Austin Peay
State University

BOARD OF TRUSTEES

Audit Committee

Austin Peay State University

317 College Street

Clarksville, TN 37040

December 3, 2020

1:30 PM

Call to Order

Roll Call/Declaration of a Quorum

Information Items

A.Internal Audit Reports released between August 25, 2020, and November 9, 2020

B.Comptroller Office's Performance Audit (Sunset Audit)

C.Information Technology Security Update

Adjourn

PERFORMANCE AUDIT REPORT

The Austin Peay State University Board of Trustees

November 2020

Justin P. Wilson
Comptroller of the Treasury

DIVISION OF STATE AUDIT

November 3, 2020

The Honorable Randy McNally
  Speaker of the Senate
The Honorable Cameron Sexton
  Speaker of the House of Representatives
The Honorable Kerry Roberts, Chair
  Senate Committee on Government Operations
The Honorable Iris Rudder, Vice Chair
  House Committee on Government Operations
        and
Members of the General Assembly
State Capitol
Nashville, TN 37243
        and
The Honorable Mike O'Malley, Chair
Austin Peay State University Board of Trustees
P.O. Box 4628
Clarksville, TN 37044

Ladies and Gentlemen:

We have conducted a performance audit of selected programs and activities of the Austin Peay State University Board of Trustees for the period July 1, 2016, through May 31, 2020. This audit was conducted pursuant to the requirements of the Tennessee Governmental Entity Review Law, Section 4-29-111, *Tennessee Code Annotated.*

Our audit disclosed certain findings, which are detailed in the Audit Conclusions section of this report. The Board of Trustees and management of Austin Peay State University have responded to the audit findings; we have included the responses following each finding. We will follow up the audit to examine the application of the procedures instituted because of the audit findings.

This report is intended to aid the Joint Government Operations Committee in its review to determine whether the Austin Peay State University Board of Trustees should be continued, restructured, or terminated.

Sincerely,

Katherine J. Stickel, CPA, CGFM
Director
Division of State Audit

KJS/mkb
20/053

TENNESSEE
COMPTROLLER
OF THE TREASURY

Our mission is to make government work better.

AUDIT HIGHLIGHTS

Austin Peay State University's Mission

Austin Peay State University is a comprehensive university committed to raising the educational attainment of the citizenry, developing programs and services that address regional needs, and providing collaborative opportunities that connect university expertise with private and public resources. Collectively, these endeavors contribute significantly to the intellectual, economic, social, physical, and cultural development of the region. APSU prepares students to be engaged and productive citizens, while recognizing that society and the marketplace require global awareness and continuous learning.

We have audited the Austin Peay State University Board of Trustees (APSU Board), for the period July 1, 2016, through May 31, 2020. Our audit scope included a review of internal controls and compliance with laws, regulations, policies, procedures, and provisions of contracts or grant agreements in the following areas:

Scheduled Termination Date:
June 30, 2021

- **Board Oversight and Responsibilities**;

- **Campus Security and Safety**;

- **Mental Health Services**;

- **Strategic Plan and Performance Measures**; and

- **Higher Education Emergency Relief Fund Administration**.

KEY CONCLUSIONS

FINDINGS

- ➢ APSU management did not design and implement internal controls to ensure the Annual Security and Fire Safety Report included all required components (page 37).

- ➢ APSU management did not design and implement internal controls to ensure the Clery daily crime log was complete and accurate (page 40).

OBSERVATIONS

The following topics are included in this report because of their effect on the operations of Austin Peay State University Board of Trustees, the university, and the citizens of Tennessee:

➤ The APSU Board should ensure compliance with the Open Meetings Act (page 24).

➤ APSU Board members did not submit financial disclosure forms within the timeframe established by their conflict of interest policy (page 25).

➤ APSU should include all applicable records disposition authorization policies in the records management compliance matrix to ensure that each of its offices complies with applicable records disposition authorization policies (page 25).

➤ APSU management did not follow the university's salary increase and extra compensation policies (page 26).

➤ The APSU Counseling Center should consider the IACS counselor-to-student ratio standard (page 50).

➤ APSU did not provide a suicide prevention plan to the university's students, faculty, and staff during the fall 2019 semester (page 51).

MATTERS FOR LEGISLATIVE CONSIDERATION

➤ The General Assembly may wish to consider revising Section 49-8-201, *Tennessee Code Annotated*, to require state university boards to livestream and archive board committee meetings (page 26).

➤ The General Assembly may wish to amend *Tennessee Code Annotated* to participate in the Psychology Interjurisdictional Compact Act (page 52).

➤ The General Assembly may wish to amend *Tennessee Code Annotated* to require that higher education institutions submit annual reports on key mental health statistics for their students (page 52).

EMERGING ISSUES

➤ Universities may face a growing shortage of mental health professionals (page 47).

➤ Universities may experience an enrollment cliff (page 58).

TABLE OF CONTENTS

AUDIT AUTHORITY

This performance audit of the **Austin Peay State University Board of Trustees (APSU Board)** was conducted pursuant to the Tennessee Governmental Entity Review Law, Title 4, Chapter 29, *Tennessee Code Annotated.* Under Section 4-29-242(a)(62), the APSU Board is scheduled to terminate June 30, 2021. The Comptroller of the Treasury is authorized under Section 4-29-111 to conduct a limited program review audit of the agency and to report to the Joint Government Operations Committee of the General Assembly. This audit is intended to aid the committee in determining whether the APSU Board should be continued, restructured, or terminated.

BACKGROUND

During the 2016 legislative session, the General Assembly passed Public Chapter No. 869, known as the Focus on College and University Success (FOCUS) Act, which dramatically changed the responsibility for oversight over APSU. The FOCUS Act severed the Tennessee Board of Regents' (TBR) direct oversight of the university and created a 10-member local governing board of trustees that is responsible for APSU's management and governance, including curricula, program development, budgeting, procurement, and tuition and fee levels. The creation of the state university board provided for greater autonomy in the pursuit of innovation and differentiation, with the APSU Board focused solely on one institution, APSU, and its strategic direction. The new board held their first meeting on March 30, 2017.

The 2016 FOCUS ACT dramatically changed the responsibility for oversight of APSU.

APSU Board members serve as unsalaried trustees while maintaining their external professional responsibilities. Board members are reimbursed for travel expenses incurred while performing their official APSU Board responsibilities. By accepting their nominations to serve on the board, the members voluntarily provide their experience to oversee the school system, its students, and its employees. See **Appendix 2** for a current list of APSU Board members.

Austin Peay State University

Austin Peay State University (APSU) is located in Clarksville, TN. The university's campus has been home to an educational college since the Rural Academy in 1807. A 1927 Act of the General Assembly created the Austin Peay Normal School, a junior college and teacher-training institute, and named the school in honor of Governor Austin Peay. In 1943, the General Assembly renamed the school Austin Peay State College. The State Board of Education granted the college university status on September 1, 1967.

Vision Statement:
APSU's vision is to create a collaborative, integrative learning community, instilling in students habits of critical inquiry as they gain knowledge, skills, and values for life and work in a global society.

Fall 2019 Enrollment	
Undergraduate	9,971
Graduate – Academic	1,077
Total Enrollment	11,048

2019–2020 Undergraduate Tuition and Fees*
$8,627

2018 Full-time Instructional Faculty
704

*Amount based on a student attending 15 hours in the fall and 15 hours in the spring, includes in-state general maintenance and other mandatory fees and does not include optional fees such as room and board.
Source: Enrollment and faculty data provided by APSU; tuition and fees data provided by the Tennessee Higher Education Commission (THEC).

APSU also operates a campus at Fort Campbell which offers seven-and-a-half-week semesters rather than the typical 16-week semesters. The **Austin Peay Center at Fort Campbell** is a full-service center that provides courses and degree programs to active duty service members, veterans, and civilians and offers reduced tuition rates for uniformed military personnel and active duty dependents.

APSU Foundation

The **Austin Peay State University Foundation (APSU Foundation)** is a not-for-profit entity and was established in 1975 as a separate entity from APSU. The purpose of the APSU Foundation is to raise and manage private support for the university and supplement the resources that are available to the university in support of its programs. To accomplish this goal, the APSU Foundation selects members, serving five-year terms, who have demonstrated a genuine interest in the goal of enhancing higher education and APSU. The APSU Foundation is audited by the Comptroller's Division of State Audit in conjunction with the audit of APSU's financial

statements. In fiscal year 2016, the audit reported a finding stating that university revenues were improperly treated as revenues of the university's foundation. In fiscal year 2019, the audit reported a finding stating that the foundation had incorrectly recorded pledge payments. The APSU Foundation is not included within the scope of this audit report, and we do not conclude on its compliance with laws, regulations, and internal policies.

Internal Control Responsibilities: Oversight Bodies and Management

As an oversight body, the APSU Board has separate responsibilities from APSU management (including the President and other officers). The U.S. Government Accountability Office's *Standards for Internal Control in the Federal Government* (Green Book) sets internal control standards for federal entities. The Green Book adapts the principles of the Committee of Sponsoring Organizations of the Treadway Commission's (COSO's) *Internal Control – Integrated Framework* for the government environment. In the absence of established internal control frameworks, the Green Book's principles serve as best practices for non-federal entities and establish key internal control responsibilities for oversight bodies and for management of an organization. Paragraphs 2.09 and 2.10 of the Green Book outline the following key responsibilities for oversight bodies for an institution's internal control system:

- overseeing management's design, implementation, and operation of the entity's internal control system;

- establishing integrity and ethical values, oversight structure, and expectations of competence;

- maintaining accountability to all oversight body members and key stakeholders;

- overseeing management's risk assessment as it relates to internal control and control activities;

- analyzing and discussing information related to the entity's achievement of objectives; and

- overseeing the nature and scope of management's monitoring activities.

Per Principle 10, "Design Control Activities," management of an organization is responsible for designing control activities to achieve objectives and respond to risks. Examples of management's internal control tasks include reviewing functions and activities, managing human capital, maintaining controls for information processing, and establishing performance measures.

To evaluate the APSU Board's oversight of APSU management, we assessed APSU's implementation and execution of policies and procedures, as well as its compliance with laws, regulations, and best practices, in key areas identified in our audit scope.

The Tennessee Higher Education Commission

The **Tennessee Higher Education Commission (THEC)** serves as the coordinating authority for implementing Tennessee's statewide higher education public and fiscal policy. The Tennessee General Assembly created THEC in 1967 to facilitate a coordinated and unified public postsecondary mission across higher education institutions in Tennessee. THEC develops a statewide master plan for the future development of public universities, community colleges, and colleges of applied technology.[1] Among THEC's other statutory responsibilities are

- establishing annual tuition and fee increase parameters for in-state undergraduate students;

- reviewing and approving new academic programs;

- developing and utilizing an outcomes-based funding model for institutions, considering the operating and capital expenses of each institution; and

- involving higher education institutions in the collaboration and development of Transfer Pathways.

THEC and the APSU Board

The APSU Board is responsible for the strategic direction of APSU, including establishing policies and goals. Similarly, THEC is responsible for making statewide postsecondary strategic decisions and ensuring that public colleges and other institutions are aligned with the state's mission and values. For APSU to offer new programs of study, the APSU Board requires THEC approval. Additionally, in conjunction with school systems including APSU, school campuses, and state government representatives, THEC establishes an outcomes-based funding formula to incentivize academic success, such as degree completion rates.

Like the APSU Board, THEC is subject to the Tennessee Governmental Entity Review Law, compiled in Title 4, Chapter 29, *Tennessee Code Annotated*; however, THEC is not included within the scope of this audit report, and we do not conclude on THEC's compliance with laws, regulations, and internal policies. Instead, we conclude on the APSU Board's and APSU management's compliance with various THEC requirements and provide information on THEC's responsibilities as they relate to APSU's operations and strategic decisions.

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[1] Section 49-7-202,*Tennessee Code Annotated*, dictates that the statewide master plan includes "addressing the state's economic development, workforce development, and research needs; ensuring increased degree production within the state's capacity to support higher education; and using institutional mission differentiation to realize statewide efficiencies through institutional collaboration." THEC's *Master Plan for Tennessee Postsecondary Education* for 2015 through 2025 is available at https://www.tn.gov/thec/about-thec-tsac/master-plan/master-plan.html.

Effects of the COVID-19 Pandemic

In early 2020, an outbreak of the novel strain of coronavirus (COVID-19) emerged globally. Federal, state, and local mandates have resulted in an overall decline in economic activity. At the time of our audit report, the APSU Board and APSU management continued to evaluate and address the ongoing impacts of the virus on the university's finances and enrollment.

> The APSU Board and management continue to evaluate and address the ongoing impacts of the virus on the university's finances and enrollment. Since the economic disruption caused by the COVID-19 pandemic occurred after our audit began, we have not assessed the pandemic's business impacts to APSU.

In response to the COVID-19 pandemic, the university ceased in-person teaching in March 2020 and moved all university courses to an online format. APSU held summer courses online or used other forms of non-face-to-face instruction. During the spring and summer, the university encouraged administrative staff to work remotely as much as possible. For the fall 2020 semester, the university altered its academic schedule and planned to offer fully in-person, online, and hybrid classes. According to the university's website, APSU implemented multiple precautionary measures in anticipation of students returning to classes for the fall 2020 semester, including, increasing fresh air circulation to campus spaces, requiring face coverings, setting up outside workspaces, and reducing classroom capacities.

Since March 2020, the university has maintained designated sections of its website to communicate information to students, faculty, parents, and others about both the university's ongoing response to the COVID-19 pandemic, as well as the university's plans for students and faculty to return to campus for the fall 2020 semester. There is, however, a high degree of uncertainty as to if or how the pandemic will affect the fall 2020 semester's enrollment, as well as any impacts to the short- or long-term financial health of the institution.

> We exhibit our conclusions on elements of the university's mental health services, performance measures, and administration of HEERF awards in our **Mental Health Services**, **Strategic Plan and Performance Measures**, and **Higher Education Emergency Relief Fund Administration** sections of our report.

In March 2020, the U.S. Congress passed and the President of the United States signed into law the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which included over $14 billion in funding specifically for institutions of higher education through the Higher Education Emergency Relief Fund (HEERF). Through HEERF, APSU received $10.16 million, which the university could use for emergency financial aid to students and purchasing distance learning equipment for students.

Our audit coincided with the 2020 outbreak of the COVID-19 pandemic. To avoid disruption to the APSU Board's and APSU management's ongoing actions to address the impacts of the virus on the university, we obtained an understanding of the funds the university received and how they planned to account for and use them, but we did not audit the university's performance related to addressing the impacts of the COVID-19 pandemic. The university's actions taken as a result of the COVID-19 pandemic are not included within the scope of this audit report, and we do not conclude on the university's COVID-19-related actions with regard to compliance with laws, regulations, and internal policies. The Division of State Audit will review the university's HEERF grant awards, including assessing internal controls and compliance with requirements of federal programs, as a component of the 2020 State of Tennessee Single Audit.

The Austin Peay State University
Organizational Chart
August 2020

AUSTIN PEAY STATE UNIVERSITY BOARD OF TRUSTEES

INTERIM PRESIDENT

- DIRECTOR ATHLETICS
- CHIEF DIVERSITY OFFICER/ TITLE IX COORDINATOR
- CHIEF AUDIT OFFICER
- MILITARY ADVISOR IN RESIDENCE
- ASSISTANT VICE PRESIDENT FOR COMMUNITY AND GOVERNMENT RELATIONS
- INTERIM SECRETARY TO THE BOARD

PROVOST AND SENIOR VICE PRESIDENT FOR ACADEMIC AFFAIRS

- VICE PROVOST STUDENT ACHIEVEMENT
- VICE PROVOST AND ASSOCIATE VICE PRESIDENT FOR ACADEMIC AFFAIRS
- DEAN COLLEGE OF ARTS AND LETTERS
- ASSOCIATE PROVOST RESEARCH AND DEAN COLLEGE OF GRADUATE STUDIES
- DEAN COLLEGE OF BEHAVIORAL & HEALTH SCIENCES
- EXECUTIVE DIRECTOR AUSTIN PEAY CENTER AT FORT CAMPBELL
- DEAN COLLEGE OF SCIENCE, TECHNOLOGY, ENGINEERING & MATHEMATICS
- EXECUTIVE DIRECTOR CENTER FOR EXTENDED AND INTERNATIONAL EDUCATION
- DEAN COLLEGE OF BUSINESS
- DIRECTOR LIBRARY
- DEAN ERIKSSON COLLEGE OF EDUCATION

VICE PRESIDENT FOR STUDENT AFFAIRS

- ASSOCIATE VICE PRESIDENT & DEAN OF STUDENTS
- ASSISTANT VICE PRESIDENT & DIRECTOR OF HOUSING
- DIRECTOR COUNSELING & HEALTH SERVICES
- DIRECTOR STUDENT AFFAIRS PROGRAMS & ASSESSMENT
- DIRECTOR DISABILITY SERVICES
- DIRECTOR CAREER SERVICES
- DIRECTOR SERVICE LEARNING & COMMUNITY ENGAGEMENT

VICE PRESIDENT FOR EXTERNAL AFFAIRS

- ASSOCIATE VICE PRESIDENT STUDENT SUCCESS STRATEGIC INITIATIVES
- ASSISTANT VICE PRESIDENT UNIVERSITY ADVANCEMENT & ALUMNI RELATIONS
- EXECUTIVE DIRECTOR PUBLIC RELATIONS & MARKETING

VICE PRESIDENT FOR FINANCE & ADMINISTRATION

- ASSOCIATE VICE PRESIDENT FINANCE
- ASSOCIATE VICE PRESIDENT INFORMATION TECHNOLOGY
- EXECUTIVE DIRECTOR UNIVERSITY BUDGETS & FINANCIAL PLANNING
- ASSISTANT VICE PRESIDENT FOR PUBLIC SAFETY
- EXECUTIVE DIRECTOR PHYSICAL PLANT
- EXECUTIVE DIRECTOR HUMAN RESOURCES
- DIRECTOR UNIVERSITY CENTER FACILITIES & SERVICES
- DIRECTOR UNIVERSITY DESIGN & CONSTRUCTION

INTERIM GENERAL COUNSEL LEGAL AFFAIRS

- UNIVERSITY ATTORNEY

Source: provided by the APSU Interim President.

