



Audit & Business Committee
December 6, 2018
Roaden University Center, Room 282
8:00 a.m.

AGENDA

- I. Call to Order and Roll Call
- II. Approval of Minutes
- III. Tuition Transparency Act (T.C.A. § 49-7-1601 *et seq.*) Requirements
 - A. Report to the General Assembly related to expenditures of tuition and mandatory fee increase revenues
 - B. Factors used in determining tuition and mandatory fee increase
- IV. Budget and Fiscal Review
 - A. Approval of 2018-19 October Revised Budget/Organizational Chart
 - B. Five- Year Strategic Financial Plan Update
- V. Disclosed Capital Project
- VI. Report of Audit Activity
- VII. Approval of 2019 Audit Plan
- VIII. Adjournment of Open Session and Call to Order of Executive Closed Session to Discuss Audits, Investigations, and Matters Deemed Not Subject to Public Inspection Pursuant to T.C.A. § 4-35-108(b)(1)-(3)
- IX. Adjournment



**Board of Trustees Meeting
Audit & Business Committee
September 18, 2018
Roaden University Center Room 282**

MINUTES

AGENDA ITEM 1—CALL TO ORDER

The Tennessee Tech Board of Trustees Audit & Business Committee met on September 18 2018, in Roaden University Center Room 282. Trustee Teresa Vanhooser called the meeting to order at 11:24 a.m.

Trustee Vanhooser asked Ms. Kae Carpenter, Secretary, to call the roll. The following members were present:

- Teresa Vanhooser
- Rhedona Rose
- Tom Jones

Other board members and members of the public were also in attendance. Trustee Purna Saggurti was not in attendance.

AGENDA ITEM 2—Approval of Minutes of June 26, 2018

Trustee Vanhooser asked for approval of the minutes of the June 26, 2018 Audit & Business Committee meeting. Trustee Vanhooser asked if there were questions or comments regarding the minutes. There being none, Trustee Rose moved to recommend approval of the June 26, 2018 Audit & Business Committee minutes. Chair Jones seconded the motion. The motion carried unanimously.

AGENDA ITEM 3—Discussion of Pending Campus Master Plan Update

Trustee Vanhooser advised this was an informational item. Dr. Stinson advised we have a current master plan in place but it is reviewed periodically. Dr. Stinson introduced Garry Askew to present. Mr. Askew gave an overview of projects in progress such as the Fitness Center, Science Building and Roaden University Center addition. A major focus of the Master Plan was greening of the campus. Components include removing parking in front of Derryberry, moving parking to the perimeter of campus, parking garages, Peachtree becoming more pedestrian friendly and widen North Willow to include a turning lane. Other concepts included a Tech Tower at the intersection of University Drive and Peachtree and a fountain with a Golden Eagle at the end of the Quad. Mr. Askew proceeded that another element of the Master Plan looked at physical assessments of existing buildings and methodically renovate the buildings with lower state rated scores.

AGENDA ITEM 4—Five-Year Strategic Financial Plan Update

Dr. Stinson began by stating the Five-Year Strategic Financial Plan Committee was requested by the Audit & Business Committee but it also aligned with the Strategic Plan for the University. Committee Members appointed by Dr. Oldham included Dr. Claire Stinson, Dr. Lori Bruce, Dr. Brandon Johnson, Dr. Debbie Ballou, Dr. Joe Chappell, Dr. Steve Isbell, Dr. Paul Semmes and Ms. Emily Wheeler. The objective was to strengthen the financial and strategic health of the university and to target a 4 % reinvestment fund. Expected outcomes included ways to contain tuition increases while maintaining quality, develop more sustainable business models, implement innovative programs to meet market needs, improve current processes to be more productive and implement new delivery modalities. Some goals that were recognized was that information used was based on best estimates and moving forward the plan will be updated on a regular basis. The framework included different models for revenues and expenditures. Dr. Stinson advised this was a plan based on estimates and was not the university budget for the next five years. Dr. Stinson explained that retention and enrollment looked at three different methods: predictive analytics model, time series forecast model and undergraduate enrollment model. The Composite Financial Index looked at a five year trend. It was also reflective of enrollment. In 2015 was when the decline in student enrollment began, specifically international and domestic out of state students. Dr. Stinson advised two ratios were looked at that had a significant effect on the CFI, the primary reserve ratios and net operating revenues ratio. The primary reserve ratio had been declining. The net operating revenues ratio indicated that operating expenses exceeded operating revenues. The trend for tuition revenues and maintenance fees had remained relatively flat, out-of-state trended downward and state appropriations increased. Trustee Harper wanted to know if these amounts included capital allocations from the state or just operating. Dr. Stinson advised it was just operating as capital was restricted and cannot be used for maintenance or outlay money for anything other than what it was specified for. The trend in expenses for the previous five years had increased. The first assumption for the plan was referred to as the Base Budget which assumed 2 % increase in first-time full- time freshmen, 2% transfer students each year, 2.44% maintenance fee increase and state appropriations to cover 60% of 2.5% salary increase. The second assumption was referred to as the Alternative Budget and assumed 3% increase in first-time, full-time

