

Please refer to Tennessee Board of Regents [Policy 4:01:05:00](#)

I. General Statement

The fundamental purpose of internal auditing is to provide an independent, objective assurance and consulting activity designed to add value and improve the College's operations. The director of internal audit will be guided by The Institute of Internal Auditors' Standards for the Professional Practice of Internal Audit and Code of Ethics. This college policy complies with Tennessee Board of Regents (TBR) policies relating to internal auditing.

II. Role and Scope

- A. The director of internal audit reports directly to the president. The director is licensed as a Certified Public Accountant.
- B. The objective of internal auditing is to assist members of the College in the effective discharge of their responsibilities. To this end, internal auditing furnishes them with analyses, appraisals, recommendations, counsel, and information concerning the activities reviewed. The audit objective includes promoting effective control at reasonable cost.
- C. The internal auditor's responsibilities should include the following:
 - 1. Working with management to assess institutional risks and developing an audit plan that considers the results of the risk assessment.
 - 2. Evaluating institutional controls to determine their effectiveness and efficiency.
 - 3. Coordinating work with external auditors, program reviewers, and consultants.
 - 4. Determining the level of compliance with internal policies and procedures, state and federal laws, and government regulations.
 - 5. Testing the timeliness, reliability, and usefulness of institutional records and reports.
 - 6. Recommending improvements to controls, operations, and risk mitigation resolutions.
 - 7. Assisting the institution with its strategic planning process to include a complete cycle for review of goals and values.
 - 8. Evaluating program performance.
 - 9. Performing management advisory services and special requests as directed by TBR's Audit Committee or the college president.
- D. The scope of internal auditing extends to all aspects of college operations and beyond fiscal boundaries. The internal auditor must have access to ALL records, personnel, and physical properties relative to the performance of audits.

- E. Since objectivity is essential to the internal auditing function, the director of internal audit will not be involved in the development and installation of systems and procedures, preparation of records, or any other activities which the internal auditor may review or appraise. However, the director of internal audit will be available for consultation on the adequacy of controls incorporated into new systems and procedures or on revisions to the existing systems.
- F. The scope of a particular internal audit activity may be as broad or as restricted as required to meet management needs.
- G. Because management is responsible for identifying, evaluating, and responding to potential risks that may impact the achievement of the institution's objectives, the auditor will continually evaluate the risk management processes and internal control structures. The director of internal audit will receive and access copies of external audit reviews, program reviews, fiscally related consulting reports, notices of cash shortages, physical property losses, and employee misconduct in order to consider their content in the evaluation of risks.

III. Audit Plans

- A. An annual audit plan will be prepared by the director of internal audit using a risk analysis method developed by TBR. High-ranking topics will be put on the current audit plan. The methodology used ensures that all pertinent factors are considered and analyzed. The plan will list areas to be audited and expected completion dates.
- B. The annual audit plan will be transmitted to the president in a timely manner.
- C. After presidential approval, the College's plan will be submitted to the System-Wide Chief Audit Executive (CAE) for review; the plan will then be forwarded by the CAE to the State Comptroller's Office.
- D. Updates to the audit plan will be made as requested by the Audit Committee of the Board.

IV. Reports

- A. Each routine audit will result in a written report that documents the audit objectives, scope of the audit, prior audit results, current findings, recommendations, management responses, and other comments. Management is expected to include a timeframe for correcting the finding(s). Pursuant to TCA 4-3-304 (7), all reports will be prepared in accordance with the standards promulgated by the Tennessee Comptroller of the Treasury. Reports on special studies, consulting services, and other non-routine items should be prepared as appropriate, given the nature of the assignment.
 - B. All internal audit reports will be transmitted to the president in a timely manner.
 - C. After presidential approval, all internal audit reports will be transmitted to the System-Wide Chief Audit Executive (CAE) in a timely manner; the report will be filed by the CAE with the State Comptroller's Office.
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Approved: Executive Council, March 4, 1991
Editorial Changes, May 4, 1993
Approved: President Allen G. Edwards, February 11, 1998
Approved: President Allen G. Edwards, October 28, 2002
Approved: President Allen G. Edwards, February 28, 2005
Editorial Changes, September 4, 2007
Reviewed/Recommended: President's Staff, March 29, 2010
Approved: President Allen G. Edwards, March 29, 2010
Reviewed/Recommended: President's Council, April 27, 2015
Approved: President L. Anthony Wise, Jr., April 27, 2015