



## **AUDIT & BUSINESS COMMITTEE**

**December 5, 2024**

**Roaden University Center, Room 282**

### **AGENDA**

- I. Call to Order
- II. Approval of Minutes
- III. Financial Update & Composite Financial Index
- IV. FY2024-25 Revised Budget/Organizational Chart
- V. Tuition Transparency Act Report (T.C.A. § 49-7-1604)
- VI. Disclosed Projects
- VII. Internal Audit Standards Update
- VIII. Approval of 2025 Audit Plan
- IX. Adjournment of Open Session and Call to Order of Non-Public Executive Session to Discuss Audits, Investigations, Litigation, and Matters Deemed Not Subject to Public Inspection Pursuant to T.C.A. § 4-35-108(b)(1)-(3)
- X. Adjournment



## **AUDIT & BUSINESS COMMITTEE**

**September 26, 2024**

**Roaden University Center, Room 282**

### **MINUTES**

Meeting was streamed live via link found on this web page:

<https://www.tntech.edu/board/meetings/>

#### **AGENDA ITEM 1 – Call to Order**

The Tennessee Tech Board of Trustees Audit & Business Committee met on September 26, 2024, in Roaden University Center Room 282. Chair Johnny Stites called the meeting to order at 10:57 a.m.

Chair Stites asked Mr. Lee Wray, Secretary, to call the roll. The following members were present:

- Johnny Stites
- Tom Jones
- Thomas Lynn

Other board members also in attendance were Fred Lowery (via TEAMS), Jeanette Luna, Rhedona Rose, Trudy Harper, Camron Rudd and Claire Meyers. A quorum was physically present. Tennessee Tech faculty, staff and members of the public were also in attendance.

#### **AGENDA ITEM 2 – Approval of Minutes**

Chair Stites asked for approval of the minutes of the June 20, 2024, and August 20, 2024, Audit & Business Committee meetings. Chair Stites asked if there were questions or comments regarding the minutes. There being none, Tom Jones moved to approve the June 20, 2024, and August 20, 2024, Audit & Business Committee minutes. Thomas Lynn seconded the motion. Mr. Wray called a roll call vote. The motion carried unanimously.

**AGENDA ITEM 3 – Financial Update**

Dr. Stinson gave the committee an update on university finances including comparison of end-of-year budget to actual end-of-year expenditures and tuition and fee revenue projections based on fall 2024 semester enrollments.

This was an informational item therefore no action was required.

**AGENDA ITEM 4 – Capital Budget Update**

Dr. Stinson provided an update to the capital outlay request from what was presented at the June 2024 Board of Trustees meeting. The two capital outlay projects submitted to THEC in August were the Social Sciences building and the request for additional funding to cover inflationary costs for the Advanced Construction & Manufacturing Engineering building. THEC has decided to keep the first five project priorities from FY2024-25 as the top five priorities for the FY2025-26 budget cycle since none of those were funded in the FY2024-25 budget cycle. Our Social Sciences Building was number five on THEC's priority list submitted to the Governor last year and will remain number five on the priority list for FY2025-26. No changes were made to the capital maintenance projects approved by the Board in June.

Mr. Lynn moved to send the FY2025-26 Capital Budget Outlay update to the Board for approval and to place it on the Board's regular agenda. Mr. Jones seconded the motion. Mr. Wray took a roll call vote. The motion carried unanimously.

**AGENDA ITEM 5 – Disclosed Project**

Dr. Stinson advised the disclosed project was for renovation of the natatorium area of the Academic Wellness Center for use by Athletics. The estimated project cost to renovate the natatorium is \$3,070,000.

Mr. Jones moved to send the disclosed project for the Academic Wellness Center Renovation for Athletics to the Board for approval and to place it on the Board's regular agenda. Mr. Lynn seconded the motion. Mr. Wray took a roll call vote. The motion carried unanimously.

**AGENDA ITEM 6 – Performance Evaluation & Performance-Based Compensation Analysis**

Kevin Vedder, Associate Vice President of Human Resources, presented FY2023-24 performance evaluation process. The criteria for non-faculty were Core Competencies (20%), Wings Up Way (20%) and Position-Specific Duties (60%). The criteria for faculty were based on teaching, advisement, administration, service/outreach, and research/scholarship/creative activity.

The performance-based salary increase was a three percent pool (1% allocated to classification and compensation study and 2% allocated for merit-based performance) based on the eligibility of faculty scores to be acceptable or better rating and staff scores to be meets expectations or better rating. Eligible employees must have been hired on or before December 31, 2023, and the employee not placed on a performance improvement plan during the fiscal year (July 1, 2023- June 30, 2024). The minimum individual increase was 1% with the maximum individual increase being 7%. Details of the distribution were provided.

This was an informational item therefore no action was required.

#### **AGENDA ITEM 7 – Compensation Study Update**

Kevin Vedder provided an update on phase 2 of the classification and compensation study. Effective August 2024, staff salary levels were increased to the minimum of salary ranges established by the study. Effective October 2024, faculty will receive inversion corrections and market minimum adjustments for full-time permanent faculty. Information was provided showing the outcomes moving to market median of each phase for faculty and staff broken down by college and staff level. He advised phase 3 for FY2026 will provide adjustments based on a review and consideration of service time and performance scores to address compression/inversion and progress to continue moving faculty salaries closer to the market median with the contingency of funding being available.

This was an informational item therefore no action was required.

