director of Internal Audit
Introduction	<p>The General Assembly of Tennessee requires new college students to complete an immunization compliance process. The Tennessee Department of Health is responsible for immunization requirements for those who attend childcare, pre-school, school and college. The state of Tennessee requires state public institutions of higher education to verify that students have received mandated immunizations. Any new full-time enrollee of a higher education institution with an enrollment greater than two hundred students, who is not enrolled 100% as a distance learning student, shall present proof of adequate immunization against the following diseases:</p> <ul style="list-style-type: none"> • Measles, Mumps, Rubella (2 doses of each, normally given together as MMR): if born on or after January 1, 1957, only; • Varicella/chicken pox (2 doses or credible history of disease): if born on or after January 1, 1980, only; • Meningococcal Disease (minimum of 1 dose given at 16 years of age or greater if enrolling in the public institution for the first time and under 22 years of age and living in on-campus housing) <p>Tennessee law requires that all new students be provided information about the risks of Hepatitis B infection and the availability and effectiveness of the vaccine. The student or parent/guardian must sign a waiver form indicating that they have received the information and have chosen to have the vaccine or not to have the vaccine. The law does not require that students receive the Hepatitis B (HPV) vaccination for enrollment. Students enrolled in health sciences must show proof of vaccination prior to performing procedures that expose them to potentially infectious blood. Students are allowed medical and religious exemptions to the immunization requirements. A student who has been exempted from a particular vaccination must comply with the immunization requirements for any vaccines from which he or she has not been exempted.</p>		
Objective	To determine if the university is in compliance with state of Tennessee immunization requirements for newly admitted students		
Scope	Newly enrolled students during the fall 2021 semester		
Prior Audit Results	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 that required documentation was not obtained for 4 of the 33 students (12%). This total includes 2 graduate students and 2 undergraduate students.		

<p>Current Audit Results</p>	<p>We obtained the population of newly enrolled students for the fall 2021 semester. Our review of this population identified 1,997 students who are required to present proof of their immunization against certain diseases as identified by the Tennessee Department of Health.</p> <p>Our review of the immunization information in the university’s student information system found that the university did not obtain adequate proof of immunization for 231 of the 1,997 (11.6%) students included in our sample.</p> <p>For these 231 students (11 graduate students and 220 undergraduate students), we found that:</p> <p>A. For 100 of these 231 students, there was no documentation to support the student receiving two doses of the Measles, Mumps, and Rubella (MMR) vaccine and two doses of the Varicella vaccination. These students were not in student housing and were not required to provide proof of adequate immunization against meningococcal disease.</p> <ul style="list-style-type: none"> ○ For 1 of these 100 students, the student was age-exempted from providing proof of the Varicella vaccination but provided no proof for two doses of MMR ○ For 1 of these 100 students, the student only provided proof for receiving two doses of MMR but no proof of one or more doses of Varicella. <p>NOTE: 67 of these students had no immunization record in the system. It appears that the initial hold that prevents registration was not placed on the students’ accounts. The immunization holds are not placed on student accounts by personnel in the Student Health Center. Controls will be implemented to ensure holds are placed on all applicable student accounts to prevent registration until the required information is provided.</p> <p>B. For 27 of these 231 students, the student is under the age of 22 and residing in student housing but there was no documentation to support the university obtaining proof of adequate immunization against meningococcal disease.</p> <ul style="list-style-type: none"> ○ For one of these 27 students, there was also no documentation to support the university obtaining proof that the student received the second dose of another mandated required vaccination within 2 months of registration, as required. <p>NOTE: Management stated that many of these students refused the meningococcal immunization due to their intent to reside in off-campus housing. We confirmed that each of these students resided in university-provided housing.</p> <p>C. For 11 of these 231 students, the student is under the age of 22, residing in student housing, and submitted proof for receiving the meningococcal vaccination around the age of 12. Tennessee law requires students receive “at a minimum of 1 dose given at 16 years of age or greater...”</p> <ul style="list-style-type: none"> ○ According to the Tennessee Department of Health, “For vaccines with critical minimum age requirements (e.g., MMR, varicella) or minimum dose intervals, doses are considered valid if given up to 4 days before the minimum
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	<p>age or dose interval. Doses administered more than 4 days early are considered invalid and should be repeated as recommended.”</p> <p>D. For 87 of these 231 students, the university stated that the student was exempted from proof of receiving two doses of the Measles, Mumps, and Rubella (MMR) vaccine and/or two doses of Varicella vaccination. However, it was not indicated if the student presented acceptable documentation for exemption per the State’s allowable exemption conditions (e.g., religious or medical).</p> <p>NOTE: Management stated that the exemptions were not granted by personnel in the Student Health Center. We confirmed that the exemptions were granted by employees in the Office of Admissions. Controls will be implemented to prevent future exemptions from being entered by personnel not in the Student Health Center.</p> <p>E. For 6 of these 231 students, the university did not verify that the student received the second dose of a required vaccination within 2 months of registration.</p> <ul style="list-style-type: none"> ○ According to the Tennessee Department of Health <i>Communicable And Environmental Diseases Chapter 1200-14-01 (Rule 1200-14-01-.29</i>, a student may “students may be enrolled or registered after a single dose of all required vaccines, provided that the second dose is obtained within 2 months of registration, and at least 28 days after the first dose, and provided, further, that the institution has a procedure for identifying students who have failed to obtain the necessary immunizations and for taking appropriate action to ensure compliance.” <p>NOTE: Management stated that controls in the system should prevent future registration for non-compliant students. We found that 5 of these 6 students were enrolled for the spring 2022 semester.</p>
Conclusion	<p>The objective of our audit was met. It was determined that the university did not always ensure that students provided proof of immunization against certain diseases, as required by state law. To ensure compliance with state immunization requirements and to help ensure the health and safety of the university’s campus community, greater effort is needed by university management to obtain proof of immunization for applicable students prior to matriculation at the university.</p>