freshman, 4% transfers each year, 3% maintenance fee increase and state appropriations continue at average rate of past five years. Expenses considered on both assumptions included:

- new cost (utilities for new buildings, faculty promotions and software escalation costs)
- Inflationary costs based on Higher Education Price Index
- graduate assistantships, athletic scholarships, legislatively mandated scholarships at 2.44% annual increase
- university academic and transfer scholarships reduced to 6% of gross maintenance fees
- Reinvestment fund of 2% is established and fund balance reestablished at 2% of E & G revenues.

The five-year strategic financial plan committee looked at lapsed salaries, right size budgets based on budget model for academic and non-academic units and identified “stop doing” activities as potential reinvestment strategies. Dr. Stinson advised that a financial model for new programs was in the process and was being led by Dr. Bruce. The academic program budget model ad hoc committee includes Dr. Barry Stein, Dr. Kim Hanna, Dr. Dennis Duncan, Dr. Jessica Oswalt, Dr. Debbie Ballou, Dr. Stephen Robinson, Dr. Jennifer Shank, and Ms. Carol Holley. Dr. Stinson ended the presentation by advising there were current investments that needed to be addressed since they were prior commitments. Current investments are composed of:

- Technology faculty \$1,000,000
- Master of Science in Nursing-\$150,000 for two years of seed money
- Master of Science in Engineering Management(colleges have identified funding)
- Ph.D. in Counseling and Supervision- \$165,600 for two years

Trustee Vanhooser stated she will entertain a motion that the committee send the draft Five-Year Strategic Financial Plan to the Board as an informational item and requests the Boards full support for a fully developed five-year plan. Trustee Rose moved to recommend. Chair Jones seconded the motion. Trustee Vanhooser requested a voice vote and the motion carried unanimously.

AGENDA ITEM 5—Disclosed Capital Projects

Chair Jones stated due to the time constraint he proposed to move the Disclosed Capital Project to the full Board and bypass the committee as long as no objections from the committee. Trustee Vanhooser and Ms. Kae Carpenter agreed this could be done. There were no objections.

AGENDA ITEM 6—Adjournment of Open Session & Call to Order of Executive Closed Session

There being no further business, the meeting adjourned at 12:22 p.m. After a short break, the Executive Closed Session began at 12:32 p.m. All Tennessee Tech Board Trustees were present with the exception of Trustee Purna Saggurti.

The following were also present for the meeting:

- President Philip Oldham
- Kae Carpenter, Board Secretary
- Deanna Metts, Director of Internal Audit
- Dr. Claire Stinson, Vice President for Planning and Finance
- Janice Scarlett, Internal Audit Administrative Associate
- Lee Wray, Chief of Staff
- Yvette Clark, IT Executive Director
- Deb Zsigalov, Chief Information Security Officer
- Diane Smith, Assistant to the President

AGENDA ITEM 14—Adjournment

There being no further business, the Executive Closed Session adjourned at 12:50 p.m.

Approved,

Audit & Business Committee Chair



Agenda Item Summary

Date: December 6, 2018

Division: Planning and Finance

Agenda Item: Tuition Transparency Act Report

Review

Action

No action required

PRESENTERS: Dr. Claire Stinson, Vice President for Planning and 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.