#### **AGENDA ITEM 8 – Fair Labor Standard Act Update**

In April 2024 the Department of Labor announced a significant change to the FLSA's minimum salary threshold for overtime eligibility. Effective July 1, 2024, the minimum annual salary required for exemption from the FLSA's minimum wage and overtime provisions threshold increased to \$43,888. Twenty-one TTU employees were reclassified to non-exempt status. Effective January 1, 2025, the minimum annual salary required for exemption from the FLSA's minimum wage and overtime provisions threshold is scheduled to increase again to \$58,656. There is potential this will not go into effect. One hundred eighty-seven TTU employees will be reviewed for reclassification to non-exempt status should this FLSA change go into effect.

This was an informational item therefore no action was required.

#### **AGENDA ITEM 9– Tenure Upon Appointment Recommendations**

Dr. Bruce requested the tenure of Dr. Jeffrey King, Kelly McCallister, Dr. Daren Snider, Dr. Kevin West and Dr. Jinfa Zhang. Dr. King was hired as Director of Nuclear Engineering. Dean McCallister was hired as Dean of Volpe Library. Dr. Snider was hired as Dean of College of Arts

and Sciences. Dr. West was hired as Chair of the Department of Chemical Engineering. Dr. Zhang was hired as Director of the School of Agriculture. Recommendation for tenure was supported by their respective department, faculty, college dean and the provost. Supporting documents were provided in Diligent.

Mr. Jones moved to send the tenure recommendations to the Board for approval and to place it on the Board's regular agenda. Mr. Lynn seconded the motion. Mr. Wray took a roll call vote. The motion carried unanimously.

**AGENDA ITEM 10– Adjournment of Open Session & Call to Order on Non-Public Executive Session**

There being no further business, the meeting adjourned at 12:00 p.m. After a short break, the Non-Public Executive Session began at 12:23 p.m. Trustees and Administration were present for the meeting.

**AGENDA ITEM 11 – Adjournment**

There being no further business, the Non-Public Executive Session adjourned at 1:24 p.m.

Approved,

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Lee Wray, Secretary



## Agenda Item Summary

**Date:** December 5, 2024

**Agenda Item:** Financial Update & Composite Financial Index

Review

Action

No action required

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**PRESENTERS:** Emily Wheeler, Associate Vice President for Business and Fiscal Affairs

**PURPOSE & KEY POINTS:** Update on financial outcome for Fiscal Year 2023-24 with comparative data from Fiscal Year 2022-23.

The Statement of Revenues, Expenses and Changes in Net Position is a summary of the operating activities that occurred during Fiscal Year 2024. This Statement includes all University’s operating activities – education & general, auxiliary operations, and activities supported by restricted funds. Activities supported by restricted funds primarily include research grants and student financial aid. Auxiliary operations primarily include housing, dining, vending and bookstore activities.

Although the University is dependent upon state appropriations and gifts to fund educational and general operations, under Governmental Accounting Standards Board (GASB) these funding sources are reported as nonoperating revenues. As a result, the University reports an excess of operating expenses over operating revenues, resulting in an operating loss. The “increase in net position” is more indicative of overall financial results for the year.

The Composite Financial Index is a national measure for the overall financial health of higher education institutions. The “expected level” is a national guide for where an institution’s CFI should fall for the institution to take advantage of opportunities that become available. The “watch level” is an indicator of financial stress for the institution.



## Agenda Item Summary

**Date:** December 5, 2024

**Agenda Item:** FY2024-25 Revised Budget/Organizational Chart

Review

Action

No action required

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**PRESENTERS:** Dr. Claire Stinson, Vice President for Planning & Finance

**PURPOSE & KEY POINTS:** Review recommendation and approval of Tennessee Tech’s 2024-25 Revised Budget and Organizational Chart.

Revised Budget reflects revenue based on fall semester actual enrollments. Special fees unspent from FY2023-24 and other encumbrances from FY2023-24 are included in the revised budget as one-time expense budget increase.

The revised budget includes budget line items for Educational & General (E & G) revenues and expenses for the University’s major operations and Auxiliary Enterprise revenues and expenses. This budget also includes mandatory transfers which are resources set aside to service debt for the fiscal year. Non-mandatory transfers included in the budget are resources transferred to reserves and plant funds at the University’s discretion.

## Definitions for Budget Cycles, Revenue Categories, Expense Categories

**Actuals FY2023-24:** This data reflects how the FY2023-24 ended. This data is used for preparation of the University's financial statements. Unspent resources at end-of-year are either included in the beginning fund balance of the Revised Budget or, in the case of special fees and research related obligations, re-budgeted into the departments.

**Proposed Budget FY2024-25:** The Proposed Budget is our original budget (operating plan) to begin the new fiscal year. This budget includes only recurring revenue and expense items. The Proposed Budget revenues are based on estimated fall semester enrollments and generally include any new State appropriations the University expects to receive. New cost increases that create ongoing obligations are included in the Proposed Budget.

**Revised Budget FY2024-25:** This budget is the first revision to our Proposed Budget. The Revised Budget reflects revenue estimates based on actual fall enrollments. Expense budgets are increased for any unspent resources (carryforwards) from the prior fiscal year, FY2023-24.

**Current Estimate Budget FY2024-25:** This budget is the second revision to our Proposed Budget. The Current Estimate Budget reflects revenue and expense estimates as close to what we anticipate actual year end results will be once the fiscal year is closed. This is the final approved budget for the University and therefore contains the control totals against which final year-end amounts are compared. It is submitted in the spring at the same time as the Proposed Budget for the coming year.

**Educational & General (E&G) Revenues:** These are unrestricted resources that can be used for anything within the mission of the University.

**E&G Expenses by Budget Category:** Expenses are shown by functional classification. These categories show how expenses are budgeted for the different functions of the University.