7

AUDIT SCOPE

We have audited the Austin Peay State University Board of Trustees (APSU Board) for the period July 1, 2016, through May 31, 2020. Our audit scope included a review of internal controls and compliance with laws, regulations, policies, procedures, and provisions of contracts or grant agreements in the following areas:

- **Board Oversight and Responsibilities**;
- **Campus Security and Safety**;
- **Mental Health Services**;
- **Strategic Plan and Performance Measures**; and
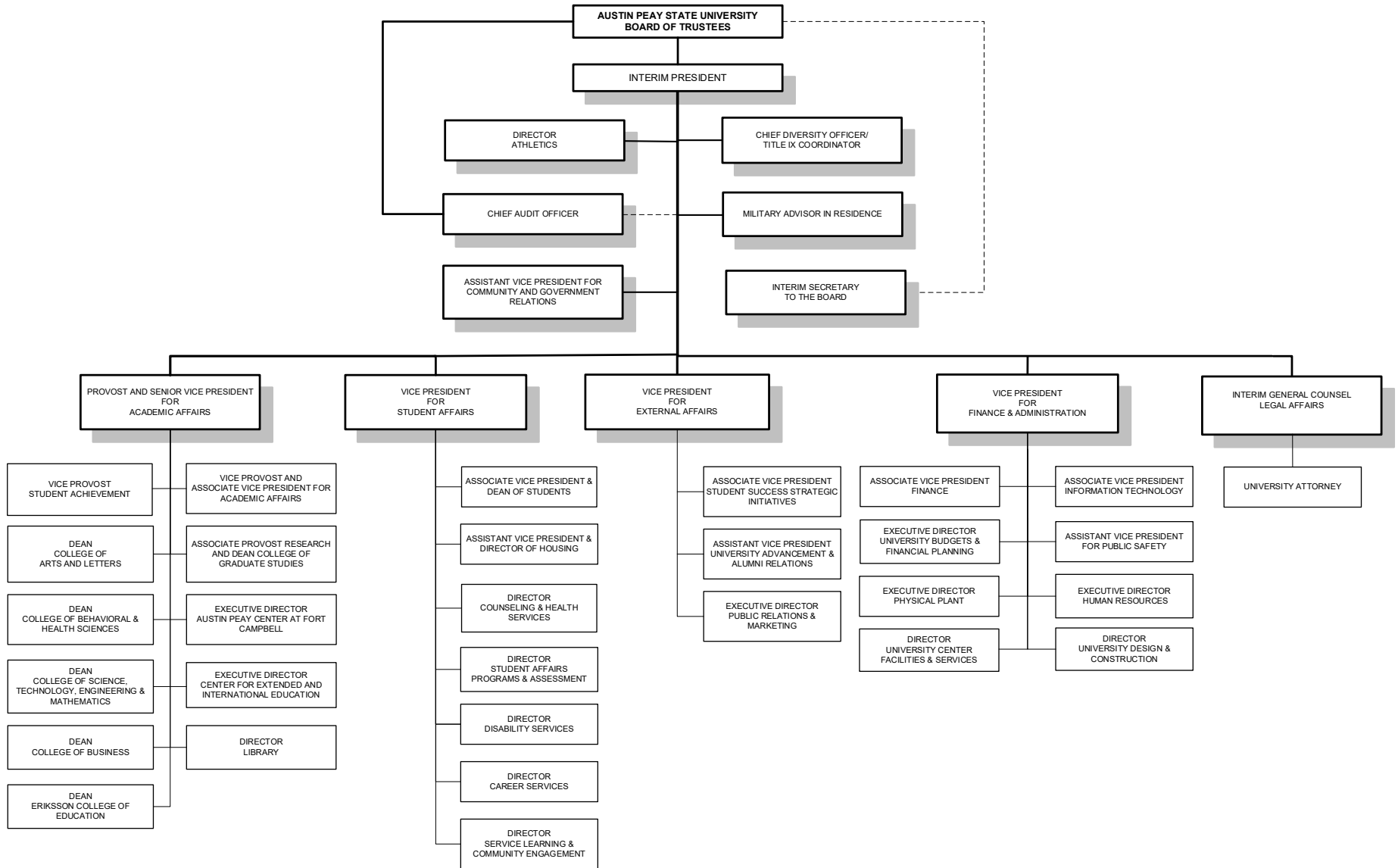- **Higher Education Emergency Relief Fund Administration**.

APSU management is responsible for establishing and maintaining effective internal control and for complying with applicable laws, regulations, policies, procedures, and provisions of contracts and grant agreements.

We provide further information on the scope of our assessment of internal control significant to our audit objectives in **Appendix 1**. In compliance with generally accepted government auditing standards, when internal control is significant within the context of our audit objectives, we include in the audit report (1) the scope of our work on internal control and (2) any deficiencies in internal control that are significant within the context of our audit objectives and based upon the audit work we performed. We provide the scope of our work on internal control in the detailed methodology of each audit section and in **Appendix 1**, and we identify any internal control deficiencies significant to our audit objectives in our audit conclusions, findings, and observations.

For our sample design, we used nonstatistical audit sampling, which was the most appropriate and cost-effective method for concluding on our audit objectives. Based on our professional judgment, review of authoritative sampling guidance, and careful consideration of underlying statistical concepts, we believe that nonstatistical sampling provides sufficient appropriate audit evidence to support the conclusions in our report. Although our sample results provide reasonable bases for drawing conclusions, the errors identified in these samples cannot be used to make statistically valid projections to the original populations. We present more detailed information about our methodologies in the individual sections of this report.

We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

REPORT OF ACTIONS TAKEN ON PRIOR AUDIT FINDINGS

Section 8-4-109(c), *Tennessee Code Annotated,* requires that each state department, agency, or institution report to the Comptroller of the Treasury the action taken to implement the recommendations in the prior audit report. However, this was the first performance audit of the Austin Peay State University Board of Trustees; therefore, there were no findings for follow-up in conjunction with this audit.

Other divisions within the Comptroller's Office have released reports involving APSU, including other groups within the Division of State Audit as well as the Office of Research and Education Accountability. We exhibit selected findings, results, and recommendations from these reports in **Appendix 4**.

AUDIT CONCLUSIONS

BOARD OVERSIGHT AND RESPONSIBILITIES

Source:
https://www.facebook.com/pg/austinpeay/photos/?tab=album&album_id=10150561186242890&ref=page_internal

BOARD OVERSIGHT AND RESPONSIBILITIES

With the passage of Chapter 869 of the Public Acts of 2016, the Focus on College and University Success (FOCUS) Act, the Tennessee General Assembly transferred governance of Austin Peay State University (APSU) from the Tennessee Board of Regents (TBR) to a local governing board of trustees. The FOCUS Act stipulates the composition of the APSU Board of Trustees (APSU Board) and grants the board the power to directly oversee the school's President and administration, curricula, program development, budgeting, procurement, and tuition and fee levels.

We focused on four areas of the APSU Board's responsibilities and powers:

1. APSU Board Composition,

2. oversight and policy development,

3. board member orientation and ethics, and

4. meeting requirements.

APSU Board Composition

Pursuant to Section 49-8-201(f)(1), *Tennessee Code Annotated*, the APSU Board consists of 10 board members, 9 voting and 1 nonvoting. The Governor appoints 8 voting members, subject to the General Assembly's approval through a joint House and Senate resolution. Of these 8 members, 6 must be residents of the State of Tennessee and at least 3 must be APSU alumni. The APSU Faculty Senate elects the 9th voting member, and the APSU Board appoints the nonvoting, student member.

See **Appendix 2** for the membership of the full APSU Board, as well as the membership of each APSU Board committee, as of October 1, 2020.

APSU Board Committees

Article IX of the APSU Board's by-laws states that the board can establish committees as necessary to serve the board. The by-laws dictate that the standing committees must be composed of no less than three board members and a chair, meet at least four times each calendar year, and include the APSU Board Chair as an ex officio, voting member of all standing committees. The APSU Board bylaws also establish that "a majority of the voting members of each committee shall constitute a quorum for the transaction of business." As of March 2020, the APSU Board maintained the following committees:

- The **Executive Committee** has the power to act on behalf of the board during the periods between meetings of the full board. The committee periodically reviews the APSU Board's bylaws; and monitors, oversees, and reviews compliance with the code of ethics for trustees and other APSU Board committees.

- The **Academic Affairs Committee** oversees the academic programs of the university and serves to ensure the educational quality of the university. The committee also advises the Board regarding major changes to the academic programs and the schools or colleges within the university. The Provost serves as an ex-officio member of the committee.

- The **Audit Committee** has oversight responsibility for the integrity of the university's financial reporting process and systems of internal controls regarding finance, accounting, and legal compliance, and may conduct or authorize investigations at any time. The committee is also responsible for the direction of the internal auditing function and any external auditors the committee employs, as well as reviewing the audits conducted by the Comptroller's Office.

- The **Business and Finance Committee** has the responsibility to create of finance, business, and administrative policies and recommend those policies to the full board. The committee also makes recommendations to the board on tuition and fee rates, guidelines for the annual operating budget, appropriations requests to state agencies, capital outlay budgets, and the facilities master plan. The APSU Vice President for Finance and Administration serves as an ex-officio member of the committee.

- The **Student Affairs Committee** oversees matters related to student success including services and resources to increase recruitment, retention, completion rates and satisfaction. The committee establishes policies, programs, and procedures affecting students and campus life. The committee facilitates the APSU's mission to prepare students to be engaged and productive citizens.

Oversight and Policy Development

Section 49-8-203(a)(1)(E), *Tennessee Code Annotated*, grants the APSU Board the power to "assume general responsibility for the operation" of the university, and the ability to delegate to the university president "such powers and duties as are necessary and appropriate for the efficient administration of the institution and its programs." We summarize pertinent sections of *Tennessee Code Annotated* regarding the powers and duties of the APSU Board in **Table 1**.

Table 1
Summary of APSU Oversight Powers and Duties Conferred by
Tennessee Code Annotated

Tennessee Code Annotated **Reference**	**Summary of Oversight Powers and Duties**
49-8-203	State university boards have the power to • choose the university President; • "confirm the appointment of administrative personnel, teachers, and other employees" of the university and "fix their salaries and terms of office"; • set "curricula and requirements for diplomas and degrees"; • approve the operating and capital budgets and set the fiscal policies of the schools and programs under their control; • set "policies and regulations" over campus life, including "the conduct of students, student housing, parking, and safety"; • receive gifts and donations on behalf of the university; and

	• subject to state requirements and regulations, purchase and condemn land and erect buildings.
49-8-117(a)(1)	State university boards must "establish a grievance procedure for all support staff employees."
49-8-201(f)(8)(B)	State university boards must "adopt by-laws and rules for the organization and conduct of its business."
49-8-201(f)(8)(C)	TBR policies and guidelines approved by July 1, 2016, and "applicable to the state university boards and their respective institutions" serve as the "policies and guidelines of the state university boards and their respective institutions" until the state university board rescinds or revises the policies.
49-8-301 and 303	State university boards must establish policies for faculty tenure and "develop procedures for the termination of faculty with tenure for adequate cause."
49-8-104	State university boards have the power to establish residency requirements for students.

Source: LexisNexis online database.

To facilitate the transition of oversight from the Tennessee Board of Regents (TBR) to local governing state university boards, *Tennessee Code Annotated* allowed state university boards, including APSU's, to continue to use TBR policies until the board established their own policies.

Oversight of Internal Control

As an oversight body, the APSU Board has separate responsibilities from APSU management (including the President and other officers). The U.S. Government Accountability Office's *Standards for Internal Control in the Federal Government* (Green Book) serves as best practices for instituting internal control in state agencies. The Green Book establishes that an oversight body, such as the APSU Board, "is responsible for overseeing the strategic direction of the entity and obligations related to the accountability of the entity. This includes overseeing management's design, implementation, and operation of an internal control system."

SACSCOC Accreditation

The Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) serves as the regional body for the accreditation of degree-granting higher education institutions in the Southern states, including Tennessee. To gain or maintain SACSCOC accreditation, an institution must comply with the standards contained in the *Principles of Accreditation: Foundations for Quality Enhancement* and with the commission's policies and procedures. The SACSCOC Board of Trustees most recently reaffirmed APSU's accreditation for ten years in 2014.

Oversight of the President

According to Principle 4.2.c, of the SACSCOC *Principles of Accreditation: Foundations for Quality Enhancement*, SACSCOC requires the governing board to select and evaluate the institution's

chief executive officer (CEO). SACSCOC expects the governing board to evaluate the CEO at least every three years. Even if some aspects of this responsibility can be delegated within a complex higher education system, the board must oversee these processes and make ultimate decisions on CEO retention, contract renewal, and dismissal.

Likewise, according to the Association of Governing Boards of Universities and Colleges (AGB), one of the critical duties of a governing board is oversight of the President. The AGB is an organization centered on governance in higher education and offers best practice guidance to the oversight bodies of colleges and universities. According to Principle 6 of the AGB's *Statement on Board Responsibility for Institutional Governance*,

> The selection, assessment, and support of the president are the most important exercises of strategic responsibility by the board. . . . Boards should assess the president's performance on an annual basis for progress toward attainment of goals and objectives, as well as for compensation review purposes, and more comprehensively every several years in consultation with other constituent groups. In assessing the president's performance, boards should bear in mind that board and presidential effectiveness are interdependent.

Communication With the Campus Community and Other Stakeholders

As the oversight body for the university and its stakeholders, the APSU Board is expected to engage with the campus community and gauge the concerns of the university's stakeholders. According to Principe 4 of the AGB's *Statement on Board Responsibility for Institutional Governance*,

> Boards should ensure open communication with campus constituencies. Faculty, staff, and students have a vital stake in the institution and should be given opportunities to be heard on various issues and participate in the governance process.

According to APSU Board policy 1:010, members of the public can appear before the board to comment on any topic listed in the agenda. Members of the public wishing to present at a board meeting must provide their name and agenda topic they wish to address to APSU General Counsel and Secretary to the Board of Trustees at least 72 hours in advance of the meeting. The APSU Board Chair may choose to allow individuals to address the board without advance notice.

Approval of Budgets, Fiscal Policies, and Salaries

Section 49-8-203, *Tennessee Code Annotated*, grants the APSU Board the authority to approve annual operating budgets and to set fiscal policies. By approving the annual operating budget, the APSU Board confirms staff salaries. APSU management can award salary increases and payments of extra compensation within the bounds of the operating budget and APSU policies. Salary increases include promotions, department-wide salary increases, and merit-based pay increases, while extra compensation payments include bonuses and pay for work performed outside of the scope of the general responsibilities of a position.

Board Member Orientation and Ethics

Tennessee Code Annotated requires each APSU Board member, within one year of appointment to the board, to participate in an orientation program administered through the Tennessee Higher Education Commission (THEC). This orientation provides board members with overviews of the environment of higher education in Tennessee, funding mechanisms for state colleges and universities, compliance with applicable meeting requirements, and effective board governance. *Tennessee Code Annotated* also requires the APSU Board to adopt a code of ethics for board members and an ongoing professional development policy. We summarize the pertinent sections of *Tennessee Code Annotated* below in **Table 2**.

Table 2
Summary APSU Board Orientation and Ethics Requirements Required by
Tennessee Code Annotated

Tennessee Code Annotated Reference	Summary of Orientation and Ethics Requirements
49-8-201(f)(7)(A)	Prior to the state university board's "first called meeting," members must attend orientation training designed by THEC. Members appointed to the board after the first meeting must "attend orientation seminars within their first year of service."
49-8-204(a)	The state university board must develop a code of ethics to "apply to and govern the conduct of all appointed members."
49-8-201(f)(8)(c)	The state university board must "adopt a policy that facilitates ongoing professional development for members."

Source: LexisNexis online database

At the inaugural APSU Board meeting on March 30, 2017, the board approved the code of ethics governing all appointed board members and a policy for ongoing professional development. Included in the code of ethics is a requirement for all APSU Board members to submit a financial disclosure form within 30 days of the first seating on the board and annually thereafter in January each subsequent year.

Fiduciary Duty

The THEC orientation includes a key aspect of a board member's role: the fiduciary duty to the institution. Governing bodies have a fiduciary duty to the institutions they oversee. Members of the APSU Board have an obligation to act in the best interest of APSU, including demonstrating due care and exhibiting the highest integrity in the execution of their responsibilities. The *AGB Board of Directors' Statement on the Fiduciary Duties of Governing Board Members* provides the following guidance on how governing boards should act:

> While governing boards act as a body, the fiduciary duties applied by law and best practice fall on individual board members. Each has a personal responsibility to ensure that he or she is up to the task and fulfilling his or her obligations. Effective board members must be more than names on a masthead. They must be fully

engaged. They must attend meetings, read and evaluate the materials, ask questions and get answers, honor confidentiality, avoid conflicts of interest, demonstrate loyalty, understand and uphold mission, and ensure legal and ethical compliance. Those who cannot do so must step down and allow others to take their place. The success and sustainability of the institution and the protection of board members from personal liability require nothing less.

Meeting Requirements

As a governing body, the APSU Board and committees must comply with the open meetings laws compiled in Title 8, Chapter 44, *Tennessee Code Annotated*. The Open Meetings Act requires that meetings of a governing body be open to the public, that adequate public notice be given, and that minutes be available for public inspection and "contain a record of the persons present, all motions, proposals and resolutions offered, the results of any votes taken, and a record of individual votes in the event of a roll call." Additionally, Title 49, Chapter 8 prescribes specific requirements for locally governed state university boards of trustees.

Exhibit 1
Association of Governing Boards
Illustrative Questions

ILLUSTRATIVE QUESTIONS FOR GOVERNING BOARDS TO CONSIDER

1. Does the board invite discussion and questions regarding matters before it?

2. How does the board encourage full engagement by board members and enforce attendance requirements?

3. How does the board involve experts to facilitate and enhance its understanding of matters before it?

4. How does the board assess its own performance in fulfilling its fiduciary duties?

Source: AGB *Board of Directors' Statement on the Fiduciary Duties of Governing Board Members,* dated July 2015.

Table 3
Summary of APSU Board Meeting Requirements Provided by *Tennessee Code Annotated*

Tennessee Code Annotated Reference	Summary of APSU Board Meeting Requirements
49-8-201(f)(7)(B(ii-iii)	State university boards must meet at least four times a year. These meetings must "be made available for viewing by the public over the internet by streaming video accessible from the respective institution's website. Archived videos of the board meetings shall also be available to the public through the respective institution's website."
8-44-102(a)	As a "governing body," meetings of the state university board and committees are "open to the public at all times, except as provided by the Constitution of Tennessee."
8-44-103	The governing body must "give adequate public notice" of all meetings, including regular meetings or any special meetings "not previously scheduled by statute, ordinance, or resolution."
8-44-104	Meeting minutes must "be promptly and fully recorded" and "open to public inspection." Minutes must include "a record of persons present,

	all motions, proposals, and resolutions offered, the results of any votes taken, and a record of individual votes in the event of roll call." Secret votes or ballots are not allowed.
8-44-108(b)	A governing body may "allow participation by electronic or other means of communication . . . [if] a physical quorum is present at the location." When a quorum can only be reached through allowing electronic communication, "the governing body must make a determination that a necessity exists." The meeting minutes must include the determination and related facts and circumstances, and the governing body must file the determination with "the office of secretary of state no later than two (2) working days after the meeting."

Source: LexisNexis online database

If APSU Board members are unable to attend a meeting physically, APSU Board bylaws and the Open Meetings Act allow members to participate electronically. If an APSU Board member participates electronically, the member must identify anyone present with them at their location and must be able to hear and speak during the meeting, and the board must use roll call votes.