Tuition increase of 2.66% = \$1,982,700	
Effect on Average Cost of Attendance per student = \$102 per semester	
Effect on Student Financial Aid = None	
Use of Revenues	Dollars
Matching required for 2.5% salary improvement plus variable fringe benefits	\$934,900
Hiring of new faculty to support technology-infused programs in support of State needs and market growth areas.	\$402,000
New faculty positions in Engineering and Agriculture	\$190,000
Provide student support services including campus police, disability services and student organization oversight	\$147,000
Market adjustment of salaries for recruited employees	\$ 61,700
Software licenses	\$243,000
Renewal of custodial service contract	\$100,000

Mandatory Fees increase of 2.14% = \$268,000	
Effect on Average Cost of Attendance per student = \$13 per semester	
Effect on Student Financial Aid = None	
An increase of \$10 per semester to the Student Organization Life Opportunity Fund (SOLO) was proposed by Student Government Association (SGA) to provide resources to schedule top-tier concert artists during fall and spring semesters. The increase also provides 25% of a support position to assist the SGA paperwork and other support services associated with student activities, e.g. concert, homecoming.	\$210,000
Student Mental Health Wellness fee of \$3 per semester replaces NIH grant funding used to provide students with mental health resources such as the suicide prevention hotline and online mental health screening questionnaires designed to identify potential problems and offer appropriate referrals.	\$58,000



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

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.

SENATE BILL NO. 1665

PASSED: March 19, 2018


RANDY McNALLY
SPEAKER OF THE SENATE


BETH HARWELL, SPEAKER
HOUSE OF REPRESENTATIVES

APPROVED this 2nd day of April 2018


BILL HASLAM, GOVERNOR



Agenda Item Summary

Date: December 6, 2018

Division: Planning and Finance

Agenda Item: Tuition Transparency Act Factors

Review

Action

No action required

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

PURPOSE & KEY POINTS:

The Board is required to develop a list of factors that it must consider when developing recommendations to increase tuition and mandatory fees. The factors must include, at a minimum, the level of state support, total cost of attendance and efforts to mitigate the financial effect on students.

State of Tennessee
2018 Public Acts, Chapter 614

T.C.A. § 49-7-1603(b)

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Mandatory factors:

1. Level of state support
2. Total cost of attendance
3. Efforts to mitigate the financial effect on students

Additional factors to consider:

1. THEC mandatory tuition and fee ranges
2. Comparison to peer institutions, competitor institutions, other LGIs
3. Higher Education Price Index



State of Tennessee

PUBLIC CHAPTER NO. 614

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SB 1665

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PASSED: March 19, 2018


RANDY McNALLY
SPEAKER OF THE SENATE


BETH HARWELL, SPEAKER
HOUSE OF REPRESENTATIVES

APPROVED this 2nd day of April 2018


BILL HASLAM, GOVERNOR



Agenda Item Summary

Date: December 6, 2018

Division: Planning and Finance

Agenda Item: Approval of 2018-19 October Revised Budget/Organizational Chart

Review

Action

No action required

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

PURPOSE & KEY POINTS:

Review recommendation and approval of Tennessee Tech's 2018-19 Revised Budget and Organizational Chart.

E&G Revenues - Actuals FY2017-18, Proposed Budget FY2018-19, & Revised Budget FY2018-19

	Actuals FY2017-18	Proposed Budget FY2018-19	Revised Budget FY2018-19
Tuition and Fees	\$ 97,159,435	\$ 97,176,200	\$ 94,772,200
State Appropriations	\$ 47,219,674	\$ 50,365,800	\$ 53,528,100
Contracts and IDC	\$ 1,362,109	\$ 971,400	\$ 971,400
Sales and Services	\$ 1,173,490	\$ 865,500	\$ 862,500
Other Activities	\$ 4,264,833	\$ 3,051,410	\$ 3,610,910
Athletics (incl student fee)	\$ 6,494,736	\$ 6,303,890	\$ 6,247,890
Total Revenues	\$ 157,674,277	\$ 158,734,200	\$ 159,993,000

E&G Expenses by Budget Category - Actuals FY2017-18, Proposed Budget FY2018-19, & Revised Budget FY2018-19

	Actuals FY2017-18	Proposed Budget FY2018-19	Revised Budget FY2018-19
Instruction	\$ 69,303,486	\$ 71,065,100	\$ 75,207,400
Research	\$ 2,617,240	\$ 2,577,100	\$ 3,415,500
Public Service	\$ 2,279,577	\$ 2,166,900	\$ 2,468,100
Academic Service	\$ 11,547,115	\$ 12,296,400	\$ 12,064,400
Student Services	\$ 19,694,821	\$ 18,271,300	\$ 18,944,200
Institutional Support	\$ 15,050,818	\$ 15,485,800	\$ 15,639,400
Oper. & Maint. of Plant	\$ 12,679,027	\$ 13,995,800	\$ 14,391,900
Scholarships & Fellowships	\$ 15,995,855	\$ 18,088,600	\$ 17,235,400
Total Expenses	\$ 149,167,939	\$ 153,947,000	\$ 159,366,300