**E&G Expenses by Natural Classification:** Expenses are shown by type of expenses, e.g., salaries and wages, fringe benefits, travel, etc.

**Auxiliary Budget Summary:** Budgets for activities such as housing, foodservices, recreation center, that must operate at a profit or at least breakeven point.

**Mandatory Transfers:** Transfers for annual debt service obligations.

**Non-Mandatory Transfers:** Transfers for University funded capital projects (Unexpended Plant) and renewal and replacement funds for major maintenance and equipment replacement including technology hardware and software.



**E&G Revenues - Proposed Budget FY2024-25 & Revised Budget FY2024-25**

	Proposed Budget FY2024-25		Revised Budget FY2024-25	
Tuition and Fees	\$	108,326,500	\$	112,805,000
State Appropriations	\$	86,834,100	\$	88,164,900
Contracts and IDC	\$	2,261,300	\$	2,261,300
Sales and Services Educational	\$	1,193,400	\$	1,193,300
Other Activities (incl Athletic Student Fee)	\$	10,611,800	\$	10,815,800
<b>Total Revenues</b>	<b>\$</b>	<b>209,227,100</b>	<b>\$</b>	<b>215,240,300</b>

**E&G Expenses by Budget Category - Proposed Budget FY2024-25 & Revised Budget FY2024-25**

	Proposed Budget FY2024-25		Revised Budget FY2024-25	
Instruction	\$	82,989,300	\$	96,217,500
Research	\$	3,684,500	\$	9,221,700
Public Service	\$	2,067,700	\$	3,636,500
Academic Service	\$	17,090,400	\$	20,188,600
Student Services	\$	25,412,500	\$	27,714,000
Institutional Support	\$	20,148,000	\$	19,717,500
Oper. & Maint. of Plant	\$	21,835,500	\$	24,904,700
Scholarships & Fellowships	\$	23,169,200	\$	25,070,600
<b>Total Expenses</b>	<b>\$</b>	<b>196,397,100</b>	<b>\$</b>	<b>226,671,100</b>

**E&G Expenses by Natural Classification - Proposed Budget FY2024-25 & Revised Budget FY2024-25**

	Proposed Budget FY2024-25		Revised Budget FY2024-25	
Salaries and Wages	\$	95,485,300	\$	99,575,300
Fringe Benefits	\$	38,773,600	\$	38,955,300
Travel	\$	2,073,000	\$	2,793,300
Operating & Utilities	\$	36,709,500	\$	59,980,600
Scholarships & Fellowships	\$	23,169,200	\$	25,070,600
Capital	\$	186,500	\$	296,000
<b>Total Expenses</b>	<b>\$</b>	<b>196,397,100</b>	<b>\$</b>	<b>226,671,100</b>

**E&G Unrestricted Budget Summary - Proposed Budget FY2024-25 & Revised Budget FY2024-25**

	Proposed Budget FY2024-25		Revised Budget FY2024-25	
Beginning Fund Balance	\$	7,369,643	\$	38,402,944
E&G Revenues	\$	209,227,100	\$	215,240,300
E&G Expenses	\$	(196,397,100)	\$	(226,671,100)
Mandatory Transfers	\$	(3,668,700)	\$	(3,676,700)
Non-mandatory Transfers	\$	(8,975,200)	\$	(15,334,400)
<b>Ending Fund Balance</b>	<b>\$</b>	<b>7,555,743</b>	<b>\$</b>	<b>7,961,044</b>

**Auxiliary Budget Summary - Proposed Budget FY2024-25 & Revised Budget FY2024-25**

	Proposed Budget FY2024-25		Revised Budget FY2024-25	
Beginning Fund Balance	\$	2,456,257	\$	1,182,156
Aux Revenues	\$	20,643,800	\$	20,675,000
Aux Expenses	\$	(10,374,000)	\$	(10,441,200)
Mandatory Transfers	\$	(7,032,200)	\$	(7,032,200)
Non-mandatory Transfers	\$	(3,237,500)	\$	(1,665,800)
<b>Ending Fund Balance</b>	<b>\$</b>	<b>2,456,357</b>	<b>\$</b>	<b>2,717,956</b>

**TOTAL Budget Summary - Proposed Budget FY202-25 & Revised Budget FY2024-25**

	Proposed Budget FY2024-25		Revised Budget FY2024-25	
Beginning Fund Balance	\$	9,825,900	\$	39,585,100
Total Revenues	\$	229,870,900	\$	235,915,300
Total Expenses	\$	(206,771,100)	\$	(237,112,300)
Mandatory Transfers	\$	(10,700,900)	\$	(10,708,900)
Non-mandatory Transfers	\$	(12,212,700)	\$	(17,000,200)
<b>Ending Fund Balance</b>	<b>\$</b>	<b>10,012,100</b>	<b>\$</b>	<b>10,679,000</b>

**Breakdown of E&G Fund Balance - Proposed Budget FY2024-25 & Revised Budget FY2024-25**

<b>Proposed Budget FY2024-25</b>				
	<u>Beginning Fund Balance</u>		<u>Ending Fund Balance</u>	
Allocation for Encumbrances	\$	-	\$	-
Allocation for Working Capital	\$	2,569,881	\$	2,569,881
Special Allocations*	\$	4,799,665	\$	4,985,950
Unallocated Balance (due to rounding)	\$	-	\$	-
<b>Total E&amp;G Fund Balance</b>	<b>\$</b>	<b>7,369,546</b>	<b>\$</b>	<b>7,555,831</b>
*2% to 5% Reserve of E&G Revenues	\$	4,799,665	\$	4,985,950
*Student Activity Fee	\$	-	\$	-
*Technology Access Fee	\$	-	\$	-
*Specialized Academic Fee	\$	-	\$	-
Total Special Allocations	\$	4,799,665	\$	4,985,950