Records Disposition Authorization Policies

State law requires the Public Records Commission to determine and order the proper disposition of the state's public records and to direct the Tennessee Department of State's Records Management Division. In addition to traditional documents such as papers and photographs, Section 10-7-301(6), *Tennessee Code Annotated*, includes in its definition of public records other materials such as electronic files, films, and recordings. Public officials, including APSU staff, are legally responsible for creating and maintaining records of government operations according to established **records disposition authorization policies (RDAs)**. According to Section 10-7-509, *Tennessee Code Annotated*, records must be safeguarded and disposed of according to the RDAs. Agencies must submit a certificate of destruction to the Records Management Division after properly disposing of any public records.

In March 2013, the Records Management Division developed an online application to catalog and maintain RDAs, and the Public Records Commission asked all state agencies to amend or retire their existing RDAs and to create new ones for public records still in use. As a state university, APSU must follow applicable **statewide** RDAs, which generally apply to all state agencies, and **university statewide** RDAs, which generally apply to all state universities. APSU has one school-specific RDA for university litigation records.

Audit Results

1. **Audit Objective:** Did the APSU Board meet the composition requirements established in Section 49-8-201, *Tennessee Code Annotated*?

   Conclusion: The APSU Board met all composition requirements.

2. **Audit Objective:** Did the APSU Board establish standing committees?

   Conclusion: The APSU Board established five standing committees: Academic Affairs, Student Affairs; Audit; Business and Finance; and Executive.

3. **Audit Objective:** Did the APSU Board establish rules and policies for defining the residency of students for the purpose of determining out-of-state tuition charges, as established in Section 49-8-104, *Tennessee Code Annotated*?

   Conclusion: The APSU Board established rules and policies for defining the residency of students for the purposes of determining out-of-state tuition charges.

4. **Audit Objective:** Did the APSU Board establish grievance procedures for all support staff employees as required by Section 49-8-117, *Tennessee Code Annotated*?

   Conclusion: The APSU Board established grievance procedures for all support staff employees.

5. **Audit Objective:** Did APSU Board members receive training from the Tennessee Higher Education Commission as established in Section 49-8-201, *Tennessee Code Annotated*?

   Conclusion: Based on our review, we noted that all members received training from the Tennessee Higher Education Commission.

6. **Audit Objective:** Did the APSU Board meet at least four times in calendar years 2017, 2018, and 2019 and have a quorum present at each meeting held since July 1, 2016, as required by Section 49-8-201, *Tennessee Code Annotated*?

   Conclusion: Based on review of APSU Board meeting minutes, we determined that the board met at least four times in calendar years 2017, 2018, and 2019 and had a quorum present at each meeting held since the inaugural meeting held on March 30, 2017.

7. **Audit Objective:** Did the APSU Board make meetings available for viewing from the board's website and post archived meetings, as established in Section 49-8-201, *Tennessee Code Annotated*?

   Conclusion: Based on our review of APSU's website and board videos, all board meetings were available for viewing from the website and posted archived meetings, as established in Section 49-8-201, *Tennessee Code Annotated*. We noted that the APSU Board did not make committee meetings available for viewing from their website. See the **Matter for Legislative Consideration** for further information.

8. **Audit Objective:** Did the APSU Board and committees comply with provisions of the Tennessee Open Meetings Act as established in Title 8, Chapter 44, *Tennessee Code Annotated*?

   Conclusion: Based on our review, the APSU Board and committees complied with provisions of the Tennessee Open Meetings Act, except for the instances noted in **Observation 1**.

9. **Audit Objective:** Did the APSU Board adopt a policy that facilitates ongoing professional development for members as required by Section 49-8-201, *Tennessee Code Annotated*?

   Conclusion: The APSU Board adopted a policy that facilitates ongoing professional development for members.

10. **Audit Objective:** Did the APSU Board adopt bylaws and rules for the organization and conduct of their business, as required by Section 49-8-201, *Tennessee Code Annotated*?

    Conclusion: Based on our review of the APSU Board's bylaws and rules, we determined that the APSU Board adopted necessary bylaws and rules for the organization and business conduct.

11. **Audit Objective:** Did the APSU Board and the board's committees comply with applicable bylaws, policies, and best practices in conducting their meetings?

    Conclusion: Based on our review, the APSU Board and the board's committees complied with applicable bylaws, policies, and best practices in conducting their meetings. We noted that the Executive Committee did not meet quarterly, as required of all APSU Board committees by the board's bylaws, but only met as needed, in keeping with the committee's charter.

    Additionally, the board may wish to adopt a policy to designate a code of official parliamentary procedures, such as *Robert's Rules of Order*.

12. **Audit Objective:** As established in Section 49-8-203 *Tennessee Code Annotated*, did the APSU Board exercise their power to

    a. select and employ the chief executive officer and confirm the appointment of administrative personnel, teachers, and other employees and to fix their salaries and terms of office?

    b. prescribe curricula and requirements for diplomas and degrees?

    c. approve operating budgets and set fiscal policies?

       d. establish policies and regulations regarding the campus life of the institutions, including student conduct, student housing, parking, and safety?

Conclusion: Based on our review, we determined the following:

       a. The Tennessee Board of Regents appointed the former APSU President in 2014, prior to the creation of the APSU Board. On March 30, 2017, during the inaugural board meeting, the APSU Board affirmed the APSU President's employment. On July 6, 2020, the APSU Board selected an Interim President in response to the former president's resignation. Additionally, the board confirmed the appointment of administrative personnel, teachers, and other employees and fixed their salaries and terms of office in their first meeting on March 30, 2017.

       b. The APSU Board approved curricula and requirements for diplomas and degrees by approving all additions, modifications, and deletions of academic programs and units.

       c. The APSU Board set fiscal policies in its first meeting on March 30, 2017, and approved operating budgets in their June 2017, 2018, and 2019 meetings.

       d. The APSU Board established policies regarding the campus life of the institution, including student conduct, student housing, parking, and safety during their June 19, 2017, meeting.

13. Audit Objective: Did the APSU Board provide a method for the general public to address the board or the board's committees?

Conclusion: Based on our review of APSU Board policy, we determined that the board provided a method for the general public to address the board and the board's committees.

14. Audit Objective: Did the APSU Board have a process to gauge the interests and concerns of the campus community, including students and faculty?

Conclusion: Based on our review, the APSU Board receives perspectives from faculty and students through the faculty and student board members, encourages students and faculty to participate in policy development, and provides members of the campus community a process to address the board during APSU Board meetings. Additionally, APSU participates in the National Survey of Student Engagement (NSSE).

15. Audit Objective: Did the APSU Board establish and adopt a code of ethics to govern the conduct of all appointed members of the board, as required by Section 49-8-204, *Tennessee Code Annotated*?

| **Conclusion:** | Based on our review of the APSU Board's code of ethics, we determined that the APSU Board established and adopted a code of ethics. |

16. Audit Objective: Did the APSU Board members complete annual conflict-of-interest forms as required by board and university policies?

| **Conclusion:** | Based on our review, APSU Board members did not always complete annual financial disclosure forms and did not submit them on time in keeping with the board policy. See **Observation 2**. |

17. Audit Objective: Did the APSU Board promulgate a tenure policy or policies for faculty, including developing procedures for the termination of faculty for adequate cause, as required by Sections 49-8-301 and 303, *Tennessee Code Annotated*?

| **Conclusion:** | Based on our review, the APSU Board approved tenure policies for faculty, including procedures for the termination of faculty for adequate cause. |

18. Audit Objective: Were APSU's records disposition authorization policies updated and approved by the Public Records Commission since March 2013, and did they require at least a five-year retention period?

| **Conclusion:** | Based on our review, we determined that APSU's records disposition authorization policies have been approved by the Public Records Commission since March 2013. We noted that the APSU Records Officer used a records compliance matrix to ensure APSU's offices comply with applicable records disposition authorization policies, but the compliance matrix did not include all policies. See **Observation 3**. |

19. Audit Objective: In compliance with the Southern Association of Colleges and Schools Commission on Colleges' requirements, the Association of Governing Boards of Universities and Colleges' guidance, and APSU Board policies, did the APSU Board evaluate the APSU President's performance?

| **Conclusion:** | Based on our review of APSU Board policies and meeting minutes, we determined that the board developed procedures and completed evaluations for the university president for fiscal years 2018 and 2019. The APSU Board has also created a timeline for the completion of the 2020 fiscal year evaluation. |

20. Audit Objective: Did the APSU Board approve and monitor significant capital projects?

| **Conclusion:** | Based on our review, the APSU Board approved the capital project budget during our scope and received ongoing updates on capital projects. |

21. Audit Objective: Did the APSU Board ensure the university followed applicable policies for extra compensation, promotions, and raises for administrative and executive staff?

    Conclusion: Based on our review, the APSU Board did not ensure that APSU management complied with the university's approval policies for compensation, promotions, and raises. See **Observation 4**.

22. Audit Objective: Did APSU's staffing turnover percentage fall below the annual total separations rates for state and local education provided by the U.S. Bureau of Labor Statistics?

    Conclusion: Based on our analysis of APSU's average turnover for the period July 1, 2016, to June 30, 2019, the university's turnover rates were below the annual total separation rates for state and local education. We provide further information on our review of APSU turnover in **Appendix 6**.

Methodology to Achieve Objectives

To address our objectives of the APSU Board's oversight of the APSU President and capital projects, including gaining an understanding and assessing the design and implementation of internal control, we interviewed the board chair, audit committee chair, and other members of the board. We also reviewed board meeting minutes, meeting materials, bylaws, policies, board videos and documentation of evaluations and reports.

To address our objectives related to board composition, standing committees, quorum, and board meeting frequency, we reviewed applicable sections of *Tennessee Code Annotated,* oaths of office, meeting minutes, meeting attendance, and board bylaws.

To address our policy objectives related to student residency, grievance procedures, professional development, bylaws, tenure, and exercise of statutory powers we reviewed applicable sections of *Tennessee Code Annotated,* meeting minutes, and APSU Board policies.

To address our board orientation and code of ethics objectives, we reviewed applicable sections of *Tennessee Code Annotated*, board policy, Tennessee Higher Education Commission training materials, and conflict-of-interest disclosure forms submitted by APSU Board members.

To address our board and committee meeting objectives related to streaming and archiving board meeting videos and board and committee compliance with board policies, bylaws, and best practices, we reviewed applicable sections of *Tennessee Code Annotated*, archived board meeting videos, board and committee meeting minutes, and bylaws.

To address our objective related to compliance with the Open Meetings Act, including obtaining an understanding and assessing the design and implementation of internal control, we reviewed applicable sections of *Tennessee Code Annotated*, board bylaws, policies, and meetings and interviewed board members and key personnel.

To address our objectives related to APSU Board outreach to the campus community and allowing the public to address the board, including obtaining an understanding and assessing the design and implementation of internal control, we interviewed board members and reviewed policies and bylaws.

To address our objective related to conflict-of-interest disclosures, including obtaining an understanding and assessing the design and implementation of internal control, we reviewed board bylaws and policies, interviewed board members and the board secretary, and reviewed available disclosure forms submitted by board members submitted between March 30, 2017, and March 30, 2020.

To address our objective related to records disposition authorization (RDA) policies, including obtaining an understanding and assessing management's design and implementation of internal control, we reviewed the statewide and university statewide RDA policies as published on the Tennessee Department of State's website to determine whether policies had been updated and approved since March 2013. We also interviewed the university's Records Manager and reviewed the university's policies and procedures regarding RDAs, including the records retention matrix provided by APSU management.

To address our objective related to extra compensation, promotions, and raises for administrative and executive staff, including obtaining an understanding and assessing management's design, implementation, and operating effectiveness of internal control, we interviewed university staff and we obtained and reviewed relevant university policies. We also obtained the list of extra compensation, promotions, bonuses, and raises for the period July 1, 2016, to May 29, 2020. From a population of 3,241 payments, we selected the 7 highest dollar amount transactions, then retrieved a nonstatistical, random sample of 53 transactions from the remaining population to test for compliance with APSU policies and procedures regarding extra compensation.

To address our objective related to staffing turnover, we obtained the list of active university employees as of the beginning and end of fiscal years 2017, 2018, and 2019; obtained the list of employees that separated between July 1, 2016, and June 30, 2019; and calculated the university's turnover rate for each fiscal year. We obtained the U.S. Bureau of Labor Statistics' total separations rates for the period, identified the rates for state and local education, and compared the rates to the university's turnover rate to determine whether the university's turnover rate was below the national separations rates for state and local education. We provide more information in **Appendix 6**.

Observation 1 – The APSU Board should ensure compliance with the Open Meetings Act

Based on our review of APSU Board meetings and committee meetings, we determined the board did not comply with certain provisions of Title 8, Chapter 44, *Tennessee Code Annotated,* otherwise known as the Open Meetings Act. In meetings where APSU Board members participated electronically, we noted that the minutes did not record whether electronically-participating members identified if anyone was present with them, as required by Section 8-44-

108, *Tennessee Code Annotated*. In one Academic and Student Affairs committee meeting, APSU Board members used a paper ballot to vote for their recommendation for the APSU Board student member, but the vote was not unanimous and the minutes did not reflect who voted for whom. Section 8-44-104, *Tennessee Code Annotated*, forbids secret votes and secret ballots. The APSU Board unanimously approved the committee's recommendation for the student member.

Observation 2 – APSU Board members did not submit financial disclosure forms within the timeframe established by their conflict of interest policy

Although we were not aware of any instances in which APSU Board members voted on matters in which they had a conflict of interest, we determined that board members did not submit financial disclosure forms in keeping with APSU's conflict of interest policy. According to APSU Policy 1:001, "Conflict of Interest," each APSU Board member must file a financial disclosure form with the APSU Board secretary within one month of their initial appointment to the board and annually in January of each subsequent year. APSU Board members must list financial interests and sign and date the form. Additionally, a witness must also sign and date each form.

Based on our review, APSU Board members should have submitted a total of 44 financial disclosure forms between March 30, 2017, and March 30, 2020. However, we determined that 4 APSU Board members did not submit a required form. We also determined that 30 forms were not submitted within the time frame established by the policy, ranging from 1 to 232 days late. Additionally, APSU Board members submitted 10 forms that lacked witness signatures. According to the APSU Board secretary, the APSU Board has implemented new procedures for ensuring the collection and completion of all financial disclosure forms.

Observation 3 – APSU management should include all applicable records disposition authorization policies in its records management compliance matrix to ensure that each of its offices complies with applicable records disposition authorization policies

Record disposition authorization policies govern the retention and destruction of public records, including how long such records must be kept and how they must be destroyed. At the time of our review, the APSU Records Officer stated that APSU followed the 43 Statewide,[2] 17 University Statewide, and 1 APSU-specific record disposition authorization policies as maintained by the Tennessee Department of State's Records Management Division. APSU records officers created and used a records management compliance matrix to ensure the university's offices complied with applicable records disposition authorization policies.

Based on our review of APSU's records management compliance matrix, we noted that management did not include 2 applicable Statewide Records Disposition Authorizations and 10 University Statewide Records Disposition Authorizations in the matrix. The current APSU Records Officer stated the individual responsible for day-to-day records management at the

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[2] Record Disposition Authorization SW-46, "Employee Payroll History," became effective on May 15, 2020, after our review; therefore, we did not include it in our review.

university had resigned in December 2019 and the university was in the process of updating the records management compliance matrix to include all applicable records disposition authorization policies.

Observation 4 – APSU management did not follow the university's salary increase and extra compensation policies

Based on our review of 60 salary increases and extra compensation payments, APSU management did not follow APSU's approval processes for 15 of the 60 (25%) salary increases and extra compensation payments. Of these 15, 13 extra compensation payments involved the management's delay in obtaining the APSU President's (or a designee's) approval as required by policy. For the remaining 2 errors, mid-level management awarded a merit raise without supervisory approval and did not maintain documentation for a contract bonus paid to a coach.

APSU management should ensure that staff follow applicable approval policies and maintain appropriate documentation to support salary increases and extra compensation payments. According to the APSU Director of Human Resources Technology and Compensation, the payments were appropriate, and APSU management will ensure policies reflect current approval procedures and ensure staff follow approval policies.

Matter for Legislative Consideration 1 – The General Assembly may wish to consider revising Section 49-8-201, *Tennessee Code Annotated*, to require state university boards to livestream and archive board committee meetings

Pursuant to Section 8-44-104 (a), *Tennessee Code Annotated*, the APSU Board kept minutes for all committee meetings. Based on our review of APSU Board and committee meetings, the board conducted significant business in their committees, but these committee meetings were not available for viewing online. The FOCUS Act requires universities to livestream and archive board meetings so that they are available for viewing on the university's website. Specifically, Section 49-8-201(f)(7)(B)(iii), *Tennessee Code Annotated*, states,

> Meetings of the state university boards shall be made available for viewing by the public over the internet by streaming video accessible from the respective institution's website. Archived videos of the board meetings shall also be available to the public through the respective institution's website.

To encourage increased transparency, the General Assembly may wish to consider revising Section 49-8-201, *Tennessee Code Annotated*, to require the state university boards to livestream and to archive all committee meetings as they do for the meetings of the full Board of Trustees.

CAMPUS SECURITY AND SAFETY

Campus Police Vehicle, Austin Peay State University
Source: https://www.facebook.com/apsupolice/photos/a.10151087657414648/10156965325149648/?type=3.

CAMPUS SECURITY AND SAFETY

Austin Peay State University (APSU) management works to ensure a safe and secure environment for faculty, staff, and students. In addition to protecting the physical wellbeing of their employees and students, APSU management safeguards critical assets and property through a variety of security features. The university is also responsible for complying with state and federal regulations including

- the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (**Clery Act**) for all crimes and allegations of crimes that occur on campus; and

- Title IX of the Education Amendments Act of 1972 (**Title IX**), which prohibits discrimination based on sex in education programs or activities that receive federal financial assistance.

Our audit focused on board oversight of campus security and safety, as well as internal controls and compliance with federal requirements.

Physical Security and Policing

The campus police department is charged with upholding the law; deterring crime; and protecting the students, personnel, and physical assets of the campus. The campus police department employs officers who are duly commissioned by the State of Tennessee and have the legal authority to conduct investigations, apprehend suspects, maintain evidence, and issue citations. Like other law enforcement agencies, campus police departments engage in other support activities, from emergency response for medical needs and physical hazards to general courtesy activities.

Physical Security

Some of the physical security features APSU management employs include security cameras, locking mechanisms on doors and windows, exterior lighting, and emergency callboxes. Night shift campus officers perform nightly security checks of the campus, which include checking that doors and windows are secured, emergency callboxes and security cameras are functional, and lighting is working. These officers send reports to the Supervisor of Public Safety with the results of the nightly checks and identify any areas that require follow-up. If the officers note issues with emergency callboxes, elevator phones, or lighting on campus, they immediately file a work order with the Physical Plant, which is the department that maintains and operates campus facilities. In May 2018, APSU's internal audit performed a review of campus building security, which included internal controls over building security, key issuance, and electronic access to campus buildings and facilities. The internal audit report revealed that while there were some areas APSU management could strengthen internal controls, APSU management otherwise had adequate internal controls in place.