E&G Expenses by Natural Classification - Actuals FY2017-18, Proposed Budget FY2018-19, & Revised Budget FY2018-19

	Actuals FY2017-18	Proposed Budget FY2018-19	Revised Budget FY2018-19
Salaries and Wages	\$ 76,054,607	\$ 79,227,400	\$ 80,305,800
Fringe Benefits	\$ 30,787,779	\$ 31,704,600	\$ 32,343,600
Travel	\$ 2,724,987	\$ 1,911,700	\$ 2,002,900
Operating & Utilities	\$ 23,082,768	\$ 22,676,200	\$ 27,096,000
Scholarships & Fellowships	\$ 15,995,855	\$ 18,088,600	\$ 17,235,400
Capital	\$ 521,943	\$ 338,500	\$ 382,600
Total Expenses	\$ 149,167,939	\$ 153,947,000	\$ 159,366,300

E&G Unrestricted Budget Summary - Actuals FY2017-18, Proposed Budget FY2018-19, & Revised Budget FY2018-19

	Actuals FY2017-18	Proposed Budget FY2018-19	Revised Budget FY2018-19
Beginning Fund Balance	\$ 11,099,357	\$ 8,370,051	\$ 11,469,039
E&G Revenues	\$ 157,674,277	\$ 158,734,200	\$ 159,993,000
E&G Expenses	\$ 149,167,939	\$ 153,947,000	\$ 159,366,300
Mandatory Transfers	\$ 427,524	\$ 369,900	\$ 369,900
Non-mandatory Transfers	\$ 7,682,148	\$ 4,516,200	\$ 4,064,600
Ending Fund Balance	\$ 11,496,023	\$ 8,271,151	\$ 7,661,239

Auxiliary Budget Summary - Actuals FY2017-18, Proposed Budget FY2018-19, & Revised Budget FY2018-19

	Actuals FY2017-18	Proposed Budget FY2018-19	Revised Budget FY2018-19
Beginning Fund Balance	\$ 1,561,761	\$ 1,308,295	\$ 1,583,250
Aux Revenues	\$ 18,467,239	\$ 18,342,300	\$ 18,332,500
Aux Expenses	\$ 7,010,206	\$ 7,435,000	\$ 7,360,800
Mandatory Transfers	\$ 5,184,815	\$ 5,152,300	\$ 5,152,300
Non-mandatory Transfers	\$ 6,252,874	\$ 5,755,000	\$ 5,955,200
Ending Fund Balance	\$ 1,581,105	\$ 1,308,295	\$ 1,447,450

TOTAL Budget Summary - Actuals FY2017-18, Proposed Budget FY2018-19, & Revised Budget FY2018-19

	Actuals FY2017-18	Proposed Budget FY2018-19	Revised Budget FY2018-19
Beginning Fund Balance	\$ 12,661,118	\$ 9,678,346	\$ 13,052,289
Total Revenues	\$ 176,141,516	\$ 177,076,500	\$ 178,325,500
Total Expenses	\$ 156,178,145	\$ 161,382,000	\$ 166,727,100
Mandatory Transfers	\$ 5,612,339	\$ 5,522,200	\$ 5,522,200
Non-mandatory Transfers	\$ 13,935,022	\$ 10,271,200	\$ 10,019,800
Ending Fund Balance	\$ 13,077,128	\$ 9,579,446	\$ 9,108,689

Breakdown of E&G Fund Balance - Actuals FY2017-18, Proposed Budget FY2018-19, & Revised Budget FY2018-19

Actuals FY2017-18				
	Beginning Fund Balance		Ending Fund Balance	
Allocation for Encumbrances	\$	270,194	\$	186,960
Allocation for Working Capital	\$	2,944,013	\$	1,787,552
Special Allocations*	\$	7,885,150	\$	9,494,527
Unallocated Balance	\$	-	\$	-
Total E&G Fund Balance	\$	11,099,357	\$	11,469,039
*2% to 5% Reserve	\$	6,003,368	\$	7,019,006
*Student Activity Fee	\$	621,069	\$	455,381
*Technology Access Fee	\$	1,076,383	\$	1,110,158
*Specialized Academic Course Fee	\$	184,330	\$	909,981
Total Special Allocations	\$	7,885,150	\$	9,494,527