<b>Revised Budget FY2024-25</b>				
	<u>Beginning Fund Balance</u>		<u>Ending Fund Balance</u>	
Allocation for Encumbrances	\$	588,656	\$	-
Allocation for Working Capital	\$	2,417,736	\$	2,417,736
Special Allocations*	\$	35,396,609	\$	5,543,309
Unallocated Balance (due to rounding)	\$	-	\$	-
<b>Total E&amp;G Fund Balance</b>	<b>\$</b>	<b>38,403,001</b>	<b>\$</b>	<b>7,961,045</b>
*2% to 5% Reserve of E&G Revenues	\$	33,127,953	\$	5,543,309
*Student Activity Fee	\$	-	\$	-
*Technology Access Fee	\$	1,789,766	\$	-
*Specialized Academic Fee	\$	478,890	\$	-
Total Special Allocations	\$	35,396,609	\$	5,543,309

**E&G Transfers - Proposed Budget FY2024-25 & Revised Budget FY2024-25**

	Proposed Budget FY2024-25		Revised Budget FY2024-25	
Future Debt Payment		\$		499,074
Debt Service Perf Contract	\$	491,074	\$	-
Debt Service Fitness Center	\$	1,670,000	\$	1,670,000
Debt Service Parking	\$	860,935	\$	860,935
Debt Service Lab Science Bldg	\$	646,673	\$	646,673
Debt Service Univ Center	\$	-	\$	-
Debt Service Eblen Center	\$	-	\$	-
<b>Total Debt Service Transfers</b>	\$	<b>3,668,682</b>	\$	<b>3,676,682</b>
Debt Service Fitness Center	\$	198,480	\$	198,480
Debt Service Univ Center	\$	89,460	\$	89,460
Debt Service Eblen Center	\$	196,810	\$	196,810
Debt Service Perf Contract	\$	121,000	\$	113,000
Facilities Development (fee)	\$	673,865	\$	1,322,365
Landscaping	\$	325,000	\$	325,000
Parking and Transportation	\$	522,743	\$	487,286
Various Academic Buildings	\$	345,890	\$	345,890
Extraordinary Maintenance	\$	650,000	\$	650,000
Wind Tunnel	\$	2,718,000	\$	3,586,066
Craft Center Maintenance	\$	-	\$	-
Small Projects	\$	-	\$	25,685
<b>Total Unexp Plant Transfers</b>	\$	<b>5,841,248</b>	\$	<b>7,340,042</b>
IT Computer Equipment	\$	577,110	\$	577,110
Electronic Upgrades	\$	350,000	\$	350,000
Equipment - Departments	\$	280,320	\$	280,320
ERP Replacement	\$	476,465	\$	336,879
Athletics	\$		\$	-
Future Capital Match Requirements	\$	250,000	\$	5,250,000
Reserves	\$	1,200,000	\$	1,200,000
<b>Total R&amp;R Transfers</b>	\$	<b>3,133,895</b>	\$	<b>7,994,309</b>
<b>GRAND TOTAL All Transfers</b>	\$	<b>12,643,825</b>	\$	<b>19,011,033</b>

**Reserves - Revised Budget FY2024-25 (bal. at 6-30-24)**

		<b><u>Unexpended Plant</u></b>
Land Purchases	\$	1,638,576
Wings up Way Parking Garage	\$	1,000,000
Volpe Library Parking Garage	\$	1,000,000
Innovation Residence Hall	\$	9,740,995
Ag Technology Innovation Center	\$	1,127,489
Residence halls roofing/HVAC	\$	1,488,002
Tech Village Roofing/Upgrades	\$	1,340,000
Tech Village Community Center Upgrades	\$	1,980,000
Facilities Service Complex	\$	16,636,507
Parking and paving	\$	2,959,386
Johnson Hall Renovation	\$	1,504,400
Derryberry Hall Upgrades	\$	410,000
Repairs/replacement of athletic facilities fields	\$	1,281,226
Landscaping	\$	1,159,848
Construction of new west stadium	\$	9,481,556
Hooper Eblen Repairs	\$	2,157,429
Crossville TAP Windtunnel	\$	5,518,313
Craft Center Repairs	\$	2,910,000
Repairs/major maintenance to academic buildings	\$	154,281
Facilities Development Fund & Master Plan	\$	3,198,141
Murphy Hall Elevator	\$	2,090,000
HVAC/Infrastructure	\$	4,569,859
Small projects	\$	1,060,119
	\$	<b>74,406,126</b>
		<b><u>Renewal and Replacement</u></b>
Auxiliary - Housing	\$	6,813,744
Auxiliary - Other	\$	13,686,099
Computer Center	\$	4,712,591
Technology Update	\$	2,405,346
Telecommunication	\$	831,356
Printing & Photo Services	\$	206,498
Motor Pool	\$	320,136
Craft Center R&R	\$	840,117
Athletics	\$	289,504
Strat. Invest. Maintenance & Beautification	\$	19,820,731
Anticipated Early Grad Change	\$	3,567,972
IT Computer Refresh Program	\$	1,171,338
ERP Replacement	\$	8,891,058
Departmental R&R	\$	822,968
University Reserve	\$	4,319,529
<b>Total R&amp;R</b>	\$	<b>68,698,987</b>
<b>GRAND TOTAL All Reserves</b>	\$	<b>143,105,113</b>