Police Reporting

From the time a campus police department receives a request for police services or an allegation of a crime until the service call or criminal case is resolved, the police officers document

their actions and conclusions. The police department's dispatch begins by documenting the request, alert, or allegation in a **computer aided dispatch (CAD) system** to record the source of information; the location of the service; and pertinent details of the nature of the requested service, including the time the department received the service request, alert, or allegation. Upon receipt of a call for service, the campus police department initiates a **preliminary police response,** which generally involves dispatching an officer to the location to conduct an initial analysis. Dispatch personnel document in the CAD system when an officer is dispatched.

The officer uses professional judgement and personal discretion to determine the nature of the incident and whether to file a formal **police report**. A police report is a document designed to capture key information critical to an investigation, and each prepared report should be reviewed by campus police department supervisors. If the officer determines that further action is not necessary, the incident is closed. Otherwise, the campus police department may perform further **investigation**, pursue criminal charges, or seek other legal resolution of the matter.

Overview of Federal Reporting Requirements

The Clery Act and Title IX provide regulatory guidance for campus and student safety reporting. In many ways, these laws are intertwined but still have distinct differences. Both the Clery Act and Title IX exist to help institutions create and maintain safe, healthy campuses. Despite the similar motivations underlying the laws, there are critical differences that affect how incidents are reported and addressed.

Table 4
Comparison of Key Components of the Clery Act and Title IX

	Clery Act	Title IX
Objective	To ensure disclosure of all allegations of crimes occurring on and adjacent to campus.	To prohibit discrimination based on sex, including both sexual harassment and sexual violence, in education programs or activities that receive federal financial assistance.
Focus	Location of the crime or allegation.	Persons involved.
Main Purpose	To inform students, faculty, staff, and the community of crimes occurring on and adjacent to campus so they can make informed decisions about their safety.	To ensure that a recipient maintains an environment for students and employees that is free from unlawful sex discrimination in all aspects of the educational experience, including academics, extracurricular activities, and athletics.
Responsibilities	Maintain a daily crime log for all criminal allegations occurring within the past 60 days.	Take immediate and appropriate action to investigate or otherwise determine what occurred and take prompt and effective steps to reasonably end any harassment, eliminate a hostile

	Colleges and universities that receive federal funds must produce and distribute an annual security report on campus crime statistics, which includes statistics for the preceding three years and efforts to improve campus security.	environment, and prevent harassment from reoccurring. Provide education to the campus community about • how to file a complaint alleging a Title IX violation; • school policies; and • rights and obligations for complainants and respondents.
Origin of Complaint	Incident reports come from calls to campus security dispatch, campus police reports, referrals from local police, reports from CSAs,[3] and referrals from Title IX.	Title IX is implemented through responsible officials who have reporting duties based on their roles within the institution. Responsible employees are located across campus, and they perform diverse functions in various departments and units. Allegations are made to the Title IX Office by victims, parties with knowledge of the incident, referrals from campus police, or mandatory reporters.
Confidentiality	Clery disclosures for the Clery daily crime log only include the Act's required five elements and statistics including the date the crime was reported; the date and time the crime occurred; the nature of the crime; the general location of the crime; and the disposition of the complaint, if known.	Title IX does not require public disclosure of allegations or statistics of campus safety; however, Clery-defined crimes related to sexual discrimination (e.g., dating violence, domestic violence, rape, and stalking) that take place on university-owned or -controlled property are reported on the Clery daily crime log. Schools must maintain Title IX grievance and compliance records and files.

Source: Auditor review of federal Clery Act and Title IX guidance.

Title IV of the Higher Education Act of 1965 (Title IV) covers the administration of federal student financial aid programs, and federal Title IV funding for colleges and universities is contingent upon compliance with various federal regulations regarding campus safety: the Clery

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[3] Campus Security Authorities (CSAs) are mandatory crime reporters designated by the Clery Act and by the university or campus. These mandatory reporters include campus police departments, other campus officials responsible for campus security, individuals specifically designated by the institution, or officials with significant responsibility for student and campus activities. According to the U.S. Department of Education's *Handbook for Campus Safety and Security Reporting,* Clery CSAs are not necessarily the same as responsible employees for Title IX.

Act, Title IX, the Family Educational Rights and Privacy Act[4] (FERPA), and the Drug-Free Schools and Community Act (DFSCA).[5]

According to the Clery Center, a nonprofit dedicated to education and compliance with the spirit of the Clery Act, "College and university officials should be aware that these laws [Title IX, FERPA, and DFSCA] contain significant legal overlap, both with each other, and with the requirements of the Clery Act. Understanding the ways in which they interact is critical for the compliance success of institutions seeking to create safer campus communities."

Clery Act Requirements

The act that would later be renamed the Jeanne Clery Act, was established to provide the public information related to all alleged crimes on campus. The act was originally established in 1990, after Jeanne Clery was murdered in her dorm at Lehigh University after campus police did not notify the public of a string of robberies occurring on campus. Ms. Clery unfortunately woke up when a male university student attempted to rob her and proceeded to violently assault and murder her.

The 2016 edition of the U.S. Department of Education's *Handbook for Campus Safety and Security Reporting* (DOE Handbook), governs Clery requirements and further explains the guidance set forth in Title 34, *Code of Federal Regulations*, Part 668, Section 46.

When a Clery crime is reported to a campus security authority (as defined by campus policy), the Clery Act requires universities to issue a timely warning to the campus community. According to the DOE Handbook, "after a Clery Act crime is reported you [the university] should consider whether your students and employees are at risk of becoming victims of a similar crime. For example, if a Rape is reported on campus and the alleged perpetrator has not been caught, there is a risk of similar crimes." Other examples include active shooters, burglaries, and assaults. The DOE Handbook states that "If the alleged perpetrator was reported or apprehended, there may not be a continuing risk. However, you should still evaluate other factors such as whether the apprehended perpetrator had accomplices or had already set other attacks in motion."

The Clery Act also requires universities to fully disclose reported crimes to the public, regardless of police investigations, in order for the university community to make decisions about their personal safety by drawing their own conclusions. University-appointed Clery Coordinators

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[4] **FERPA** protects personally identifiable education records, but it does not prevent the disclosure of non-personally identifiable information to meet the requirements of the Clery Act.

[5] **DFSCA** requires institutes of higher education receiving federal funding to implement initiatives to "prevent the unlawful possession, use, or distribution of illicit drugs and alcohol by students and employees." The act requires annual written notification to all students and employees of the standards of conduct; descriptions of sanctions for violations of any laws and campus policies; descriptions of health risks associated with alcohol and other drug use; and descriptions of available treatment programs.

> The Clery Act requires universities to include the following elements in the Clery daily crime log:
>
> - the date and time the crime occurred
> - the date the crime was reported
> - a description of the crime
> - the general location of the crime
> - disposition of the reported crime

provide this information in the format of a Clery daily crime log, which spans at least the most recent 60-day period and includes all crimes reported to have occurred on or near campus. While the university must assign a Clery Coordinator to fulfill these reporting duties, ultimately it is the university's responsibility to ensure that accurate information of all reported crimes is available and distributed to the university community. APSU publishes its daily crime log on its website and can print a paper copy for review upon request.

In addition, the Clery Act requires the university to issue an annual security and fire safety report to provide students and employees with information related to staying safe on campus. The report discloses required university policies; memorandums of understanding in place with local law enforcement; crime statistics for sexual assault, relationship violence, hate crimes, and other violent crimes against women; and fires occurring in campus dorms. In addition, the institution must annually submit its campus crime statistics to the U.S. Department of Education.

Campuses must disclose statistics for incidents reported in three general areas:

- *campus* areas that are part of the generally contiguous area of school;

- *noncampus buildings or property* owned or controlled by recognized student organizations or owned or controlled by the institution and used for its educational purposes; and

- *public property* that is within or adjacent to the campus or noncampus buildings or property, such as streets and sidewalks.

Campuses must include all reported criminal offenses, which according to 34 CFR 668.46(c) includes criminal homicide, including murder and manslaughter; robbery; burglary; aggravated assault, vehicle theft; arson; sex offenses including rape, statutory rape, incest, and fondling; dating violence; domestic violence; and stalking. Campuses must also report crimes determined to be hate crimes and arrests and referrals for disciplinary actions.

The long-term effects of inaccurate or incomplete reporting and

Exhibit 2
Maximum Clery Fines

$25,000 — 1986
$27,500 — 2002
$35,000 — 2012
$53,907 — 2016
$54,789 — 2017
$55,907 — 2018

Source: National Association of Student Financial Aid Administrators.

noncompliance can include losing grants for the university; losing accreditation for the campus security department; and losing public trust in the university. Noncompliance with the Clery Act can also result in potential penalties or fines imposed by the U.S. Department of Education for violations of the federal Clery Act campus crime reporting law. The maximum fine per violation is $55,907, as depicted in **Exhibit 2**.

Update to Clery Act Guidance

On October 9, 2020, the U.S. Department of Education's Office of Postsecondary Education announced that the department would repeal the 2016 edition of the *Handbook for Campus Safety and Security Reporting* (DOE Handbook) and replace it with a new *Clery-related Appendix for the Federal Student Aid (FSA) Handbook*. According to the announcement, the 2016 DOE Handbook created additional requirements beyond those found in the Clery Act, and "some institutions may have felt pressured to satisfy the non-regulatory or non-statutory based aspects of the guidance." The announcement also states,

> The Department recognizes that many Clery practitioners have become accustomed to the 2016 edition, as well as previous editions, and may continue to rely on it for direction. Instead of rescinding all Clery-related guidance, the Department has determined that the better path forward is to provide direction in the Federal Student Aid (FSA) Handbook. The language in the Appendix will replace the limited Clery language already present in the current FSA Handbook. In addition, moving forward, while the Department will not advise institutions to rely upon it, the 2016 edition [of the DOE Handbook] will be archived on the Department's website, but, where appropriately applied to prior calendar years, will continue to be referenced in program review reports, final program review determinations, and final audit determinations.

The new appendix will take effect for the 2021 reporting year. The office noted that "no statutory or regulatory requirements related to Clery Act reporting have changed."

Our audit report references the guidance contained within the DOE Handbook. Our audit conclusions, findings, and recommendations rely on our interpretation of applicable sections of the *Code of Federal Regulations* and the U.S. Department of Education's guidance in effect at the time.

Title IX Requirements[6]

Under Title IX, "no person in the United States shall, on the basis of sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any education program or activity receiving federal financial assistance." Essentially, Title IX prohibits sexual discrimination in order to provide a safe educational environment, free of hostility. To comply with U.S. Department of Education guidelines, campuses must

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[6] This report is written based on the federal guidance effective for our audit period. However, during our audit period, the Title IX Final Rule was issued May 6, 2020, with a required implementation date of August 14, 2020. See guidance at https://www2.ed.gov/about/offices/list/ocr/docs/titleix-regs-unofficial.pdf.

- disseminate a notice of nondiscrimination;

- establish a Title IX Coordinator and clearly provide the contact information for the Coordinator in both the nondiscrimination notice and annual security reports;

- adopt and publish grievance procedures outlining the process of complaint;

- investigate and take disciplinary actions that address sexual discrimination, harassment, and violence; and

- promptly respond after a complaint of sexual discrimination, harassment, or violence.

Additionally, institutions must provide an equitable complaint process for both accusers and the accused and must protect reporters from retaliation. The April 2015 *Title IX Resource Guide,* issued by the U.S. Department of Education, requires institutions to establish a system for the prompt and timely resolution of complaints.[7]

Title IX Coordinators

According to the *Title IX Resource Guide*,

Although the recipient [university] is ultimately responsible for ensuring that it complies with Title IX and other laws, the Title IX coordinator is an integral part of a recipient's systematic approach to ensuring nondiscrimination, including a nondiscriminatory environment. Title IX coordinators can be effective agents for ensuring gender equity within their institutions only when they are provided with the appropriate authority and support necessary to coordinate their institution's Title IX compliance, including access to all of their institution's relevant information and resources.

For large institutions, the U.S. Department of Education suggests that designating multiple Title IX Coordinators can be helpful to oversee specific facets of Title IX, such as equity in athletics programs and complaints from employees. The resource guide goes on to state that if an institution "has multiple Title IX coordinators, it should designate one lead Title IX coordinator who has ultimate oversight responsibility."

Alerts and Allegations to Case Resolution and Reporting

Beginning with alerts and allegations, the campus police department must continually update the Clery Coordinators and Title IX Coordinators with further case information until the incident is resolved. Due to the different data standards required by the various federal and state agencies, the three logs (campus police case logs, Clery daily crime logs, and Title IX logs) provide different information and do not contain the same number of incidents. Additionally, the Clery daily crime log and Title IX log also include any relevant allegations received from CSAs or responsible employees, which may or may not be reported to campus police. Our audit focused specifically on the Clery daily crime log.

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[7] The U.S. DOE Handbook requires written notice to both the accuser and accused, informing them of the delay in an investigation as well as the reason for the delay, in compliance with the Clery Act.

At APSU during our audit period, the Clery Coordinator was an officer within the campus police department. The Title IX Coordinator was the Chief Diversity Officer of the Office of Equity, Access, and Inclusion. The Title IX Coordinator communicated Title IX complaints to the Clery Coordinator when the Title IX Coordinator determined the complaint constituted an alleged crime and the victim stated that he or she has not yet reported the complaint to campus police.

<div align="center">

Audit Results

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1. **Audit Objective:** How has the APSU Board monitored campus security and safety?

   Conclusion: The APSU Board received reports regarding revisions to rules related to student conduct, building maintenance (including update to fire alarms), traffic safety concerns, and emergency preparedness drills through its board meetings.

2. **Audit Objective:** Has APSU management conducted an assessment of campus security during the audit period?

   Conclusion: APSU Internal Audit conducted an audit of building security and controls in May 2018.

3. **Audit Objective:** Did APSU release the Annual Security and Fire Safety Report for 2016 through 2019?

   Conclusion: APSU released its Annual Security and Fire Safety Report for 2016 through 2019.

4. **Audit Objective:** Did the 2019 APSU Annual Security and Fire Safety Report include all required components?

   Conclusion: The 2019 APSU Annual Security and Fire Safety Report did not include all required components. The report did not include required statements, definitions, and descriptions of APSU policies. See **Finding 1**.

5. **Audit Objective:** Did APSU management have a timely warning policy in place to communicate potential risks to students and the public as required by the Clery Act?

   Conclusion: APSU management did have a timely warning policy in place during the audit period. The university communicated the policy as part of the campus's Annual Security and Fire Safety Report.

6. **Audit Objective:** Did APSU management have a process in place to ensure the timely, complete, and accurate publication of the Clery daily crime log?

Conclusion: APSU management did have a process in place to prepare and publish the Clery daily crime log; however, the process did not always ensure reported crimes later determined to be unfounded or unsubstantiated remained on the crime log and did not ensure entries clearly and matched information noted in supporting police reports. See **Finding 2**.

7. **Audit Objective:** Did APSU management have processes to report Title IX allegations to the Title IX Office; maintain grievance and case files; and report Clery-defined crimes to Clery coordinators?

   Conclusion: APSU management did have processes to report Title IX allegations to the Title IX Office; maintain grievance and case files; and report Clery-defined crimes to the Clery coordinator.

8. **Audit Objective:** Did APSU management communicate required aspects of the university's Title IX processes to students, including resolution timelines; grievance procedures; and services provided, in compliance with Title IX and the Clery Act?

   Conclusion: APSU management did communicate required aspects of the university's Title IX processes to students, including resolution timelines, grievance procedures, and services provided to students, through the Annual Security Reports and on the university website.

Methodology to Achieve Audit Objectives

To address our objectives of the APSU Board and university management's oversight of campus security, including obtaining an understanding and assessing management's design and implementation of internal control, we interviewed select board members, the APSU Chief of Police, the Director of University Facilities, and the Supervisor of Public Safety. We also reviewed board meeting minutes and materials, university policies, and the report from the 2018 internal audit of building access and key controls.

To address our objective of APSU's release of the Annual Security and Fire Safety Reports, we obtained and reviewed the reports for 2016, 2017, 2018, and 2019.

To address our objective of the university's inclusion of Clery-required components in the Annual Security and Fire Safety Report for 2019, including obtaining an understanding and assessing management's design and implementation of internal control, we reviewed federal guidance to identify Clery-required components that the university should have included in the Annual Security and Fire Safety Report for 2019. We reviewed the Annual Security and Fire Safety Report for 2019 to determine if the university included all required statements in the report.

To address our objective of the university's timely warning policy, we interviewed the APSU Chief of Police and obtained and reviewed the timely warning policy contained within APSU's Annual Security and Fire Safety Report.

To address our objectives for the Clery daily crime log, including obtaining an understanding and assessing management's design and implementation of internal control, we interviewed the Clery Coordinator, obtained the university's Clery daily crime log and calls for service log for the period January 1, 2019, through December 31, 2019, performed a walkthrough of the process to prepare the Clery daily crime log, and reviewed federal guidance regarding reporting requirements and documentation regarding the university's computer aided dispatch system. To assess management's effectiveness regarding ensuring they included the five required components in entries contained within the Clery daily crime log and that the entries matched supporting documentation, we selected a nonstatistical, random sample of 60 entries from a population of 175 entries included in the Clery daily crime log during the period January 1, 2019, through December 31, 2019.

To address our objectives concerning Title IX, including obtaining an understanding and assessing management's design and implementation of internal control, we interviewed the Title IX Coordinator, performed a walkthrough of the university's Title IX processes, and reviewed federal guidance and university policies, including APSU Policy 6:001, "Misconduct, Discrimination, and Harassment Based on Sex."

Finding 1 – APSU management did not design and implement internal controls to ensure the Annual Security and Fire Safety Report included all required components

Criteria and Condition

Title 34, *Code of Federal Regulations* (CFR), Part 668, Section 46, "Institutional Security Policies and Crime Statistics," and Part 668, Section 49, "Institutional Fire Safety Policies and Fire Statistics," provides college campus security and safety reporting requirements. The 2016 edition of the U.S. Department of Education's *The Handbook for Campus Safety and Security Reporting* (DOE Handbook) provides colleges and universities regulatory guidance on complying with 34 CFR 668.46, and includes a checklist of key information to be included in campuses' annual security and fire safety reports. We reviewed 34 CFR 668.46, 34 CFR 668.49, the checklist included in Appendix C of the DOE Handbook, and we identified 84 components campuses were required to include in their Annual Security and Fire Safety Reports.

Based on our audit, APSU management did not ensure staff included all required components in the report; we noted that for 9 of 84 required components (11%), management did not include part or all the required component in the 2019 report. See **Table 5** for details.