Proposed Budget FY2018-19				
	Beginning Fund Balance		Ending Fund Balance	
Allocation for Encumbrances	\$	270,194	\$	270,194
Allocation for Working Capital	\$	2,944,013	\$	2,944,013
Special Allocations*	\$	5,155,844	\$	5,056,467
Unallocated Balance (due to rounding)	\$	-	\$	477
Total E&G Fund Balance	\$	8,370,051	\$	8,271,151
*2% to 5% Reserve	\$	3,274,062	\$	3,174,685
*Student Activity Fee	\$	621,069	\$	621,069
*Technology Access Fee	\$	1,076,383	\$	1,076,383
*Specialized Academic Course Fee	\$	184,330	\$	184,330
Total Special Allocations	\$	5,155,844	\$	5,056,467

Revised Budget FY2018-19				
	Beginning Fund Balance		Ending Fund Balance	
Allocation for Encumbrances	\$	186,960	\$	186,960
Allocation for Working Capital	\$	1,787,552	\$	1,787,552
Special Allocations*	\$	9,494,527	\$	5,686,660
Unallocated Balance (due to rounding)	\$	-	\$	66
Total E&G Fund Balance	\$	11,469,039	\$	7,661,239
*2% to 5% Reserve	\$	7,019,006	\$	3,211,140
*Student Activity Fee	\$	455,381	\$	455,381
*Technology Access Fee	\$	1,110,158	\$	1,110,158
*Specialized Academic Course Fee	\$	909,981	\$	909,981
Total Special Allocations	\$	9,494,527	\$	5,686,660

E&G Transfers - Actuals FY2017-18, Proposed Budget FY2018-19, & Revised Budget FY2018-19

	Actuals FY2017-18	Proposed Budget FY2018-19	Revised Budget FY2018-19
	<u>Debt Service and Unexpended Plant</u>		
Debt Service Perf Contract	\$ 427,524	\$ 369,930	\$ 369,930
Debt Service Fitness Center	\$ 2,066,886	\$ 2,021,730	\$ 2,021,730
Debt Service Univ Center	\$ 91,452	\$ 89,460	\$ 89,460
Debt Service Eblen Center	\$ 201,195	\$ 196,810	\$ 196,810
Facilities Development (fee)	\$ 946,687	\$ 868,000	\$ 856,000
Parking and Transportation	\$ 940,597	\$ 973,275	\$ 1,078,275
Various Academic Buildings	\$ 893,262	\$ 841,000	\$ 841,000
Extraordinary Maintenance	\$ 1,150,000	\$ 150,000	\$ 650,000
Small Projects	\$ 445,975	\$ -	\$ -
Total Debt Service & Unexp Plant	\$ 7,163,578	\$ 5,510,205	\$ 6,103,205
	<u>Renewal and Replacement</u>		
IT Computer Equipment	\$ 277,110	\$ 377,110	\$ 377,110
Electronic Upgrades	\$ 350,000	\$ 350,000	\$ 350,000
Equipment - Departments	\$ 318,984	\$ 243,000	\$ 273,000
Reserves	\$ -	\$ (1,594,170)	\$ (2,668,820)
Total R&R	\$ 946,094	\$ (624,060)	\$ (1,668,710)
GRAND TOTAL All Transfers	\$ 8,109,672	\$ 4,886,145	\$ 4,434,495

Reserves - Revised Budget FY2018-19 (bal. at 6-30-18)

		<u>Unexpended Plant</u>
Land Purchases	\$	2,977,254
New Construction:		
Science Building	\$	10,511,023
Fitness & Rec Center	\$	19,037,636
Parking & Transportation	\$	3,401,636
Residence Hall Rvn & Roof	\$	1,828,605
Roaden Center Rvn	\$	2,376,191
Infrastructure & HVAC	\$	4,879,312
Football Digital Board	\$	2,723,734
Volpe Library Expansion	\$	1,860,795
Engineering Master Plan	\$	500,000
Extraordinary Maint.	\$	2,023,061
Depts. Small Projects	\$	81,289
Other Small Projects	\$	504,664
Total Unexpended Plant	\$	52,705,200
		<u>Renewal and Replacement</u>
Auxiliary - Housing	\$	15,109,227
Auxiliary - Other	\$	9,531,788
Computer Center	\$	2,633,130
Technology Update	\$	980,388
Telecommunication	\$	408,193
Printing & Photo Srv	\$	239,051
Motor Pool	\$	647,367
Craft Center R&R	\$	720,746
Departmental R&R	\$	428,657
University Reserve	\$	6,074,263
Total R&R	\$	36,772,810
 GRAND TOTAL All Reserves	 \$	 89,478,010