## Budget Summary and Budget Analysis

The complete Budget Summary and Budget Analysis documents can be viewed on the Budget, Planning, Reporting and Analysis website:

Direct Link to document – **Summary**:

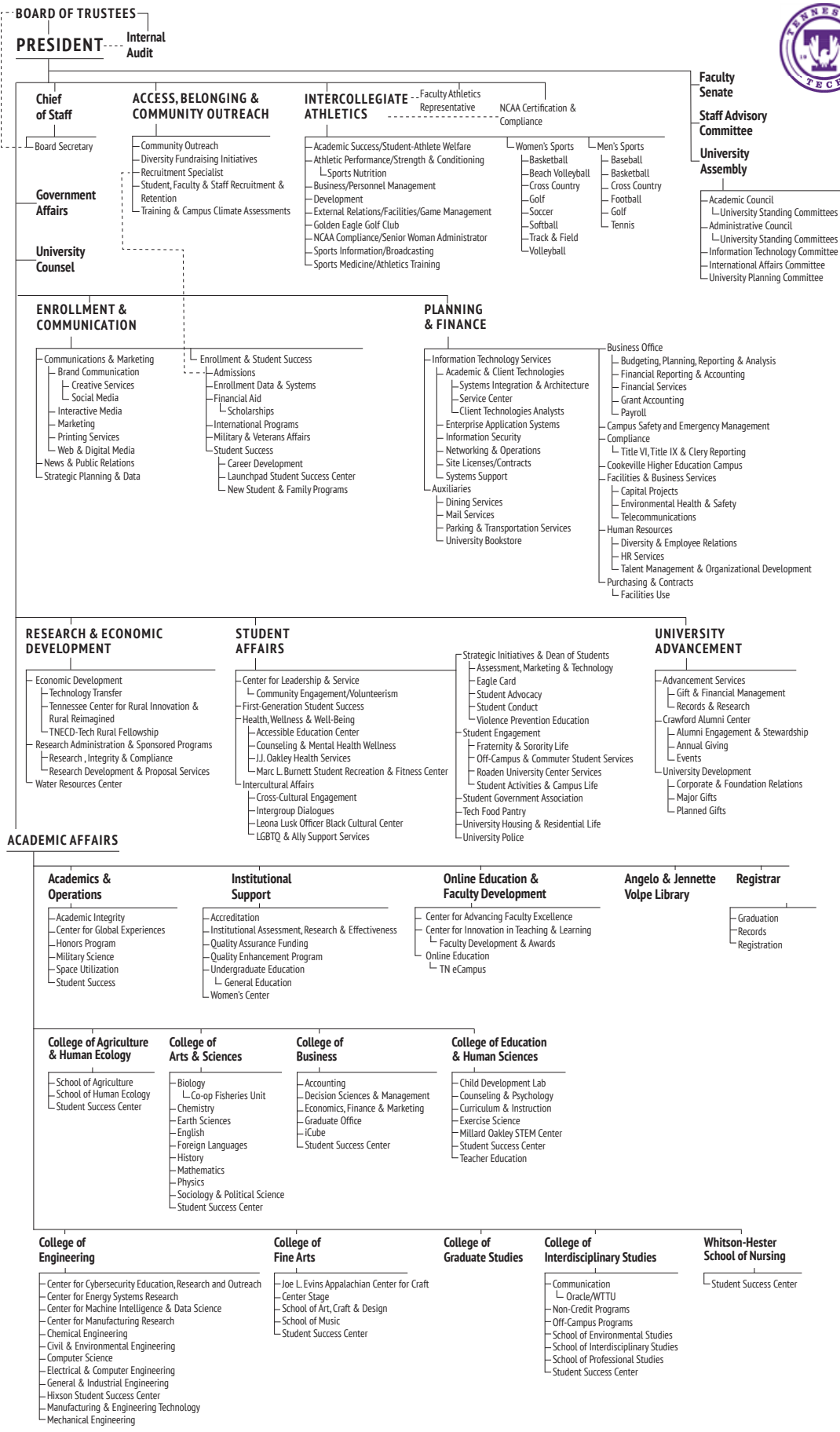
[https://www.tntech.edu/businessoffice/pdf/budget/Final-October-Summary-Book\\_FY2024-2025.pdf](https://www.tntech.edu/businessoffice/pdf/budget/Final-October-Summary-Book_FY2024-2025.pdf)

Direct Link to document – **Analysis**:

[https://www.tntech.edu/businessoffice/pdf/budget/Final-October-Analysis-Book\\_FY2024-2025.pdf](https://www.tntech.edu/businessoffice/pdf/budget/Final-October-Analysis-Book_FY2024-2025.pdf)

**Historical Budget documents (FY2011 through FY2023):**

Budget **Summary** and **Analysis**: <https://www.tntech.edu/businessoffice/bpra/budgetary-info.php>





## Office of the President

TENNESSEE TECH

October 11, 2024

Submitting on behalf of Tennessee Tech University (TTU) a crosswalk of organizational changes/updates with a proposed implementation date of January 1, 2025, as follows:

### Academic Affairs:

- Rename Honors College to Honors Program
- Rename College of Education to College of Education & Human Sciences

### Access, Belonging, & Community Outreach:

- Rename Community Engagement to Community Outreach
- Remove Diversity Champions
- Rename Fundraising Initiative to Diversity Fundraising Initiatives

### Planning & Finance:

- Rename Title IX & Clery Reporting to Title VI, Title IX and Clery Reporting under Compliance

Dr. Philip B. Oldham, President



## Agenda Item Summary

**Date:** December 5, 2024

**Agenda Item:** Tuition Transparency Act Report (T.C.A. § 49-7-1604)

Review

Action

No action required

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**PRESENTERS:** Dr. Claire Stinson, Vice President for Planning & Finance

**PURPOSE & KEY POINTS:** By February 1 of each year, the Board is required to provide a report to the General Assembly with information regarding expenditures of revenues derived from any tuition and fees increase in the previous full academic year. The report must include how revenues were used, the effect on student financial aid, and the effect on the average total cost of attendance per student.