Table 5
Summary of Missing Components From APSU's 2019 Annual Security and Fire Safety Reports

Annual Security Report Policy Statements	
Federal Guidance	**Missing Component**
34 CFR 668.46(j)(1)(i)(C): "The definition of "consent" in reference to sexual activity in the applicable jurisdiction."	The report included a definition for consent in the report but did not include a notification that *Tennessee Code Annotated* does not define "consent.[8]"
34 CFR 668.46(j)(1)(ii): "A description of the ongoing prevention and awareness campaigns for students and employees that provide information on topics described in paragraph (j)(1)(i)(A) through (F) of this section."	The report included a description of topics covered, but the report did not describe campaigns or programs the university offers to cover these topics.
34 CFR 668.46(b)(11)(ii)(B): "A statement of policy regarding the institution's programs to prevent dating violence, domestic violence, sexual assault, and stalking, as defined in paragraph (a) of this section, and of procedures that the institution will follow when one of these crimes is reported. The statement must include . . . (ii) Procedures victims should follow if a crime of dating violence, domestic violence, sexual assault, or stalking has occurred, including written information about . . . (B) how and to whom the alleged offense should be reported."	The report did not include a statement that these cases could be reported to anyone other than campus police, including Title IX Coordinators and Campus Security Authorities.
34 CFR 668.46(b)(11)(iii)(B): "Information about how the institution will . . . (B) maintain as confidential any accommodations or protective measures provided to the victim, to the extent that maintaining such confidentiality would not impair the ability of the institution to provide the accommodations or protective measures."	The report identified available measures, but the report did not address the confidentiality of those measures.
34 CFR 668.46(b)(11)(iv): "A statement that the institution will provide written notification to students and employees about existing counseling, health, mental health, victim advocacy, legal assistance, visa and immigration assistance, student financial aid and other services available for victims, both within the institution and in the community."	The report stated the university would provide notification to students and employees regarding services available but did not state the notification would be written.

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[8] Title 34, Code of Federal Regulations, Section 668.46 (j) (1) (i) (C), requires campuses to include certain definitions in its Annual Security Report based on applicable jurisdictional definitions, but it does not state how to handle a situation where the applicable jurisdiction does not define a specific term. The *Federal Register,* Volume 79, Number 202, states that "if an institution's applicable jurisdiction does not define "dating violence," "domestic violence," "sexual assault," "stalking," and "consent" in reference to sexual activity, in its criminal code, an institution has several options. An institution must include a notification in its annual security report policy statement on prevention programs that the institution has determined, based on good-faith research, that these terms are not defined in the applicable jurisdiction."

34 CFR 668.46(b)(11)(v): "A statement that the institution will provide written notification to victims about options for, available assistance in, and how to request changes to academic, living, transportation and working situations or protective measures."	The report stated the university would provide notification to students and employees regarding assistance available but did not state the notification would be written.
34 CFR 668.46(k)(1)(iii): "a clear statement of policy that addresses the procedures for institutional disciplinary action in cases of alleged dating violence, domestic violence, sexual assault or stalking. . . , and that. . . (1)(iii) Lists all the possible sanctions that the institution may impose following the results of any institutional disciplinary proceeding for an allegation of dating violence, domestic violence, sexual assault or stalking."	The report stated sanctions could range from termination to reprimand or expulsion but did not contain a list of all possible sanctions.
34 CFR 668.46(b)(11)(vii): "A statement that, when a student or employee reports to the institution that the student or employee has been a victim of dating violence, domestic violence, sexual assault or stalking, whether the offense occurred on or off campus, the institution will provide the student or employee a written explanation of the student's or employee's rights and options."	The report stated the university would provide students and employees written notification of their rights and options but did not state this would be provided whether the offense occurred on or off campus.

Annual Fire Safety Report	
Federal Guidance	**Missing Component**
34 CFR 668.49(b)(6): "The policies regarding fire safety education and training programs provided to the students and employees. In these policies, the institution must describe the procedures that students and employees should follow in the case of a fire."	The report did not describe education and training programs provided to students.

Cause

University management did not design internal controls to ensure all required information was included the Annual Security and Fire Safety Report and did not implement such controls in written policies and procedures. In our discussions with management, they acknowledged the need to gain a better understanding of the Clery Act reporting requirements and stated they were willing to address the deficiencies noted in the report to ensure full compliance with the Clery Act going forward.

Effect

By not having sufficient controls in place to ensure accurate and complete Annual Security and Fire Safety Reports, university management increases the risk that students, faculty and staff, and their families may not have sufficient information about their safety on campus. Additionally, noncompliance with Clery Act requirements may result in federal fines.

Recommendation

The APSU Board should direct university management to design and implement internal controls to ensure all required reporting components are included in their annual security and fire safety reports.

Board's Comment

The APSU Board of Trustees concurs with the finding and recommendation. The Board has directed university management to design and implement internal controls to ensure all required reporting components are included in the annual security and fire safety reports.

Management's Comment

We concur with the finding and recommendation. Management is always adapting to a changing regulatory and internal environment. For example, while the CFRs certainly still apply, the 2016 DOE Handbook for Campus Safety and Security Reporting referenced in the audit report and relevant to this finding has been rescinded as of October 9, 2020. APSU management has strengthened and enhanced internal controls to ensure the Annual Security and Fire Safety Report includes all required components. Campus Police has assigned a Lieutenant the additional responsibility for preparing the annual Clery report, including the Annual Security and Fire Safety Report. The Lieutenant and the Assistant Chief of Police recently attended a Clery training program and will be attending another training session offered by the University of Tennessee to ensure compliance with all required Annual Security and Fire Safety Report components.

Finding 2 – APSU management did not design and implement internal controls to ensure the Clery daily crime log was complete and accurate

Condition

Based on our review, we determined that for 12 of 60 Clery daily crime log entries (20%), APSU management did not ensure the Clery daily crime log entries were complete and that entries clearly and accurately reflected supporting documentation for one or more required elements. Specifically, we noted the following:

- 7 Clery daily crime log entries did not include the correct incident time of the reported crime. University management listed the crime as a single time but supporting police reports showed the specific time was unknown and gave a range instead.

- 5 Clery daily crime log entries did not identify a clear disposition. The disposition listed in the Clery daily crime log was "Closed," but upon review of supporting police reports, we determined the police had made arrests for the reported crimes. While the disposition "Closed" was technically accurate, it was not clear what that disposition meant since APSU also used the disposition "Arrest" on its Clery daily crime log.

Additionally, based on our review of APSU management's process to create and publish the Clery daily crime log, management did not review the crime log for completeness and did not ensure reported crimes later determined unfounded or unsubstantiated remained on the crime log, as required.

Criteria

Title 34, *Code of Federal Regulations* (CFR), Part 668, Section 46, "Institutional Security Policies and Crime Statistics," provides college campus security and safety reporting requirements. 34 CFR 668.46(f)(1), states,

> An institution that maintains a campus police or a campus security department must maintain a written, easily understood daily crime log that records, by the date the crime was reported, any crime that occurred within its Clery geography, as described in paragraph (ii) of the definition of Clery geography in paragraph (a) of this section, and that is reported to the campus police or the campus security department. This log must include—(i) The nature, date, time, and general location of each crime; and (ii) The disposition of the complaint, if known.

The 2016 edition of the U.S. Department of Education's *The Handbook for Campus Safety and Security Reporting* (DOE Handbook) provides colleges and universities regulatory guidance on complying with 34 CFR 668.46. The DOE Handbook states the following regarding each required Clery daily crime log element:

- **The Date and Time the Crime Occurred**: Enter the date and the time that the crime occurred. If the exact date and time are not known, use a range or indicate that it is unknown. You may use either military time, as shown in the sample log, or standard time.

- **The Disposition of the Complaint, if known**: Include the current status of each complaint in the log, if known; for example, 'pending,' 'judicial referral,' or 'criminal arrest.' Do not delete any entry once it's been made; update the disposition instead.

Additionally, *The Handbook for Campus Safety and Security Reporting states*

> In addition, institutions that have a campus security or police department must include all reported crimes in their crime log. The crime log must include the nature, date, time and general location of each crime, as well as the disposition of the complaint. If a crime report is determined to be unfounded, you must update the disposition of the complaint to unfounded in the crime log within two business days of that determination. You may not delete the report from the crime log.

Cause

APSU management did not design internal controls to ensure information on the Clery daily crime log was complete and adequately supported by information contained within police

reports and did not implement such controls in written policies and procedures. In our discussions with management, they acknowledged the need to gain a better understanding of Clery Act reporting requirements and were willing to correct the errors.

Effect

By not having sufficient controls in place to ensure complete and accurate Clery daily crime logs, university management increase the risk that students, faculty and staff, and their families may draw conclusions about their safety on campus based on incomplete or inaccurate data. Additionally, noncompliance with Clery Act requirements may result in federal fines.

> Without sufficient controls over Clery daily crime logs, students, faculty and staff, and their families may draw conclusions about their safety on campus based on incomplete or inaccurate data.

Recommendation

The APSU Board should direct university management to design and implement internal controls to ensure complete and accurate reporting of all reported crimes on the Clery daily crime log.

Board's Comment

The APSU Board of Trustees concurs with the finding and recommendation. The Board has directed university management to design and implement internal controls to ensure complete and accurate reporting of all reported crimes on the Clery daily crime log.

Management's Comment

We concur with the finding and recommendation. Management is always adapting to a changing regulatory and internal environment. For example, while the CFRs certainly still apply, the 2016 DOE Handbook for Campus Safety and Security Reporting referenced in the audit report and relevant to this finding has been rescinded as of October 9, 2020. APSU management has strengthened and enhanced internal controls to ensure the Clery daily crime log is complete and accurate. Campus Police has assigned a Lieutenant the additional responsibility for preparing the annual Clery report. The Lieutenant and the Assistant Chief of Police recently attended a Clery training program and will be attending another training session offered by the University of Tennessee to ensure the daily crime log is complete and accurate.

MENTAL HEALTH SERVICES

Ard Building, Austin Peay State University
Source: https://www.apsu.edu/health-and-counseling/

MENTAL HEALTH SERVICES

According to *U.S. News and World Report's* "Best States 2019" publication, Tennessee ranked 43rd of all 50 states in public health, which included a 42nd ranking in mental health and a 29th ranking in suicide rate. The Tennessee Suicide Prevention Network states in its *Status of Suicide in Tennessee 2019* report, "Each day in Tennessee, an average of three people die by suicide. As of 2017, suicide is the second-leading cause of death for young people (ages 10-19) in Tennessee, with one person in this age group lost to suicide every week. We lose one person between the ages of 10-24 every four days."

With the passage of House Bill 1354 on April 30, 2019, the Tennessee General Assembly now requires all institutions of higher education to develop and implement a suicide prevention plan for students, faculty, and staff and to provide this plan to students, faculty, and staff at least once each semester.

Based on research supported by the National Institute of Health and the National Institute on Alcohol Abuse and Alcoholism, "most mental health disorders have their peak onset during young adulthood…by the age of 25 years, 75% of those who will have a mental health disorder have had their first onset."[9] A 2019 national survey of college and university counseling centers published by the Association of University and College Counseling Center Directors (AUCCCD) found that university counseling services improve retention and student academic performance; centers reported an average of 66% of students who stated that counseling services helped with their academic performance and 62% who stated that counseling services helped them stay in school. The demand for counseling services on college campuses has increased in recent years, including at APSU (see **Chart 1**).

Given Tennessee's low national mental health rankings and the national trend of increased need for services, Tennessee's college students—including those at APSU—may be at particular risk for mental health crises. While the FOCUS Act does not specifically assign the APSU Board responsibility for mental health services, the Act does provide the APSU Board with broad oversight authority, including oversight of nonacademic programs and any necessary actions to achieve APSU's mission. It is incumbent upon the APSU Board and university administration to be proactive, ensuring university mental health providers are intercepting individual student problems as early as possible and working to resolve those students' concerns.

APSU Campus Service Offerings

APSU's primary campus offers student counseling services, including personal counseling, crisis services, group counseling, workshops, campus outreach programs, and consultations. The counseling center webpage lists a range of services and the number of counselors available to assist students. Counselors provide counseling sessions over the phone for distance learning and online students. There is also a counselor on call to assist students experiencing a mental health emergency. The APSU Office of Student Counseling Services serves both full-time and part-time students.

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[9] Source: https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4527955/pdf/nihms711742.pdf.

The APSU Office of Student Counseling Services allows 12 appointments per student per academic year. The APSU Office of Student Counseling Services does not charge students for appointments, but students are responsible for the costs of any prescriptions, if necessary. As shown on **Chart 1**, demand for the center experienced a large increase in the 2017-2018 academic year, then experienced a decrease in services in the 2018-2019 academic year. Demand for counseling services can be tracked by the total number of appointments used by those students.

Chart 1
APSU Office of Student Counseling Services Appointments
2016-2017 – 2018-2019 Academic Years
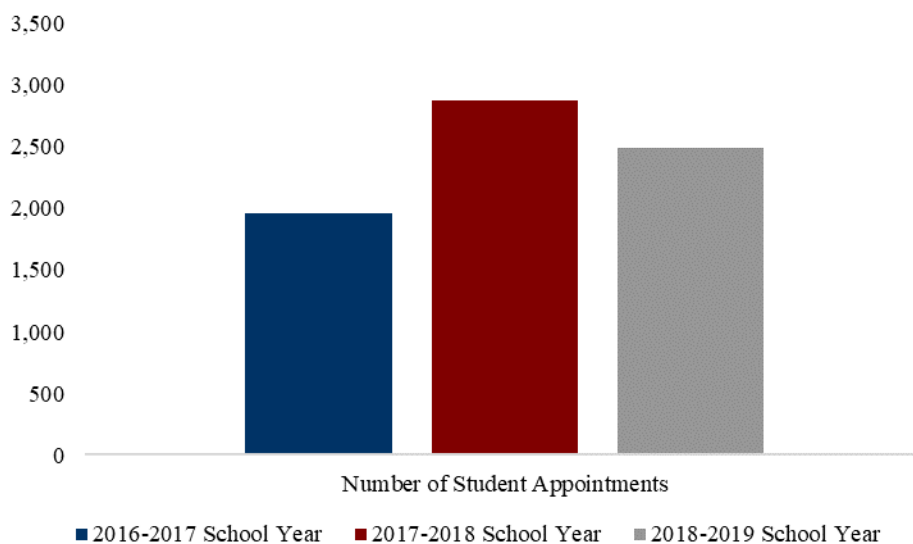
Source: APSU's Director of the Office of Student Counseling Services.

Additionally, APSU has a Behavioral Intervention Team (BIT) that addresses critical student behavioral or mental health concerns. BIT reviews incidents and situations and provides recommendations to ensure the safety and educational success of the student. BIT works in cooperation with the APSU Office of Student Counseling Services. Students, faculty, and staff may make an incident report to BIT if they have concerns about any mental health situation that has the potential to threaten the health, safety, or academic success of a student. Such cases can include **suicidal ideation**, when a student is actively thinking of committing suicide; **suicide attempts**, when a student acts on suicidal ideation by attempting to end his or her life; and **completed suicides**, when a student takes his or her own life. BIT follows up on cases of at-risk students until they determine, as a team, that the risk is resolved.

According to counseling service management and counseling center internal reporting, the most common reasons students seek help are anxiety, depression, stress, trouble adjusting to university life, relationships, grief, and family conflict. While the APSU Office of Student Counseling Services provides services to all enrolled students, counselors may provide students who have long-term care needs with a referral to community providers.

The APSU Office of Student Counseling Services and Division of Student Affairs monitor various mental health conditions and track specific metrics, such as

- completed suicides,

- number of counseling appointments by visit type, and

- number of outreach services performed.

Counselor Workload Monitoring

One of the ways that the APSU Office of Student Counseling Services manages the workload of counselors is by tracking the number of services provided to students over a period of time. Generally, counselor caseloads consist of a mixture of

- **triage appointments,** which can be either walk-in or scheduled intake sessions that last 20-30 minutes and allow the counselor to make a first assessment of a student's needs by administering a behavioral health screening;

- **emergency care,** when counselors provide immediate assistance to students; examples include, but are not limited to, when students self-report thoughts of self-harm or harm to others, have active psychosis, experience sexual and other types of assault, and suffer the death of a family member or fellow student;

- **psychological assessment,** when a licensed psychologist working in the APSU Office of Student Counseling Services administers psychological tests to students, then scores and interprets test results to arrive at a diagnosis and provide treatment;

- **continuing care,** which encompasses non-emergency situations and involves care over time; and

- **Let's Talk,** a program of brief consultations for students to talk to counselors without an appointment about any personal or academic concerns and to explore resources and options for support.

Counselors also provide services that are not included in calculations of counselor caseloads, such as

- **outreach activities** where counselors provide information about Student Counseling Services' offerings to the campus community, assisting with student activities planned in conjunction with national mental health events, performing interviews or writing articles for campus or community committees, task forces, and advisory boards;

- **presentations**, including panel presentations, guest lectures, and general student orientations during which presenters share information about Student Counseling Services;

- **workshops** designed to meet specific student need and provide an interactive, experiential learning opportunity; and

- **consultations** where counselors provide clinical expertise and guidance to student groups pertaining to mental health and wellness topics.

Whenever a counselor leaves employment, management must promptly develop and execute a plan to distribute his or her caseload to the remaining counseling staff; provide a referral to another service provider; or advise students to use group counseling so that students face little to no disruption in their care. According to the APSU Director of Student Counseling Services, it takes two to three months, on average, to replace a counselor who has separated.

Emerging Issue 1: Universities may face a growing shortage of mental health professionals

According to the 2018 *State-Level Projections of Supply and Demand for Behavioral Health Occupations: 2016-2030* published by the U.S. Department of Health and Human Services, there is a growing shortage of mental health professionals in Tennessee and across the nation. By 2030, the U.S. Department of Health and Human Services expects there will not be enough professionals to fill various positions in the mental health job sector. With the lack of qualified professionals, universities, such as APSU, may struggle to recruit and retain qualified professionals for counseling services.

The list below exhibits how many unfilled jobs there may be for each profession in Tennessee by 2030.

- **Psychiatrists – 700 to 780 unfilled positions**
- **Psychologists – 450 to 890 unfilled positions**
- **Mental Health Counselors – 540 to 1,270 unfilled positions**

Due to the growing shortage of mental health professionals, colleges and universities, such as APSU, may have increased difficulty in meeting the demand for student mental health services.

Mental Health Services During the COVID-19 Pandemic

Due to the COVID-19 pandemic, the university shifted its counseling services operations to a virtual format for the spring, summer, and fall 2020 semesters. According to the Director of the APSU Office of Student Counseling Services, the center began the use of tele-counseling services so students could continue to see their counselor. We provide more information about the effects of the COVID-19 pandemic on university operations on page 5.

