

**Tennessee Higher Education Commission
Tennessee Student Assistance Corporation
Internal Audit Plan
For The Fiscal Year Ending June 30, 2010**

Based on a review of the assessment of risk conducted previously by management of THEC/TSAC activities and programs, discussions with management, and prior audit findings and weaknesses, the following reviews, audits and activities are planned for the Fiscal Year ending June 30, 2010. These are subject to change as the year progresses. With the implementation of Edison, new issues could arise that will require the attention of internal audit.

Audits/Reviews

- **Nelnet Guarantor Solutions (NGS) Contract – Reviews of compliance with contract terms.** This project will likely involve multiple phases and possibly several reports. Issues to be reviewed include but are not limited to verification of turnaround times and goals met that NGS reports to TSAC, lockbox procedures, the TSAC General Ledger System, and storage of data.

**Target date: First report – Quarter ending September 30, 2009;
Second report – Quarter ending March 31, 2010**

Management of TSAC and THEC would like to obtain a perspective of the efficiency of the current arrangement and the prospect of performing in-house the operations currently performed by NGS. Internal Audit could work with management on this project.

- **Accounting for Federal Family Education Loan Program** – Reviews will include accounting for and preparation of the ED Form 2000 and accounting for the FFELP funds (Operating and Federal). As audit work in this area progresses a determination will be made as to whether one or two internal audit reports (or memos) will be prepared. The 2007 Single Audit Report in the finding “Management’s lack of adequate procedures, controls, and oversight of federal report resulted in submitting its annual Guaranty Agency Financial Report for the Federal Family Education Loans program late and with significant errors” recommended the internal auditor periodically test the accuracy of the reports to determine if revised procedures and controls are effective.

Target date: Review of monthly reporting- Quarter ending September 30, 2009; Accounting for FFELP funds – Quarter ending December 31, 2009

- **Fiscal office operations** – Perform various reviews and analysis of internal controls and processes within the fiscal office. Various factors indicate initial reviews should include cash receipts and disbursements.

There are currently two issues management has requested internal audit review related to checks and receipts. Memos will be prepared regarding these items. As THEC/TSAC goes live on Edison July 1, there is anticipated need to consult with management on an ongoing basis on controls and possible needed changes in processes as a result of the new system.

**Target date: Cash receipts - Quarter ending March 31, 2010;
Disbursements – Quarter ending March 31, 2010**

- **Lottery Scholarship Program** – This will include follow-up on some prior-year system edit issues as well as reviewing certain areas for compliance with TSAC rules and state legislation.

Target date: Quarter ending June 30, 2010

Other items and duties of internal audit:

- **Analyzing division structures and efficiencies** – Various division heads indicated the desire to have the structure and effectiveness of certain areas reviewed. Some conclusions on individual aspects of effectiveness of operations and structure will likely be made during the course of certain internal audit reviews. Other areas will be reviewed individually as needed.
- **Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR-UP) – Federal discretionary grant from the U.S. Department of Education.** Procedures are in place for the current staff of this program to conduct monitoring reviews at the 9 county sites. This will include reviews of documentation since the beginning of the grant, in preparation for any upcoming federal review/audit of this program. As the results of the monitoring are obtained, a determination will be made as to any involvement by internal audit.
- **Financial Integrity Act/Enterprise Risk Management Assessment** – Coordinate and assist management in the preparation of the self-assessments and compilation of the reports required to comply with the Act due by December 31, 2009.
- Conduct follow-up review with management on the status of corrective actions taken on Comptroller's office findings and weaknesses identified, as necessary.
- Consult/review with management the indirect cost plan development for TSAC.
- Other duties as assigned.