**State of Tennessee  
2018 Public Acts, Chapter 614  
T.C.A § 49-7-1604**

By February 1 of each year, each governing board shall provide a report to the office of legislative budget analysis, for distribution to the general assembly, with information regarding expenditures of revenues derived from any tuition and fees increase in the previous full academic year. The report shall include how revenues were used, the effect on student financial aid, and the effect on the average total cost of attendance per student.

**Report Based on FY 2023-24 Financial Data**

<b>Tuition increase of 2.92% in Fall 2023 = \$2,435,932</b>	
<b>Effect on Average Cost of Attendance per student = \$135 per semester</b>	
<b>Effect on Student Financial Aid = None</b>	
<b>Use of Revenues</b>	<b>Dollars</b>
University’s 45% match of 5% Salary Pool	\$2,095,617
Software/Technology Escalation	\$300,000
Accessible Education (disability services)	\$30,000
Operations	\$10,315

<b>Mandatory Fees increase of 2.96% in Fall 2023 = \$319,480</b>	
<b>Effect on Average Cost of Attendance per student = \$19 per semester</b>	
<b>Effect on Student Financial Aid = None</b>	
To help fund development of student centric facilities	\$319,480



# State of Tennessee

## PUBLIC CHAPTER NO. 614

### SENATE BILL NO. 1665

By Dickerson, Gresham, Yarbrow

Substituted for: House Bill No. 1684

By Smith, Ragan, Daniel, Moody, Hardaway, Terry, Towns

AN ACT to amend Tennessee Code Annotated, Title 49, Chapter 11; Title 49, Chapter 7; Title 49, Chapter 8 and Title 49, Chapter 9, relative to higher education.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 49, Chapter 7, is amended by adding the following language as a new part:

#### 49-7-1601.

This part shall be known and may be cited as the "Tuition Transparency and Accountability Act."

#### 49-7-1602.

As used in this part:

(1) "Board" means the trustees of the University of Tennessee or a state university board, as applicable;

(2) "Cost of attendance" means the combined cost of tuition, mandatory fees, room and board, books, and other educational expenses as determined by the financial aid office of the postsecondary institution;

(3) "Predictive cost estimate" means a non-binding estimated cost of attending an undergraduate program at the postsecondary institution based on a student's chosen field of study over a four-year period. A predictive cost estimate may include, but is not limited to, potential tuition and mandatory fee increases, projected increases in tuition based on a student's chosen field of study, and historical trend data; and

(4) "Tuition and mandatory fees" means the charges imposed to attend the relevant institution of higher education as an in-state undergraduate student and all fees required as a condition of enrollment as determined by the board. "Tuition and mandatory fees" does not include fees charged to out-of-state students by institutions of higher education, room and board, or other non-mandatory fees and charges.

#### 49-7-1603.

(a) At least fifteen (15) days prior to holding a meeting to adopt an increase in tuition and mandatory fees, a board shall give public notice of the proposed tuition and mandatory fee increase as an action item on the board's meeting agenda. Individuals shall be permitted to provide comments during the fifteen-day period. The public notice of the proposed tuition and mandatory fee increase shall, at a minimum, include:

(1) An explanation for the proposed tuition and mandatory fee increase;

(2) A statement specifying the purposes for which revenue derived from the tuition and mandatory fee increase will be used; and

5.3

SB 1665

(3) A description of the efforts to mitigate the effect of the tuition and mandatory fee increase on students.

(b)(1) By January 1, 2019, each board shall develop a list of factors that shall be considered when developing recommendations to increase tuition and mandatory fees. The factors shall include, at a minimum, the level of state support; total cost of attendance; and efforts to mitigate the financial effect on students.

(2) Each state university and each campus in the University of Tennessee system shall post on its website a summary of the recommendations pursuant to subdivision (b)(1).

**49-7-1604.**

By February 1 of each year, each governing board shall provide a report to the office of legislative budget analysis, for distribution to the general assembly, with information regarding expenditures of revenues derived from any tuition and fees increase in the previous full academic year. The report shall include how revenues were used, the effect on student financial aid, and the effect on the average total cost of attendance per student.

**49-7-1605.**

Beginning August 1, 2019, each state university and each campus in the University of Tennessee system shall provide, with a student's letter of acceptance, a predictive cost estimate for students applying for undergraduate degree programs for the 2020-2021 academic year and for academic years thereafter.

SECTION 2. This act shall take effect July 1, 2018, the public welfare requiring it.

5.3

SENATE BILL NO. 1665

PASSED: March 19, 2018

  
RANDY McNALLY  
SPEAKER OF THE SENATE

  
BETH HARWELL, SPEAKER  
HOUSE OF REPRESENTATIVES

APPROVED this 2<sup>nd</sup> day of April 2018

  
BILL HASLAM, GOVERNOR



## Agenda Item Summary

**Date:** December 5, 2024

**Agenda Item:** Disclosed Projects

**Review**

**Action**

**No action required**

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**PRESENTER(S):** Dr. Claire Stinson, Vice President for Planning & Finance

**PURPOSE & KEY POINTS:** Review and approval of disclosed projects for the Crossville Facility Roof and window repairs, Whitney Avenue parking lot and the track and field facility.