International Association for Counseling Services (IACS) Standards

The International Association for Counseling Services serves as an accrediting body for mental health services and provides standards and guidance for counseling centers and student

mental health service providers, including standards for the operational structure of counseling centers, functions of personnel, ethics, and professional development. In its guidelines for counseling staff, IACS recommends one full-time equivalent mental health counselor for every 1,000 to 1,500 university students. IACS notes that counseling centers at larger educational institutions tend to have slightly higher ratios than smaller institutions and reports that the average ratio of mental health professionals to students was 1:1,600 as of 2013.[10]

IACS provides the following likely consequences when the ratio increases beyond the recommended upper limit of 1 full-time licensed counselor for every 1,000-1,500 students:

- the waiting list of students seeking counseling may increase,

- counseling centers may experience difficulty providing services to students experiencing increasingly more severe psychological issues,

- liability risks to the counseling center and university may increase,

- the support for the academic success of students may decrease, and

- counseling centers may be less available to help support the campus community.

Currently, APSU has not achieved IACS accreditation. The Director of the APSU Office of Student Counseling Services cited IACS standards in a 2018 budget proposal in which he requested funding to hire the additional staff needed to meet the IACS standards. In response, APSU management provided additional funding, but the amount approved was not enough to hire the number of counselors needed to meet IACS standards.

<div align="center">

Audit Results

</div>

1. **Audit Objective:** How has the APSU Board monitored mental health services?

   Conclusion: The APSU Board monitored mental health services by receiving overviews of the APSU Office of Student Counseling Services' offerings and statistics detailing student use of Student Counseling Services.

2. **Audit Objective:** Did APSU management provide the student mental health services as described on their website?

   Conclusion: Based on our review, APSU management provided the student mental health services as described on their website, such as short-term counseling services to APSU students.

                              To improve the accessibility of tele-counseling to APSU students, the General Assembly may wish to amend *Tennessee Code Annotated* to participate in the Psychology Interjurisdictional Compact Act. See **Matter for Legislative Consideration 2**.

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[10] IACS National Survey of Counseling Center Directors (2013).

3. **Audit Objective:** For the audit period, has APSU management maintained a ratio of counselors to students in keeping with the best practice guidance of the International Association of Counseling Services?

   Conclusion: Based on our review, APSU management has not achieved a ratio of counselors to students in keeping with the best practice guidance of the International Association of Counseling Services. We provide more information in **Observation 5**.

4. **Audit Objective:** Did APSU management establish and disseminate a suicide prevention plan in keeping with Section 49-7-172, *Tennessee Code Annotated*?

   Conclusion: Based on our review, we found that APSU management established a Suicide Prevention Plan in December 2019 but did not disseminate the plan until the spring 2020 semester. We provide more information in **Observation 6**.

5. **Audit Objective:** Did APSU management track key mental health data, such as the number of suicides, counselor caseloads, and services provided?

   Conclusion: We determined that APSU management tracked key mental health data, including the number of suicides and services provided. APSU management used a waitlist tracker when there was a waitlist in effect, and the average wait time for students on the waitlist was 30 business days.

   In the absence of federal guidance, the General Assembly may wish to amend *Tennessee Code Annotated* to require that higher education institutions submit annual reports on key mental health statistics for their students, including data on the number of student suicides. See **Matter for Legislative Consideration 3**.

Methodology to Achieve Objectives

To address our objective relating to APSU Board oversight of mental health services, including obtaining an understanding and assessing the APSU Board's oversight of APSU management's design and implementation of internal control, we reviewed the meeting materials and minutes of the APSU Board and their committees from March 30, 2017, through March 20, 2020, to determine what information the APSU management provided to the APSU Board regarding mental health services offered at the university. We also interviewed the Director of the APSU Student Counseling Services and the APSU Board Chair regarding information on mental health services provided to the APSU Board.

To determine what mental health services university management provided to students, including off-campus students, we interviewed the Director of the APSU Office of Student Counseling Services and reviewed service reports. To gain an understanding of how the university

funds mental health services, we reviewed the university's fee schedules for the time period of fall 2016 through spring 2020.

To determine if APSU's counselor-to-student ratio met the IACS recommended ratio of 1 full-time licensed counselor for every 1,000-1,500 students, including obtaining an understanding and assessing management's design and implementation of internal control regarding the staffing of university mental health services, we interviewed the Director of the APSU Office of Student Counseling Services. We also reviewed IACS standards and researched the availability of mental health professionals to fill positions. To calculate the ratio, we obtained and reviewed a list of current and former full-time licensed counselors employed by the APSU Office of Student Counseling Services. We then obtained and reviewed the number of students enrolled at APSU as reported by the Tennessee Higher Education Commission (THEC) for each fall semester within the audit period. We used the number of full-time licensed counselors and the number of students enrolled at APSU to calculate the counselor-to-student ratio for each fall semester within the audit period.

To determine if APSU management established and adopted a suicide prevention plan in keeping with Section 49-7-172, *Tennessee Code Annotated*, including obtaining an understanding and assessing management's design and implementation of internal control, we obtained and reviewed a copy of the university's suicide prevention plan. To ensure that APSU management disseminated the suicide prevention plan to the campus community at least once each semester, we obtained and reviewed a copy of the email sent to students, faculty, and staff that provided the suicide prevention plan.

To determine if APSU management tracked key mental health data, including obtaining an understanding and assessing management's design and implementation of internal control regarding university mental health metrics, we interviewed the Director of the APSU Office of Student Counseling Services and documented the process the Director uses to manage counselor caseloads. We obtained and reviewed Counseling Service efforts to track the number of counseling appointments by visit type and outreach services performed. We also reviewed information from the Director of Student Conduct/Case Manager used to track the number of suicides. In addition to this data, we also obtained a copy of the fall 2017 waitlist of students seeking services.

Observation 5 – The APSU Counseling Center should consider the IACS counselor-to-student ratio standard

The International Association for Counseling Services (IACS) serves as an accrediting body for college and university mental health services and serves as best practices for providing such services. In the *IACS Standards for University and College Counseling Services*, IACS recommends "that staff levels be continually monitored with regard to student enrollment, service demands, and staff diversity to ensure that program objectives are being met… Every effort should be made to maintain minimum staffing ratios in the range of one FTE professional staff member[11]

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[11] The *IACS Standards for University and College Counseling Services* defines an FTE Professional staff member as "one full time clinical/administrative position, excluding clerical staff and all trainees (such as Pre-Doctoral Interns,

(excluding trainees) for every 1,000-1,500 students, depending on services offered and other campus mental health agencies."

We provide the number of full-time licensed counselors, total enrollment, and the counselor-to-student ratio in **Table 6**.

Table 6
IACS Ratio Calculations
Fall Semesters 2016 to 2019

Semester	Full-Time Licensed Counselors	Total Enrollment	Counselor-to-Student Ratio	Number of Additional Counselors Needed to Meet IACS Standards
Fall 2016	4	10,402	1:2,601	3
Fall 2017	4	10,556	1:2,639	4
Fall 2018	4	11,058	1:2,765	4
Fall 2019	4	11,126	1:2,782	4

Source: Auditor calculations using the number of full-time licensed counselors provided by APSU's Director of Student Counseling Services and enrollment numbers published by THEC.

The APSU Office of Student Counseling Services is not accredited by IACS, but the Director of the APSU Office of Student Counseling Services stated that he would like the Center to become accredited in the future. We encourage the APSU Board and APSU management to promote the center's efforts to achieve IACS accreditation. The APSU Board should also continue to work with APSU management to ensure the APSU Office of Student Counseling Services has the resources to meet the mental health services needs of its students.

Observation 6 – APSU did not provide a suicide prevention plan to the university's students, faculty, and staff during the fall 2019 semester

Pursuant to Section 49-7-172, *Tennessee Code Annotated*, "each state institution of higher education shall develop and implement a suicide prevention plan for students, faculty staff" and "shall provide the suicide prevention plan to students, faculty, and staff at least (1) time each semester." Section 49-7-172, *Tennessee Code Annotated*, took effect on July 1, 2019, but APSU management did not disseminate their suicide prevention plan to all faculty, staff, and students until the spring 2020 semester. APSU management provided the plan on the APSU Health and Counseling website, and the APSU Office of Student Affairs informed students, faculty, and staff of the suicide prevention plan on March 5, 2020, via email.

According to the APSU Counseling Center Director, APSU management began developing a comprehensive suicide prevention plan in June 2019 and continued to develop a plan through the fall 2019 semester. Counseling Center management and staff participated in training during the fall of 2019 for Question-Persuade-Refer, a method to recognize and respond to suicide risk.

Post-Doctoral Residents, Externs, Interns, Graduate Assistants, etc.)." Additionally, "professional staff must have a degree in counseling psychology, clinical psychology, counselor education, marriage and family, or other closely related discipline and be licensed/certified to practice within their specialty."

Management wanted to complete the training before adopting a university-wide suicide prevention plan. The director also stated that the Counseling Center collaborated with the APSU Provost, the Dean of Students, and the Office of Student Affairs to develop a comprehensive suicide prevention plan, and this collaboration improved the effectiveness of the plan but prolonged the time it took to develop the plan and share it with students, faculty, and staff.

Matter for Legislative Consideration 2 – The General Assembly may wish to amend *Tennessee Code Annotated* to participate in the Psychology Interjurisdictional Compact Act

The General Assembly may wish to amend *Tennessee Code Annotated* to participate in the Psychology Interjurisdictional Compact Act (PSYPACT). As a member of PSYPACT, Tennessee licensed psychologists would have the ability to provide services to a client in another Compact member's state. This would be particularly helpful for college campuses. Colleges have students from other states and even other countries in attendance; therefore, participation in PSYPACT would allow students to receive continued services by counselors at their university while distance learning or when returning home during breaks between semesters while being mindful of the licensure laws of the state in which the student is located while receiving counseling services.

In February 2020, Tennessee legislators filed Senate Bill 1142 and House Bill 1121, which would allow Tennessee to join the PSYPACT. The Senate passed the Senate Bill in February 2020, and the Bill was placed on the House Clerk's Desk prior to the March 2020 adjournment of the General Assembly. When the General Assembly reconvened in June 2020, it was considered by the House of Representatives. Because the bill had a fiscal impact, it was placed behind the budget and did not move forward.

Matter for Legislative Consideration 3 – The General Assembly may wish to amend *Tennessee Code Annotated* to require that higher education institutions publish annual reports on key mental health statistics for their students

In the absence of federal guidance, the General Assembly may wish to amend *Tennessee Code Annotated* to include new requirements that higher education institutions publish annual reports on key mental health statistics for their students, such as the number of counselors that serve students and the number of students that receive services. The General Assembly may wish to require each higher education institution to publish these reports on the institution's website for the benefit of students, their families, and other members of the public. The General Assembly may also wish to require higher education institutions to certify the accuracy and completeness of the data they report.

STRATEGIC PLAN AND PERFORMANCE MEASURES

Browning Building, at Austin Peay State University
Source: https://www.apsu.edu/president/index.php.

STRATEGIC PLAN AND PERFORMANCE MEASURES

Strategic plans provide long-term objectives and goals for institutions and agencies. Management designs strategic plans, typically with lifespans of 3 to 10 years, to provide a "road map" to achieve future success, avoid risks, and take advantage of new opportunities. Strategic plans often include **performance measures**, or quantifiable metrics to measure success, so that management can effectively design and monitor the implementation of a strategic plan.

Plan Development

To guide **Austin Peay State University (APSU)** in achieving organizational success and to ensure good stewardship of the university's resources, the APSU President and administrative staff have developed a university-wide strategic plan. The strategic plan includes measurable criteria to provide an outcomes-based mechanism for the **APSU Board of Trustees (APSU Board)** and management to evaluate and monitor the plan's implementation.

APSU's current strategic plan, Leading Through Excellence, covers an implementation period of 2015 to 2025, and was in place prior to the APSU Board's inaugural meeting. Based on our discussions with the Board, the members are familiar with the plan, which includes these five strategic goals:

> In addition to the APSU-designed strategic plan, the Tennessee Higher Education Commission (THEC) compiles a statewide master plan to increase the educational attainment levels of Tennesseans; additionally, THEC develops a comprehensive financial strategic plan for higher education revenues and expenses.

➢ enrollment growth;

➢ student success: retention, completion, and workplace preparedness;

➢ sustainability;

➢ diversity; and

➢ communication, branding, and strategic planning.

Designing the 2015-2025 Strategic Plan

To draft a university-wide strategic plan, the APSU President and her leadership cabinet created a strategic planning steering team, which included vice-president level administrators. The steering team disseminated workbooks and held workshops with faculty and staff throughout the university to provide input on potential strategic goals. Once faculty and staff submitted feedback, the strategic plan steering committee distributed workbooks and held workshops with university deans, associate vice presidents, and executive leadership in departments across the

> APSU's strategic plan identified five core values:
>
> ➢ quality
> ➢ innovation
> ➢ collaboration
> ➢ community; and
> ➢ globalization.

university. The Vice President for External Affairs stated that other factors in the development of the strategic plan included the vision of the APSU President, potential university spending needed to reach strategic goals, and involvement of the APSU Faculty Senate. From these efforts, the strategic plan steering committee formulated five strategic goals.

After the implementation of the strategic plan, APSU performed a two-year update to the plan to track progress toward achieving the goals listed in the plan. APSU reported growth related to all five goals.

Educational Goals

Two of the strategic goals for APSU's strategic plan were "Enrollment Growth" and "Student Success: Retention, Completion, and Workplace Preparedness." To measure the university's performance, the plan provided the following objectives as criteria for increasing enrollment growth:

1. grow student population
2. create new credit programs
3. create new noncredit programs
4. support Tennessee Drive to 55
5. identify enrollment focus groups for growth planning

APSU's strategic plan identified the following objectives as criteria to ensure student success:

1. create and expand quality learning opportunities
2. promote vibrant and engaging student life experiences
3. encourage workforce preparedness and career planning
4. support and assess student success interventions and initiatives
5. support faculty and staff engagement in student success with initiatives and programs
6. support THEC and the Tennessee Drive to 55 and TBR Degree Completion Goals

Drive to 55

Former Governor Bill Haslam created the Drive to 55 initiative as an effort to increase the number of Tennesseans with a post-secondary credential to 55% by 2025, to meet Tennessee's future workforce and economic needs. Governor Haslam launched the initiative in 2014, when only 32% of Tennesseans had a certificate or degree beyond high school. The initiative includes an increased emphasis on certificates at technology centers and community colleges, not just two- and four-year degrees.

Transfer Pathways

The Tennessee Transfer Pathways are advising tools designed to help community college students plan for transferring to a Tennessee public university or select regionally accredited, nonprofit, Tennessee private colleges and universities to complete their baccalaureate degree. The Transfer Pathways constitute an agreement between community colleges and four-year colleges and universities confirming that community college courses meet major preparation requirements.

A student who completes all the courses for a Transfer Pathway will earn an associate's degree at their community college. When the student transfers to a Tennessee public or private college or university, the student's transcript will certify that the student completed the Transfer Pathway. The Transfer Pathway guarantees that the college or university to which the student transfers will accept the student's community college courses.

Preparing Tennesseans for the Future of Work

In 2019, the Tennessee Higher Education Commission (THEC) convened a Future of Work taskforce to discuss issues confronting Tennessee's economy and approaches private industry and higher education could take to work together to address these issues. THEC's 2020 update to the 2015-2025 Master Plan, *Enabling the Competitive Edge*, outlined the taskforce's findings:

➢ **Artificial intelligence and automation** – all individuals employed in Tennessee must learn to interact with artificial intelligence using critical thinking, data analysis, and diverse communication skills.

➢ **Computer science and data analytics** – develop more diverse computer science and data analytics course offerings across public higher education. This includes establishing concentrations of courses in addition to majors and minors, such that students majoring in different fields can gain useful computer science and data analysis skills.

➢ **Stackable credentials** – a student's ability to accumulate credentials in a given field over his or her working life is critical to the success of Tennessee's economy. Students can earn "stackable credentials" at all institution types, which can have cumulative industry value, with university's designing credentials to build off each other. Further, institutions and industry must recognize that a student's path to a terminal credential is not necessarily linear; stackability and transferability of credits and clock hours is imperative.

➢ **Industry growth and recruitment** – employers often have very specific workforce needs, which serve as the crux of their decisions surrounding location and expansion. For example, the Oshkosh Corporation partnered with TCAT-Morristown and TCAT-Knoxville to meet its need for skilled labor and to produce a credentialed workforce specifically trained to work with Oshkosh and its partners. This explicit alignment between higher education and industry has been extremely successful and can serve as a model for other employers across the state.

Additionally, THEC presented information on the need to retrain workers at the 2019 Tennessee Higher Education Summit, a professional development program for university board members.

A February 2019 Southern Regional Education Board[12] report, *Unprepared and Unaware: Upskilling the Workforce for a Decade of Uncertainty*, goes on to express that many Americans will need to be retrained as technology disrupts the workforce,

> America is currently experiencing a dynamic shift in employment for many working-age adults. As companies automate basic retail and manufacturing jobs, they eliminate many of the low-skill jobs available to adults with low levels of education. But technological advancements also create new positions, many requiring education after high school. These middle-skill jobs, demanding more than a high school credential but less than a college degree, will continue to emerge at the same time low-skill jobs go away. Adult workers who raise their education levels to qualify for these jobs will be better prepared to benefit from the new labor market. Adults who do not raise their skills may not.

In 2019, Forbes reported that universities are failing to meet the market demand to retrain the U.S. workforce, stating that as many as 11.5 million Americans will need to be retrained by 2022 to be ready to work with automation and artificial intelligence.

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[12] The Southern Regional Education Board works with southeastern states to improve public education at every level, from early childhood through doctoral education (https://www.sreb.org/about).

Emerging Issue 2: Universities may experience an enrollment cliff

Beginning in the mid-2020s, experts and economists expect colleges and universities to experience an "enrollment cliff," a significant decrease in enrollment levels due to a substantial decline in the number of high school graduates in most regions of the United States. During the Great Recession of 2008-09, the birthrate declined and did not rebound in subsequent years; therefore, fewer students may graduate from high schools and enroll in colleges and universities. Professional associations and higher education publications reported that the enrollment cliff could significantly impact the enrollment of four-year colleges and universities, especially regional or rural schools.

Colleges and universities may experience demographic shifts in student populations and increased competition for students. The Tennessee Higher Education Commission presented information on the enrollment cliff at the 2019 Tennessee Higher Education Summit, a professional development program for university board members.

Chart 2 exhibits the change in births per 1,000 people for the U.S. and Tennessee from 2005 through 2018.