Office of the President

TENNESSEE TECH

November 12, 2018

Submitting on behalf of Tennessee Tech University (TTU) a crosswalk of organizational changes/updates with a proposed implementation date of January 1, 2019, as follows:

Academic Affairs

- Realign Millard Oakley STEM Center as a direct report to College of Education from the Office of Research & Economic Development
- Realign Joe L. Evins Appalachian Center for Craft (Administrative) as a direct report to College of Fine Arts from Academic Support
- Realign UNIV 1020 as a direct report to Academic Support from Special Programs
- Remove Rural Development Institute
- Realign TNeCampus as a direct report to Center for Innovation in Teaching and Learning
- Realign Non-Credit Programs as a direct report to College of Interdisciplinary Studies
- Realign Off-Campus Programs as a direct report to College of Interdisciplinary Studies
- Remove Digital & Distance Education as a unit

Enrollment Management & Career Placement

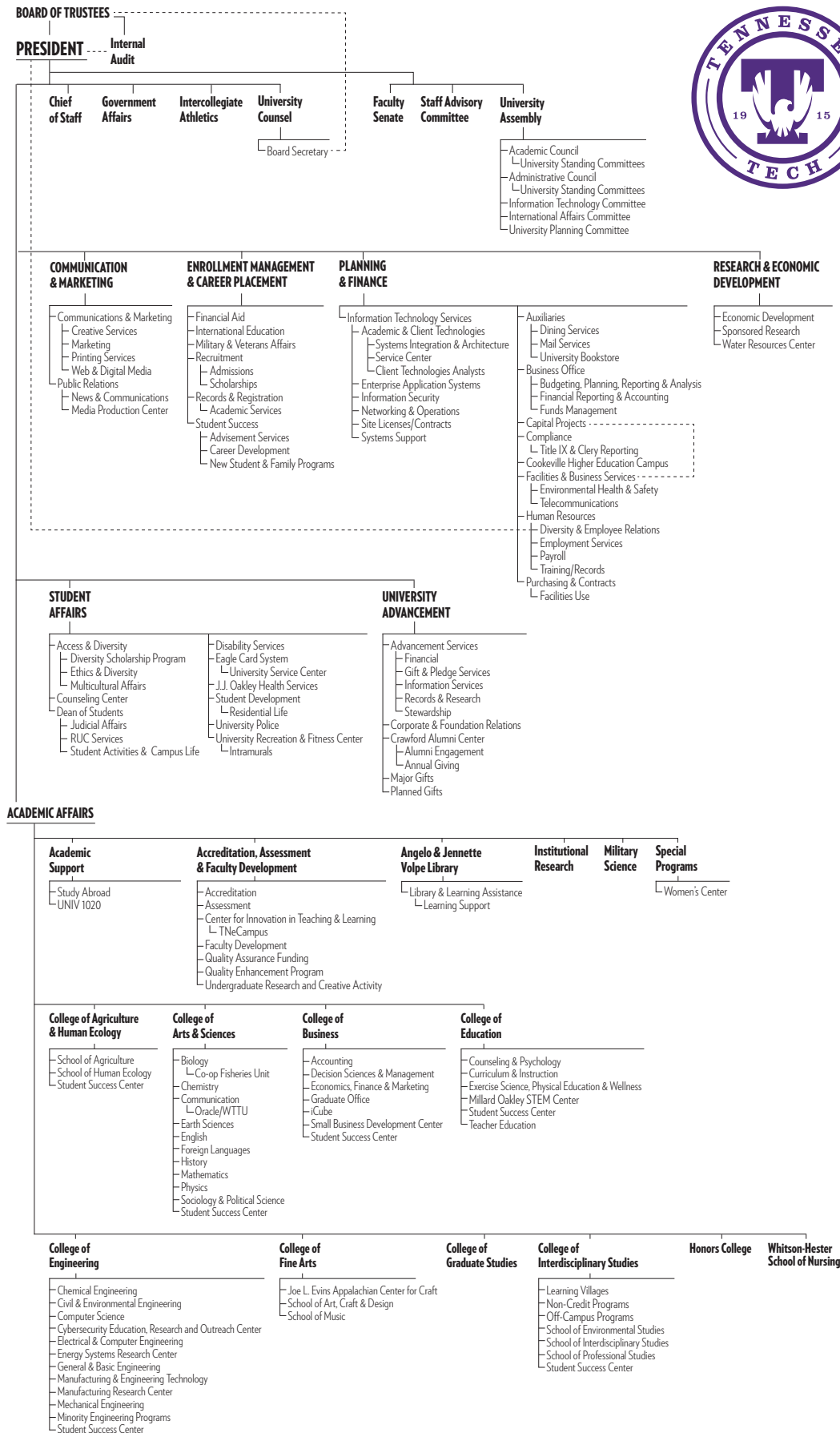
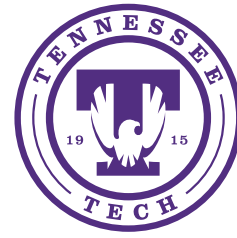
- Name change of Registrar to “Records & Registration”
- Realign Academic Services as a direct report to the Records & Registration