**Capital Disclosure: FY2024-25**

	Governing Board	Institution	Project Name	Project Description	New Sq. Ft.	Funding Source	Project Cost	Funding Source						
								TSSBA	Gifts	Grants	Auxiliary	Gift-in-Place	Plant Funds	Other
1	TTU	TTU	Crossville Facility Roof Replacement and Window Repairs	coating over the standing seam metal roof. Repair/replace window gaskets, shelf angles, and window lintel angles. Add flashing where required. Repairs and replacements to include all related work.		Plant Funds	\$ 4,040,000						\$ 4,040,000	
2	TTU	TTU	Whitney Avenue Parking Lot	install pavement, curb and gutter, sidewalks, stormwater management, lighting and landscaping for the gravel parking on N. Whitney Avenue, and all related work.		Plant Funds	\$ 1,120,000						\$ 1,120,000	
3	TTU	TTU	Track and Field Facility	Construct a competition track and field facility with a multi-purpose artificial turf athletic field, complete with amenities including track and field lighting, press box, spectator seating, concessions, restrooms, and all related work.		Plant Funds	\$ 5,440,000						\$ 5,440,000	

**6.3**



## Agenda Item Summary

7.1

**Date:** December 5, 2024

**Agenda Item:** Internal Audit Standards Update



Review



Action



No action required

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**PRESENTER(S):** Amy Wilegus, Chief Audit Executive

**PURPOSE & KEY POINTS:**

An overview of the newly released Institute of Internal Auditors' (IIA) Global Internal Audit Standards (Standards) is presented to the Audit and Business Committee of the Board of Trustees for review as required by the Standards and Tennessee Code Annotated § 4-3-304(9). The new version will become effective January 9, 2025.

Key points in the Standards related to governance of the Internal Audit function (IA) and requirements of the Audit and Business Committee of the Board of Trustees (A&B) are highlighted for review in addition to a full link to the Standards.

Formal guidance from the IIA is included in Tab 7.3. The guidance provides an overview of the section of the Standards related to governance of IA. This section specifically pertains to the responsibilities of the A&B with respect to IA, the relationship between the Chief Audit Executive and the A&B, and the interrelationships between the A&B, Management, and IA as shown in the Three Lines of Defense Model.

## Global Internal Audit Standards

# Domain III: Governing the Internal Audit Function

In an organization, **governance structures and processes** facilitate the achievement of organizational objectives. These structures and processes also enable the internal audit function to be effective, enhancing:

- The board’s ability to exercise its oversight responsibilities.
- Senior management’s ability to make decisions and manage risks effectively, enabling the achievement of organizational objectives.
- The organization’s ability to create, protect, and sustain value.

In the **Global Internal Audit Standards™**, Domain III outlines requirements for chief audit executives plus “essential conditions,” which are activities of the board and senior management that enable the internal audit function’s success.

**Domain III requires the chief audit executive** to meet with the board and senior management to discuss the responsibilities and essential conditions of the Standards and how the parties can collaborate to establish and maintain an effective internal audit function.

The discussion includes informing the board of its role and responsibilities for authorizing the internal audit function, establishing and protecting the function’s independence, and overseeing the function’s performance. Domain III also outlines senior management’s responsibilities to implement the board’s decisions to support and promote governance structures and processes that enable an effective internal audit function.



7.3

The table below depicts the three principles and nine standards of Domain III.

### 6. Authorized by the Board

The board establishes, approves, and supports the mandate of the internal audit function.

6.1 Internal Audit Mandate

6.2 Internal Audit Charter

6.3 Board and Senior Management Support

### 7. Positioned Independently

The board establishes and protects the internal audit function’s independence and qualifications.

7.1 Organizational Independence

7.2 Chief Audit Executive Qualifications

### 8. Overseen by the Board

The board oversees the internal audit function to ensure the function’s effectiveness.

8.1 Board Interaction

8.2 Resources

8.3 Quality

8.4 External Quality Assessment

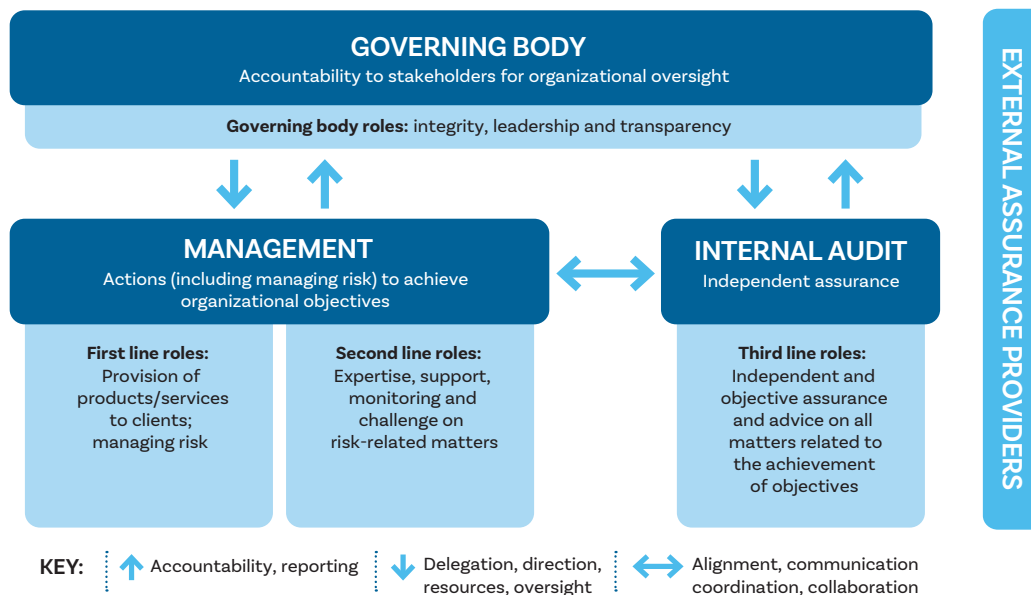


The Institute of  
**Internal Auditors**  
Elevating Impact



## The Three Lines Model and the Global Internal Audit Standards

The globally recognized **Three Lines Model** illustrates the governance structures and processes that best enable organizations to achieve their objectives. Similarly, Domain III in the Global Internal Audit Standards™ describes the unique partnership between the board, senior management, and the internal audit function that drives organizational success.