Chart 2
Births per 1,000 People
U.S. and Tennessee, 2005 to 2018
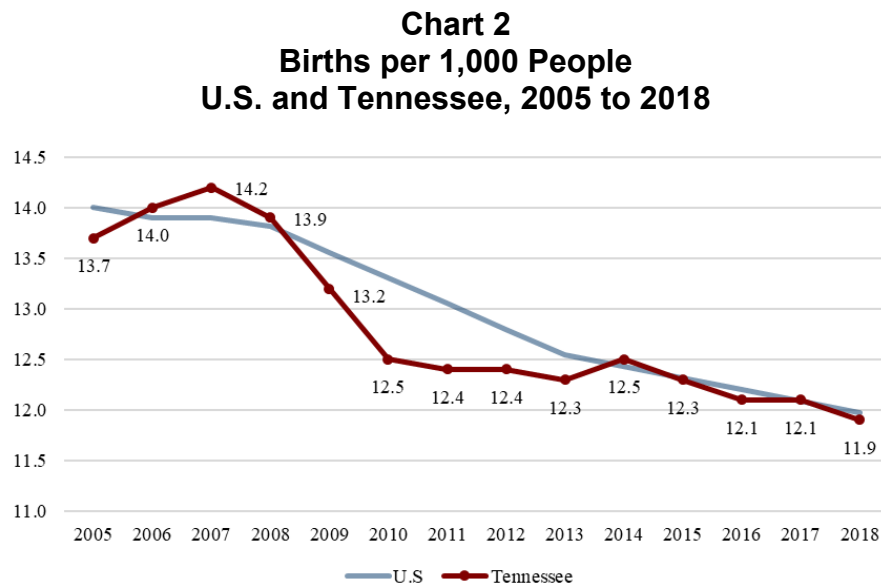
Source: Auditor analysis of data obtained from the Tennessee Department of Health and Macrotrends.net.

Performance Measures

To provide accountability to its many stakeholders, including alumni, state legislators, and the public, APSU Board members and APSU management monitored strategic results and performance measures to ensure that the university was meeting its strategic objectives and to determine where more focus may be needed to align the university's actual performance with its goals. APSU management implemented data governance policies to ensure that the APSU Board and APSU management have the information they need to monitor the university's performance. Data governance policies include data security, integrity, and access policies, and help ensure that information is reliable, accurate, and complete. Universities use multiple platforms for reporting data that will help them compare the university performance metrics to other institutions by equal standards. Two of the reporting platforms are the **Common Data Set Initiative** and the **Integrated Postsecondary Education Data System (IPEDS)**.

Common Data Set

The **Common Data Set Initiative** is a collaborative effort among data providers in the higher education community and publishers (such as *U.S. News & World Report*). According to the Common Data Set Initiative's website, its stated goal is to "improve the quality and accuracy of information provided to all involved in a student's transition into higher education, as well as to reduce the reporting burden on data providers."

The Common Data Set includes standards and definitions for selected data items, and each participating school completes a standard template to capture and provide key information related to that school. The Common Data Set survey revolves around the following major areas:

- enrollment and persistence, including enrollment by sex and race, and the number of degrees awarded;

- freshman admissions, including the number of admitted and enrolled students by sex;

- admissions of transfer students, including the number of admitted and transfer students that applied, were admitted, and were enrolled by sex;

- academic offerings;

- student life, including fraternities and sororities, housing, and activities, as well as the number of out-of-state students;

- annual expenses, including tuition, fees, and estimated living expenses;

- financial assistance; and

- instructional faculty and class size.

School staff collect and report the information captured by the Common Data Set survey to the Common Data Set Initiative, which in turn disseminates the data to various third parties, such as publishers and college organizations. Publishers use the data to compile college

rankings, guidance counselor handbooks, and other post-secondary school guides. Schools often make the data from the Common Data Set survey available on their website.

IPEDS

The Integrated Postsecondary Education Data System (IPEDS) is an annual data collection distributed by the Postsecondary Branch of the National Center for Education Statistics, a non-partisan center within the Institute of Education Science under the U.S. Department of Education and the primary federal entity for collecting and analyzing data related to education in the U.S. and other nations. IPEDS data is publicly available and may be used without cost. Postsecondary institutions submit IPEDS data annually through 12 interrelated survey components. Data in a collection year (cycle) is reported in three periods, and the data for each period is distributed in three corresponding releases. The data in each release goes through a different review and validation process. One of the 12 survey components is related to finance data, which provides context for understanding the resources and costs of providing postsecondary education. Data collected in the finance survey includes

➢ revenues by source (tuition and fees, private gifts, grants and contracts);

➢ expenses by function (instruction, research, academic support, institutional support);

➢ assets and liabilities; and

➢ scholarships and fellowships.

The Higher Education Act of 1965, as amended, requires that institutions participating in federal student aid programs report data on enrollments, program completions, graduation rates, faculty and staff, finances, institutional prices, and student financial aid.

Key Performance Measures

Key performance measures for APSU's strategic planning goals and determining its achievement in meeting its mission are enrollment, retention, and graduation rates, as well as student loans. The **enrollment rate** performance measure focuses on first-time, full-time students who enroll at the university. For the fall 2019 semester, APSU enrolled 1,516 full-time, first-time freshmen. The **retention rate** performance measure focuses on freshmen who enroll full-time at the beginning of one year and then re-enroll the following year. Freshmen who discontinue their studies or transfer to another university are not considered "retained." **Charts 3** and **4** demonstrate APSU enrollment and retention rates for each fall semester from fall 2015 through fall 2019.

Chart 3
APSU First-Time Freshmen
Fall Semesters 2015 Through 2019
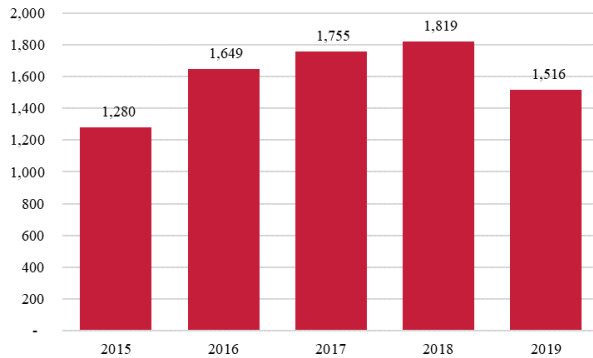
Chart 4
APSU Retention Rate
Fall Semesters 2015 Through 2019

	2015	2016	2017	2018	2019
First-Time Freshmen	1,280	1,649	1,755	1,819	1,516

Source: Auditor analysis of data obtained from APSU's common data sets.

	2015	2016	2017	2018	2019
Retention Rate	71.0%	66.0%	67.0%	66.0%	63.0%
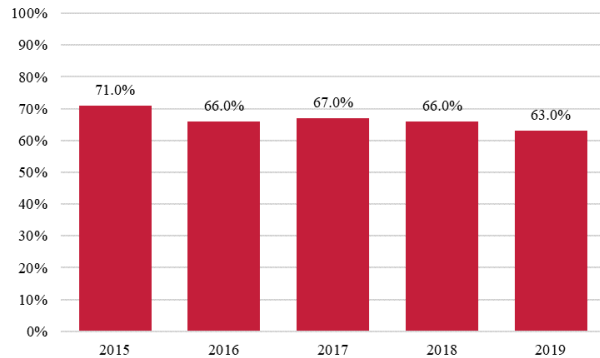
Source: Auditor analysis of data obtained from APSU's common data sets.

The **graduation rate** performance measure is the number of freshmen enrolling in a given year who obtain a bachelor's degree or equivalent certification within six years. Although convention holds that a bachelor's degree should be attained in four years, students often require longer periods of enrollment to acquire their targeted degree, depending on numerous factors such as the number of courses students take each semester; financial resources needed to pay for continuous enrollment; or a change in degree major and program, which would require more courses to cover all requisites. For Common Data Set Initiative reporting, schools calculate four- and six-year graduation rates six years after enrollment. Both graduation rates are based on the same student cohorts, which are the group of students who began studying at the university in the same semester. In the following **charts**, we present the four- and six- year rates for the same cohort of students by the school year the university reported the rates for the Common Data Set Initiative. For example, the 2015-2016 graduation rates include the total number of freshmen that enrolled for the first time in fall 2009 and that graduated by August 31, 2013 (the four-year rate) and that graduated by August 31, 2015 (the six-year rate).

The **student loan** performance measure is based on the number of students who graduated in a particular year, how many of these graduates obtained student loans during their postsecondary education, and how much in student loans the average graduate obtained. **Chart 5** exhibits APSU four- and six-year graduation rates for each school year from school years 2015-16 through 2019-20, and **Charts 6** and **7** exhibit the percentage of graduates with student loans and the average amount of student loans for each school year's graduates from school year 2015-16 through school year 2019-20.

Chart 5
APSU Graduation Rates
School Years 2015-16 Through 2019-20
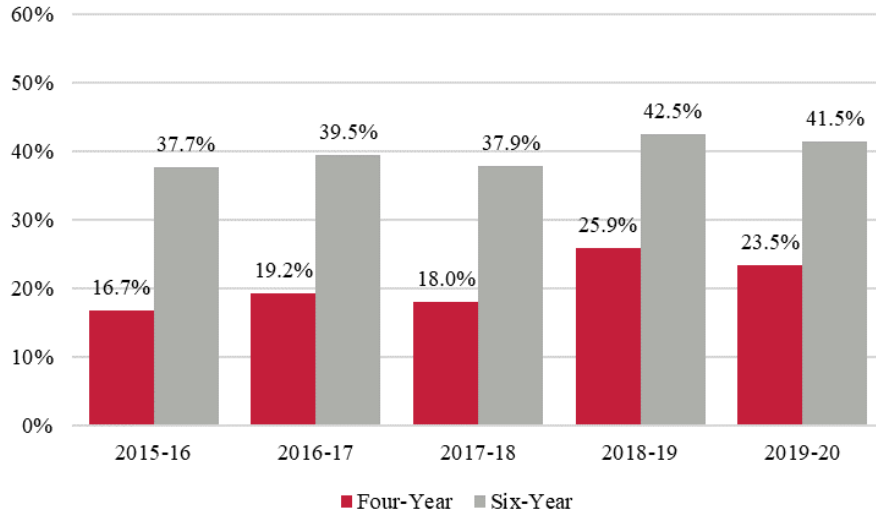
Source: Auditor analysis of data obtained from APSU's common data sets.

Chart 6
Percent of APSU Graduates
With Student Loans
School Years 2015-16 Through 2019-20
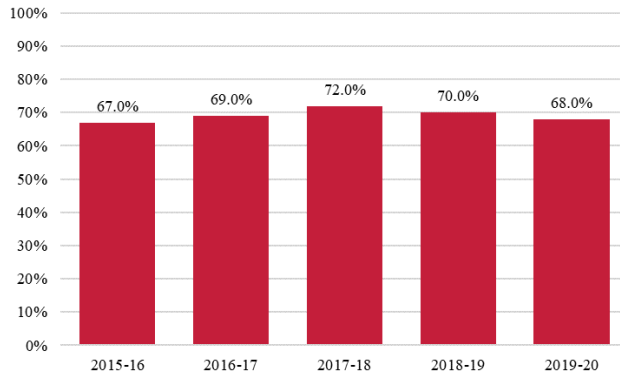
Source: Auditor analysis of data obtained from
APSU's common data sets.

Chart 7
Average Amount of Student Loans
of APSU Graduates
School Years 2015-16 Through 2019-20
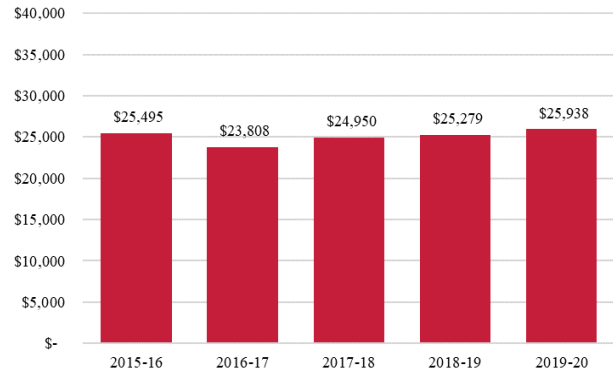
Source: Auditor analysis of data obtained from
APSU's common data sets.

Research Funds

Universities and other entities use the volume of research taking place on their campuses or the amount of research funding they receive as a measure of their performance. One entity that considers university research activity is the Carnegie Classification of Institutions of Higher Education (Carnegie Classification). The Carnegie Classification is a framework for recognizing and describing institutional diversity in U.S. higher education, and it considers university research

activity and spending in its classification system. There are three categories for universities that award at least 50 master's degrees and fewer than 20 research/scholarship doctoral degrees. The three categories are:

> M1: Master's Colleges and Universities – Larger programs

> M2: Master's Colleges and Universities – Medium programs

> M3: Master's Colleges and Universities – Smaller programs

The Carnegie Classification classifies APSU as an M1 university.

First Destination

First destination data is a measure of a student's post-graduation outcome and describes a graduate's "first destination," generally six months after graduation. Outcomes generally include full- or part-time employment, graduate school, post-graduate fellowship or internship, or military service. First destination data also commonly captures the graduate's major, employer or graduate school, and salary. Universities can use different methods to obtain this data, including conducting alumni surveys or purchasing the data from third parties, such as Equifax and the National Association of Colleges and Employers. Universities use students' post-graduation outcomes and first destination data to determine whether the university has successfully prepared students for their chosen career path and to make necessary changes to promote student success.

Outcomes-Based Funding Formula

In conjunction with Tennessee universities, campuses, and state government representatives, the Tennessee Higher Education Commission developed an outcomes-based funding formula, a complex tool that allocates state funds to Tennessee's public colleges and universities based on performance in key areas. In 2019-20, the General Assembly appropriated approximately $1.2 billion for higher education, and the formula determined how those funds would be distributed to each institution.

One of the primary components of the outcomes-based funding formula is measuring a school's achievement toward its mission goals. Each school places a "weight" or percentage value on components of its mission; the higher the weight, the more its performance in this area influences the result of its outcomes-based funding formula result. According to the THEC 2019-20 Outcomes Based Funding Formula, APSU places the heaviest weight on the combined total of bachelor's and associate degrees conferred to undergraduate students during an academic year.

Fundraising

Universities receive funding through a variety of sources, including gifts and donations. Universities can use gifts and donations to fund scholarships to students, new campus buildings, or any other expense that the donor and institution wish to fund. At APSU, the **Austin Peay State University Foundation (APSU Foundation)** is a legally separate, tax-exempt organization that supports Austin Peay State University. The foundation acts primarily as a fundraising organization to supplement the resources that are available to the university in support of its programs. The 65-

member board of the APSU Foundation is self-perpetuating and consists of graduates and friends of the university. Institutions collect contributions through

> ➢ major gifts;
>
> ➢ annual giving campaigns;
>
> ➢ one-time/capital giving campaigns;
>
> ➢ fundraising and alumni events; and
>
> ➢ periodic/annual mail or electronic communications to donors, alumni, and parents.

APSU's Office of University Advancement is responsible for communicating with donors and potential donors, and for reaching out to potential donors to expand gifts and contributions for the university. To accomplish this, the university solicits gifts from employees, alumni, parents of students, and community members who are supportive of APSU. The Office of University advancement also promotes fundraising efforts through giving campaigns via phone, online, or in person. The office manages an Overarching Campaign Plan, which staff compile by reviewing requests from university administrators for giving campaigns to support department-specific fundraising goals. Fundraising dollars raised for individual departments are placed in a Fund of Excellence specific to the benefiting department. The Fund of Excellence is managed by a staff member in the Office of University Advancement. Additionally, the university-wide strategic plan has a strategic priority to "Increase number of donors and giving to APSU and the Foundation." The plan has four objectives for achieving this goal:

Increase, by 100 percent, the number of donors that give annually to the University at each level of giving

Increase, by 100 percent, the size of the APSU/Foundation endowment

Increase average annual dollars raised by 50 percent

Create and communicate a strong fundraising vision and structure for the university and its internal and external stakeholders

According to the fiscal year 2019 financial statements, the APSU Foundation's largest expenditure category was approximately $2.3 million for utilities, supplies, and other services, with approximately $1.5 million expended toward scholarships and fellowships. **Appendix 5** exhibits APSU's revenues by source, including gifts and donations, for fiscal years 2015-16 through 2019-20.

<h3 style="text-align:center;">Audit Results</h3>

1. **Audit Objective:** Did the APSU Board approve the most recent strategic plan?

   Conclusion: The APSU Board has not approved the 2015–2025 Leading Through Excellence Strategic Plan since the plan was created before the formation of the APSU Board; however, the APSU Board has routinely been made aware of the plan, as noted in **Audit Objective 2**.

<div style="text-align:center;">64</div>

2. **Audit Objective:** How has the APSU Board monitored the implementation of the strategic plan and the strategic direction of APSU?

   Conclusion: The APSU Board monitored the implementation of the strategic plan and the strategic direction of APSU through reviewing reports, updates, and other information from APSU management and discussing the strategic direction of the university at most board meetings.

3. **Audit Objective:** Does APSU management have a plan to address future fundraising needs?

   Conclusion: APSU management has a plan to address future fundraising needs. The Office of University Advancement created an Overarching Campaign Plan based on fundraising campaign requests from individual university departments, established a Fund of Excellence for each department seeking funds, and assigned staff to manage each Fund of Excellence. APSU also established four objectives regarding fundraising in the university-wide strategic plan.

4. **Audit Objective:** How did APSU compare in the following key performance areas to peer institutions?

   a. Enrollment Rates

   b. Retention Rates

   c. Graduation Rates

   d. Student Loan Debt

   Conclusion: We provide our analysis in our **Results of Audit Work**.

5. **Audit Objective:** Has APSU management taken action to increase credential production and transfer student enrollment, in keeping with the statewide Drive to 55 and Transfer Pathways' initiatives?

   Conclusion: APSU management has taken action to increase credential production and transfer student enrollment. APSU's Adult, Nontraditional, and Transfer Student Center includes the Drive to 55 initiative in its vision statement, and APSU included the initiative in the Student Success portion of the APSU strategic plan. APSU management did not reference the Transfer Pathways initiative in the university's strategic plan but increasing transfer student enrollment is included in the plan under the "Enrollment Growth" goal.

6. **Audit Objective:** How has APSU monitored students' "first destination" after graduation (full-time employment, graduate school, etc.)?

   Conclusion: APSU began collecting first destination data through alumni surveys during the 2018-19 school year. Information collected included the academic program from which the student graduated, graduation date, outcome

(continuing education, working, etc.), and whether the student needed assistance in searching for employment.

7. **Audit Objective:** Does APSU management have data governance policies to use its data accurately and securely?

   Conclusion: APSU has policies to protect the confidentiality, integrity, and availability of its data and information systems.

<u>Methodology to Achieve Objectives</u>

To address our objectives for the university's strategic plan, including obtaining an understanding and assessing management's design, implementation, and operating effectiveness of internal control, we interviewed APSU's Vice President for External Affairs, who was responsible for the university's strategic planning, and reviewed the Leading Through Excellence 2015 strategic plan. We also reviewed planning documentation for the 2015 strategic plan. To determine if the APSU Board approved the strategic plan and monitored the implementation of the strategic plan, we reviewed board meeting minutes and materials since the board's inaugural meeting and interviewed board members. We also reviewed online information from *Inside Higher Ed*, the American Association of State Colleges and Universities, and the College and University Professional Association for Human Resources.