Planning and Finance

- Realign Budget, Planning, Reporting & Analysis as a direct report to the Business Office

A handwritten signature in black ink, appearing to read 'P. Oldham'.

Dr. Philip B. Oldham, President



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.tnitech.edu/assets/usermedia/planning-finance/budgetary-information/Complete_TTU_Summary_-_October_Revised_FY18-19.pdf

Direct Link to document – **Analysis:** https://www.tnitech.edu/assets/usermedia/planning-finance/budgetary-information/Complete_TTU_Analysis_Forms_-_October_Revised_FY18-19_1.pdf

Historical Budget documents (FY2011 through FY2019):

Budget **Summary:** <https://www.tnitech.edu/planning-and-finance/budgeting-and-planning/budgetary-information#octoberbudgetsummary>

Budget **Analysis:** <https://www.tnitech.edu/planning-and-finance/budgeting-and-planning/budgetary-information#budgetanalysis>



Agenda Item Summary

Date: December 6, 2018

Division: Planning and Finance

Agenda Item: Five-Year Strategic Financial Plan Update

Review

Action

No action required

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

PURPOSE & KEY POINTS:

Update on progress towards a Five-Year Strategic Financial Plan.



Agenda Item Summary

Date: December 6, 2018

Division: Planning and Finance

Agenda Item: Disclosed Capital Projects

Review

Action

No action required

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

PURPOSE & KEY POINTS:

Review and approval of amendment to the FY2018-19 Capital Disclosure list for the Roaden University Center sprinkler expansion.

Capital Disclosure: FY2018-19							
				Funding Source			
	Institution	Project	Project Cost	New Sq. Ft.	Plant-Funds - Non-Auxiliary	Plant Funds - Auxiliary	Project Description
1	TTU	Roaden Univ. Ctr. Sprinkler System Expansion	\$480,000			\$ 480,000.00	Extend the sprinkler system in the new addition to provide coverage for the entire ground floor of the original building.
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Agenda Item Summary

Date: December 6, 2018

Division: Internal Audit

Agenda Item: Review of Internal Audit Report of Activity for July 2017 through November 2018



Review



Action



No action required

PRESENTERS: Deanna Metts, Internal Audit Director

PURPOSE & KEY POINTS:

As required in Tennessee Code Annotated § 49-14-103, a report of Internal Audit's activities for July 2017 through November 2018 is being provided to the Audit Committee members for review. It is broken down into four categories: audits, reviews, investigations, and other activities.

Report of Internal Audit Activities July 2017 – November 2018

Audits

For the period July 2017 through November 2018, Internal Audit completed and submitted reports on 10 audits. Those audits were:

- Inventory Observations 16-17
- Inventory Observations 17-18
- Audit of the Expenses Related to the Functions of the Office of the President 16-17
- Audit of the Expenses Related to the Functions of the Office of the President 17-18
- NCAA Student Assistance Fund 16-17
- NCAA Student Assistance Fund 17-18
- Technology Access Fee
- Maintenance/Tuition and Related Fees
- Hope Strong Eagles Grant
- Follow-Up to State Audit 16-17

The Scholarship Audit is currently in progress and will be included on the 2019 Internal Audit Plan.