7.3

In the **Three Lines Model**, the governing body, referred to as the “board” in the Standards, ensures organizational objectives and activities align with the interests of stakeholders and that the organization’s structures and processes enable accountability, actions, and independent assurance and advice. Management, which includes senior and line management, implements actions to achieve the organization’s objectives. The internal audit function is independently positioned to provide objective assurance and advice on the adequacy and effectiveness of governance, risk management, and control processes.

**Domain III in the Global Internal Audit Standards** outlines the requirements and essential conditions necessary for a successful partnership between the board, senior management, and internal audit function.

- In **Principle 6**, the board, senior management, and chief audit executive agree on the authority, roles, and responsibilities of the internal audit function (Standard 6.1 Internal Audit Mandate). The chief audit executive commits to providing the board and senior management with the information they need to support, promote, and oversee the function.
- **Principle 7** calls for the internal audit function’s independence from the responsibilities of management, which is critical to internal audit objectivity, authority, and credibility. The function’s independence is enhanced when the board appoints and retains a qualified chief audit executive who reports at a level in the organization that enables internal audit services and responsibilities to be performed without interference from management.
- **Principle 8** embodies the notion that board oversight is essential to enable the overall effectiveness of the internal audit function. This requires interactive communication between the board and the chief audit executive as well as the board’s support to ensure the internal audit function obtains sufficient resources to fulfill the internal audit mandate. Additionally, the board receives assurance about the quality of the performance of the chief audit executive and the internal audit function through its oversight of the quality assurance and improvement program and direct review of the external quality assessment results.



## Agenda Item Summary

**Date:** December 5, 2024

**Agenda Item:** Approval of 2025 Audit Plan

8.1

Review

Action

No action required

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**PRESENTER(S):** Amy Wilegus, Chief Audit Executive

**PURPOSE & KEY POINTS:**

The proposed calendar year 2025 audit plan is presented to the Audit and Business Committee for review and approval as required by the Tennessee Tech University Audit Committee Charter.

The comprehensive, risk-based audit plan includes audit and consulting projects reflective of the current risk environment, compliance topics, and engagements required by policy, state statute, or regulation.

**Tennessee Tech University**  
**Internal Audit Plan**  
**January 1, 2025 through December 31, 2025**

Category	Type	Area	Name	Identified Risk	Estimated Start	Estimated End
RI	C	FM	Procard Program Assessment	Financial/Fraud, Waste, or Abuse	Jan 2025	Feb 2025
RI	A	GE	Policy Compliance Audits	Financial/Fraud, Waste, or Abuse	Jan 2025	Dec 2025
RI	A	RS	Sponsored Programs	Compliance	Mar 2025	Dec 2025
RI	C	IT	Ransomware Assessment	Disaster Preparation	Apr 2025	Jul 2025
RI	A	EM	Student Fees	Enrollment Impact	Apr 2025	Oct 2025
RI	A	PP	Chemical Inventory Audit	Disaster Preparation	Aug 2025	Nov 2025
RI	A	PP	Lab Safety	Disaster Preparation	Aug 2025	Nov 2025
RI	C	IT	Talon System Implementation Review	Financial/Fraud, Waste, or Abuse	Jan 2025	Dec 2025
RI	V	GE	Data Analytics Program and Reviews	Financial/Fraud, Waste, or Abuse	Jan 2025	Dec 2025
R	V	GE	IA Quality Assurance and Improvement Program	Compliance	Jan 2025	Feb 2025
R	A	AT	OVC Student Assistance Funds	Compliance	Jun 2025	Aug 2025
R	A	FM	President's Office Expenses	Financial/Fraud, Waste, or Abuse	July 2025	Nov 2025
R	V	GE	Enterprise Wide Risk Assessment	Compliance	Aug 2025	Dec 2025
R	C	GE	Management Assessment of Internal Controls	Compliance	Sept 2025	Dec 2025
R	F	GE	Audit Follow-up	Compliance	Jan 2025	Dec 2025
R	I	GE	Investigations	Compliance	Jan 2025	Dec 2025
R	C	GE	External Audit Coordination	Compliance	Jan 2025	Dec 2025
<b>Proposed Bench Projects</b>						
RI	C	GE	ADA Compliance	Compliance	N/A	N/A
RI	A	EM	Enrollment Management	Enrollment Impact	N/A	N/A
RI	V	GE	SACSCOC Accreditation	Accreditation Impact	N/A	N/A

8.3

Category	Functional Area
R-Required	AD-Advancement
RI-Risk-based	AT-Athletics
	EM-Enrollment Management
<b>Engagement Type</b>	FM-Financial Management
A-Audit	GE-General/University-wide
S-Special Request	IN-Instruction/Institutional Support
I-Investigation	IT-Information Technology
F-Follow-up	PP-Facilities/Plant
V-Review	RS-Research/Sponsored Programs
C-Consultation	SS-Student Services