**Tennessee State University
Board of Trustees**



TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES
INFORMATION ITEM

DATE: March 17, 2022

ITEM: Audit Committee Report – Review of Outstanding Audit Issues

RECOMMENDED ACTION: None

PRESENTED BY: Chair of Audit Committee, Trustee Deborah Cole

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.

Director of Internal Audit, Ms. Adrian Davis, and President Glover and/or her designee will discuss the outstanding audit issues.

Tennessee State University
 Department of Internal Audit
Audit Issues Outstanding as of February 25, 2022

INTERNAL AUDITS

Report Date	Audit Issues	Status
2/11/2021	Audit of TSU Department of Human Resources	<i>Follow-up to begin March 2022</i>

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.
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.
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.
4. University management did not provide us with a copy of the signed Employee Confidentiality Agreement for 1 of 44 employees tested.

3/19/2021	Student Housing Revenue Review	<i>Follow-up to begin March 2022</i>
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1. During the fall 2020 and spring 2021 semesters, management in the Department of Residence Life and Housing posted approximately \$100,000 in adjustments to the housing and/or meal plan charges on student accounts for charges incurred in previous fiscal years ranging from fall 2016 to spring 2020. While the charges did not relate to the fiscal year under review, the charges impact the revenue amounts to be reported for the fiscal year ending June 30, 2021.
2. 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.

Report Date	Audit Issues	Status
2/12/2022	Follow-Up Review of Admissions	<i>Additional Follow-up for fall 2022</i>

The university did not always obtain required immunization history records for newly admitted students registered for full-time enrollment during the fall 2021 semester

2/16/2022	Follow-Up Review of Federal Work-Study Timesheets- Fall 2020	<i>Additional Follow-up for fall 2022</i>
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1. 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 month(s) under review.
2. 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.
3. 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.
4. A net underpayment of \$262.00 was paid to 5 of the students included in our sample. In addition, an overaward of \$340 was also identified.

2/21/2022	Foundation Gifts	<i>Additional Follow-up for fall 2022</i>
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1. For 3 of 18 daily deposits tested, daily gifts were not deposited within one business day. The funds were deposited from one to four business days late.
2. 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.
3. 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.

EXTERNAL AUDITS

Report Date	Audit Issues	Status
9/21/2020	Division of State Audit, Financial & Compliance Audit, Endowment For Educational Excellence at the Tennessee State University Foundation for the Fiscal Year Ended June 30, 2018	<i>Awaiting reports for FY 2019 and FY 2020</i>
<p>As noted in the prior two audits, management needs to improve procedures for preparing and reviewing financial statements</p>		
9/29/2021	Division of State Audit, Financial & Compliance Audit, Tennessee State University for the Fiscal Year Ended June 30, 2020	<i>Follow-Up Report Issued 02/24/2022 All issues not corrected</i>

1. TSU management allowed a breakdown of controls that has resulted in errors in the financial statements, inadequate daily operations, and deficiencies in oversight of federal programs
2. As noted in the prior five audits, management needs to improve procedures for preparing and reviewing financial statements
3. As noted in the prior three audits, the university and the university foundation's accounting records did not reconcile to the bank statements
4. As noted in the prior three audits, university personnel did not perform adequate collection procedures for accounts receivable
5. Tennessee State University did not return Title IV funds in compliance with federal regulations
6. 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 did not reconcile discrepancies timely
7. Tennessee State University did not provide adequate internal controls in three areas, including one area reported for the seventh consecutive audit

**Tennessee State University
Board of Trustees**



TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES
INFORMATION ITEM

DATE: March 17, 2022

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

RECOMMENDED ACTION: None

PRESENTED BY: Chair of Audit Committee, Trustee Deborah Cole

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 18, 2021, Board meeting.

**Tennessee State University
Board of Trustees**