Three audits that were scheduled for completion in the July 2017 through December 2018 Audit Plan were not undertaken primarily because of a staff vacancy. Those were University Advancement, Cybersecurity, and Receipts.

Reviews

Internal Audit completed several reviews that resulted in transmission of information to management but no formal reports. Those reviews were:

- Sponsored Program Review – NSF REU Site Cyber Physical Systems
- Procard Reviews of 196 Cardholders
- Review of all terminating employee Procard charges
- Monthly reviews of all Amazon Business Account purchases
- Quarterly reviews of two University-wide data elements using data analytics
- Facilities Contract Compliance Special Review
- Fixed Price Grant/Contract Special Review
- 2017 Enterprise-wide Risk Assessment
- 2018 Enterprise-wide Risk Assessment

Investigations

As reports of fraud, waste, or abuse are received, Internal Audit investigates each allegation and prepares a report, which is ultimately submitted to the Tennessee Tech Audit & Business Committee, or writes an internal administrative closing memo, which is kept in Internal Audit working papers.

Internal Audit completed 12 fraud, waste, and abuse investigations during the reporting period, which resulted in 9 reports and 3 administrative closings. One fraud, waste, and abuse investigation is still in progress. When Internal Audit receives complaints or concerns that do not constitute fraud, waste, or abuse, those are referred on to a member of management who can look into the matter. During the reporting period, Internal Audit referred 21 non-fraud, waste, and abuse complaints onto management.

Other

In addition to the audits, reviews, and investigations performed by Internal Audit, the Internal Audit Department underwent a Quality Assessment Review which is required by the Institute of Internal Auditors Standards every five years. Other ongoing activities performed by Internal Audit are preparation of Audit Committee materials, general consultation, and following up on findings in Internal Audit reports.



Agenda Item Summary

Date: December 6, 2018

Division: Internal Audit

Agenda Item: Approval of 2019 Audit Plan

Review

Action

No action required

PRESENTERS: Deanna Metts, Internal Audit Director

PURPOSE & KEY POINTS:

An audit plan for calendar year 2019 is being provided to the Audit Committee for review and approval.

The lists each significant activity to be carried out in the Internal Audit department and tells the type of activity and functional area involved.

Each departmentally chosen audit on the schedule was selected using a model that considered six points:

1. Prior audit results
2. Internal controls in the area
3. Changes in the unit
4. Size of the unit with regard to revenue collected, expenses, or number of transactions processed
5. Sensitivity of the unit
6. Management's concerns

**Tennessee Tech University
Internal Audit Plan
Calendar Year 2019**

Overall/ Specific Type	Area	Name	Estimated Start	Estimated End
R/A	FM	Inventory Observations 6-30-19	Apr-19	Jul-19
R/A	FM	Audit President's Office Expenses 18-19	Jan-19	Sep-19
R/A	AT	Student Assistance Funds 18-19	Jun-19	Aug-19
T/A	EM	Scholarships	In Progress	Mar-19
T/A	SS	Evidence Room	In Progress	Jan-19
T/A	SS	Health Services Drug Dispensary	In Progress	Feb-19
D/A	RS	Research	Apr-19	Aug-19
D/S	GE	Risk Assessment Internal Controls	Aug-19	Dec-19
R/I	GE	Investigations	Jan-19	Dec-19
R/F	FM	Follow-up to State Audit 2017-18	Jul-19	Dec-19
R/F	GE	Follow-ups to Internal Audits	Jan-19	Dec-19
R/V	GE	Enterprise Wide Risk Assessment 2019	Jul-19	Dec-19
D/V	FM	Procard Reviews	Jan-19	Dec-19
D/V	RS	Sponsored Program Review	Feb-19	Oct-19
D/V	FM	Monthly, Quarterly, & Special Reviews	Jan-19	Dec-19
D/C	GE	General Consultation	Jan-19	Dec-19

Overall Type	Specific Type	
R-Required	A-Audit	F-Follow-up
D-Department Planned	S-Special Request	V-Review
T-In Progress	I-Investigation	C-Consultation

Functional Area	
AD-Advancement	IN-Instruction/Institutional Support
AT-Athletics	IT-Information Technology
EM-Enrollment Management	PP-Facilities/Plant
FM-Financial Management	RS-Research/Sponsored Programs
GE-General/University-wide	SS-Student Services