To address our objective of the university's plan to address future fundraising needs, including obtaining an understanding and assessing management's design and implementation of internal control, we interviewed the Vice President of External Affairs.

To determine how the university compared with its peer universities, we interviewed the Executive Director of Decision Support and Institutional Research and the Interim Director of Institutional Effectiveness and Assessment. We obtained source data for enrollment rates, retention rates, four- and six-year graduation rates, the percentage of students graduating with student loans, and the average student loan amount for graduates with student loans from the APSU Office of Institutional Research for the years 2015 through 2019. We obtained similar Common Data Set information for the university's peers from the peers' websites. To analyze the data, we compared the university to its peers using the peer group's average, minimum, and maximum. To determine if the published performance measures were reliable, we obtained the underlying source data, recalculated the published measures, and discussed with management our recalculation methods to ensure they were appropriate. To obtain an understanding and assess management's design, implementation, and operating effectiveness of internal control for performance data, we reviewed source information, interviewed key personnel, and reperformed the calculations.

To determine if the university implemented measures to increase credential production and transfer student enrollment, including obtaining an understanding and assessing management's design and implementation of internal control, we reviewed the websites for the Tennessee Transfer Pathways and Drive to 55 initiatives. We also reviewed Austin Peay State University's website and interviewed the Vice President for External Affairs, who was responsible for the university's strategic planning.

To determine how university management has monitored students' "first destination" after graduation, including obtaining an understanding and assessing management's design and implementation of internal control, we interviewed the Executive Director of Decision Support and Institutional Research and the Director of Career Services. We reviewed reports compiling the data the university collected through alumni surveys for the years 2018-19 through 2019-20.

To address our objective about the university's data governance policies, including obtaining an understanding and assessing management's design and implementation of internal control, we interviewed the Interim Director of Institutional Effectiveness and Assessment and the Executive Director of Decision Support and Institutional Research and reviewed the university's information technology policies.

Results of Audit Work: Performance Metrics

Exhibited below are charts demonstrating how APSU compared to its peers for the performance measures that we analyzed, for the five-year period 2015 through 2019.[13] The APSU Board began oversight of the university's performance measures when the APSU Board held its inaugural meeting in March 2017. Prior to March 2017, the Tennessee Board of Regents was responsible for oversight of the university's performance measures.

We compared APSU's performance in key performance measures to 5 of APSU's 12 self-identified peer institutions, which APSU identified for the 2005-2010 THEC Master Plan peer listing, limiting our review to those institutions with publicly available information and those with close geographic proximity to APSU. We selected the following peer institutions for our performance measure analysis of APSU compared to its peers:

➢ Appalachian State University (ASU),

➢ Jacksonville State University (JSU),

➢ Morehead State University (MSU),

➢ North Carolina A&T University (NCAT), and

➢ Valdosta State University (VSU).

We present the complete list of APSU's peer institutions in **Appendix 3**.

When comparing performance measures among peers, it can be helpful to keep in mind that many factors may cause a performance measure to increase or decrease, and that different university campuses have varying academic profiles, environments, and student life organizations that could affect the institution's performance measures, even among peers. Additionally, many states have enacted various higher education or legislative initiatives that only affect the institutions within that state and could affect performance measures. For example, in Tennessee, the Tennessee Promise, which allows students to attend a two-year institution tuition-free, went

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[13] The average amount is the average of APSU and its peers. We exhibit the five peer institutions we selected with blue columns and APSU as a red column.

into effect in 2015, potentially impacting the performance measures of four-year Tennessee institutions.

Enrollment Rates

APSU's first-time, full-time freshman enrollment increased 18.4% from 1,280 in fall 2015, to 1,516 in fall 2019. APSU's change in enrollment was above the average of the APSU's peers' change in first-time, full-time freshman enrollment, as exhibited in **Chart 8**. First-time, full-time freshman information for Jacksonville State University and North Carolina A&T University for 2019 was not available in their common data sets for analysis, so their percentage changes are exhibited through 2018.

Chart 8
Change in First-Time Full-Time Freshmen
Fall Semesters 2015 Through 2019
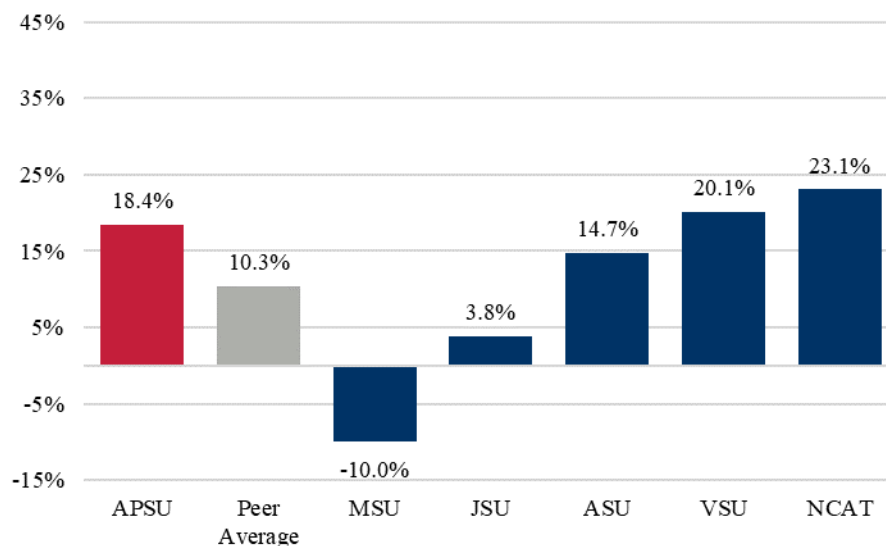
Source: Auditor analysis of data obtained from APSU and peers' common data sets.

Retention Rates

APSU's overall average retention rate for each fall semester from 2015 through 2019 was 66.6%, which was below each of the peers we analyzed, as exhibited in **Chart 9**. Additionally, as noted in **Chart 10**, APSU's retention rate fell from 71% in 2015 to 63% in 2019. Retention data was unavailable for North Carolina A&T University for 2015, 2018, and 2019, therefore we omitted it from our comparison of retention.

Chart 9
Average Retention Rate
Fall Semesters 2015 Through 2019
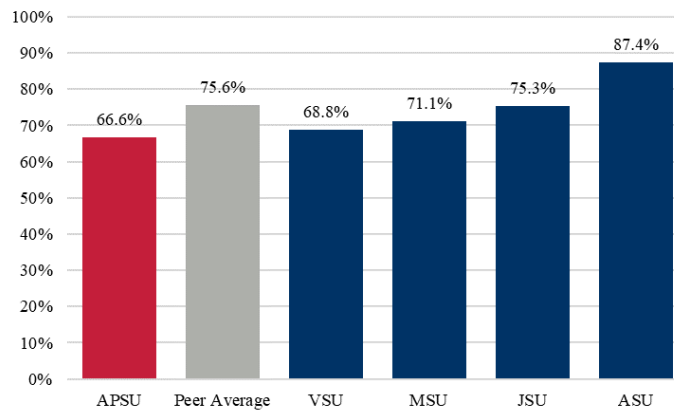
Source: Auditor analysis of data obtained from APSU and peers' common data sets.

Chart 10
APSU vs. Peer Average Retention Rates
Fall Semesters 2015 Through 2019
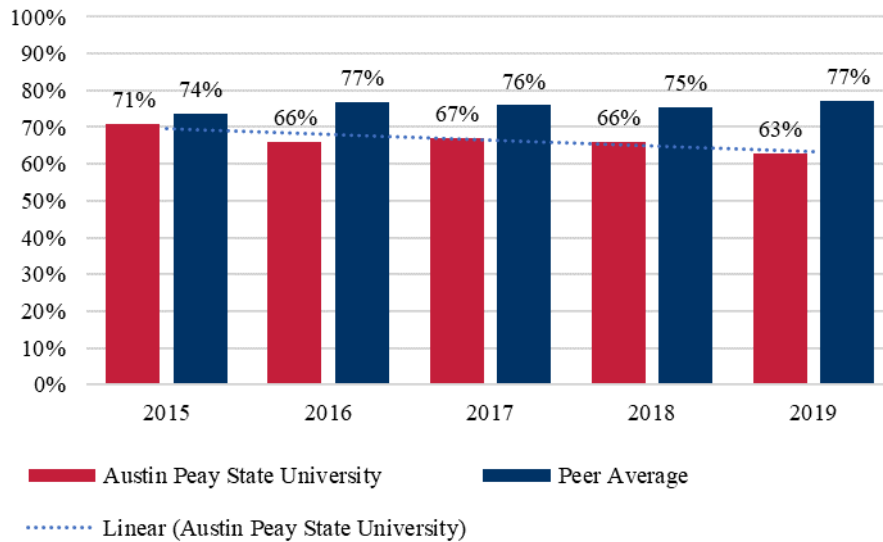
Source: Auditor analysis of data obtained from APSU and peers' common data sets.

Graduation Rates

APSU's average four- and six-year graduation rates for the 2015 school year through the 2019 school year were 20.7% and 39.8%, respectively, and compared similarly to most of its peers, as exhibited in **Charts 11** and **12**. Graduation rate information for Jacksonville State University and North Carolina A&T University for school year 2019 was not available in their common data sets for analysis, so their percentage changes over time are exhibited through school year 2018.

Chart 11
Average Four-Year Graduation Rate
School Years 2015 Through 2019
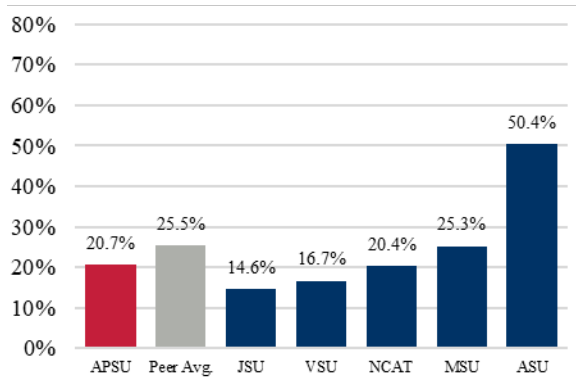
Chart 12

Average Six-Year Graduation Rate
School Years 2015 Through 2019
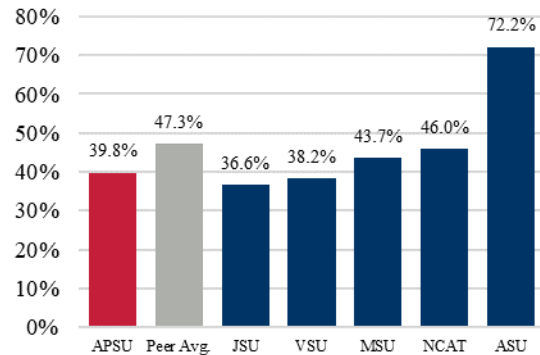
Student Loan Debt

     Chart 13 exhibits the average percentage of students graduating with student loans for APSU and its peers over the 2015 to 2019 school years. For students that graduated with student loan debt, **Chart 14** exhibits the average amount of student loan debt those students owed upon graduating for APSU and its peers over the 2015 to 2019 school years. APSU's percentage of students graduating with student loan debt and the average amount of student loan debt upon graduating was above the average of its peers. Jacksonville State University did not provide student loan debt information in its common data set, so it was excluded from this comparison. Additionally, Morehead State University did not provide student loan debt information for school year 2015 and North Carolina A&T University did not provide student loan debt information for school years 2018 or 2019, so their averages were calculated based on available data.

Chart 13
Average Percent of Students Graduating
With Student Loan Debt
School Years 2015 Through 2019
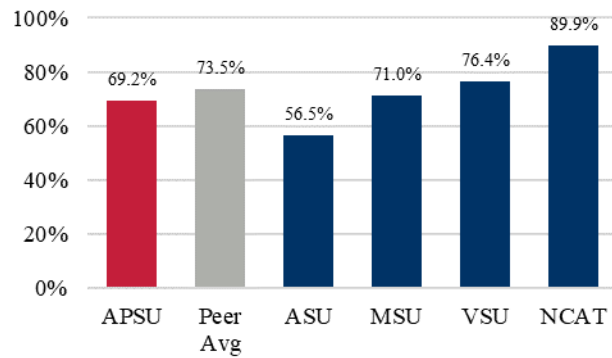
Source: Auditor analysis of data obtained from APSU and peers' common data sets.

Chart 14
Average Amount of Student Loans of
APSU Graduates
School Years 2015 Through 2019

Source: Auditor analysis of data obtained from APSU and peers' common data sets.

HIGHER EDUCATION EMERGENCY RELIEF FUND ADMINISTRATION
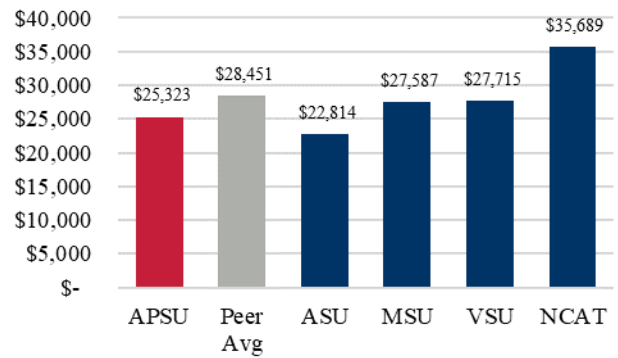

Source: https://apsucms1.apsu.edu/fac-staff/index.php

HIGHER EDUCATION EMERGENCY RELIEF FUND ADMINISTRATION

On March 27, 2020, the U.S. President signed the **Coronavirus Aid, Relief, and Economic Security (CARES) Act** in response to the Covid-19 pandemic. The Act contains $2 trillion in assistance funding, including $30.75 billion for an Education Stabilization Fund (Catalog of Federal Domestic Assistance [CFDA] 84.425). This fund includes four grant programs:

- Education Stabilization Fund Discretionary Grants (1% of $30.75 billion to states with the highest COVID-19 burden, or $307.5 million);

- Governor's Emergency Education Relief Fund ($3 billion);

- Elementary and Secondary School Emergency Relief Fund ($13.2 billion); and

- Higher Education Emergency Relief Fund (HEERF) ($14.25 billion).

HEERF funds are divided into the following types of grants and CFDA numbers:

- Student Aid (84.425E)

- Institutional Portion (84.425F)

- Historically Black Colleges and Universities (HBCU) (84.425J)

- Historically Black Graduate Institutions (HBGI) (84.425J)

- American Indian Tribally Controlled Colleges and Universities (TCCU) (84.425K)

- Minority Serving Institutions (84.425L)

- Strengthening Institutions Program (84.425M)

- Fund for the Improvement of Postsecondary Education (84.425N)

The basic Student Aid grant's purpose was to provide funding to institutions to provide emergency financial aid grants to students whose lives had been disrupted and were facing financial challenges due to the pandemic. The Institutional Portion provides funds to the university to cover costs of significant changes in the delivery of instruction due to the coronavirus. This includes the cost of refunds to students for room and board, tuition, and other fees refunded to students.

In addition to the Student Aid and Institutional grants, institutions may also receive either the HBCUs and HBGI grants; the TCCU grant; the Minority Serving Institution grant; or the Strengthening Institutions Program grant. This funding is encouraged, but not required, to be made available to students for emergency grants. Universities may also use the funds to defray expenses related to the pandemic, including lost revenue, technology costs associated with the transition to online learning, and payroll.

The Fund for the Improvement of Postsecondary Education is for any institutions that the Secretary of Education determines have the greatest unmet need due to the Coronavirus. The Secretary gives priority to schools that did not receive at least $500,000 in the other grants and

demonstrate sufficient unmet needs. Schools receiving funds may use the funds for students but are not required to and may use the funds to defray institutional expenses such as lost revenue, expense reimbursement, and technology costs.

In addition to HEERF, Congress appropriated $3 billion of the Education Stabilization Fund for the Governor's Emergency Education Relief Fund (GEERF). Tennessee may use some of the funds for higher education but had not appropriated any of the funding to the locally governed institutions in our audit as of May 31, 2020, the end of our scope.

APSU received the Student Aid, Institutional Portion, and Strengthening Institutions Program funds.

Table 7
APSU HEERF Awards and Expenditures by Program*
As of May 31, 2020

Program	Awarded	Expended
Student Aid	$ 4,843,933	$ 4,481,654
Institutional	4,833,933	0
Strengthening Institutions program	470,665	0

* This information is unaudited.
Source: U.S. Department of Education website and APSU management.

Audit Results

1. **Audit Objective:** Did APSU management develop and implement a plan to expend its Higher Education Emergency Relief Fund (HEERF) funding in compliance with guidance provided by the U.S. Department of Education?

    Conclusion: APSU management developed and implemented a plan to expend the HEERF funding in compliance with guidance provided by the U.S. Department of Education. This included creating separate account codes so the expenditures and funds could be properly accounted for and monitored. As of May 31, 2020, (the end of our audit period), APSU management had distributed emergency grants to qualifying students but had not yet drawn their institutional or strengthening institutions program funds.

2. **Audit Objective:** Did APSU management enter into the Funding Certification and Agreement for Emergency Financial Aid Grants to Students and the Certification and Agreement for Recipient's Institutional Costs?

    Conclusion: APSU management entered into the Funding Certification and Agreement for Emergency Financial Aid Grants to Students on April 14, 2020, as well as the Certifications and Agreements for Institutional Portion on April 29, 2020, and the Strengthening Institutions Program on May 1, 2020.

<u>Methodology to Achieve Objectives</u>

To determine if APSU management developed and implemented a plan to expend the HEERF funds in accordance with federal requirements, including obtaining an understanding and assessing management's design and implementation of internal control, we reviewed grant award letters and other federal guidance to obtain an understanding of HEERF and its requirements. We conducted interviews with officials charged with managing the funding to understand their knowledge of federal requirements and plan for expending the funds. We requested the account codes used to account for the funds. We also requested and reviewed documentation including written policies and procedures.

To determine if APSU management entered into the required funding certifications and agreements, we requested copies of these from the university and examined the university official's signature.

APPENDICES

APPENDIX 1
Internal Control Significant to the Audit Objectives

The U.S. Government Accountability Office's *Standards for Internal Control in the Federal Government* (Green Book) sets internal control standards for federal entities and serves as best practice for non-federal government entities, including state and local government agencies. As stated in the Green Book overview,[14]

> Internal control is a process used by management to help an entity achieve its objectives . . . Internal control helps an entity run its operations effectively and efficiently; report reliable information about its operations; and comply with applicable laws and regulations.

The Green Book's standards are organized into five components of internal control: control environment, risk assessment, control activities, information and communication, and monitoring. In an effective system of internal control, these five components work together to help an entity achieve its objectives. Each of the five components of internal control contains principles, which are the requirements an entity should follow to establish an effective system of internal control. We illustrate the five components and their underlying principles below:

Control Environment	
Principle 1	Demonstrate Commitment to Integrity and Ethical Values
Principle 2	Exercise Oversight Responsibility
Principle 3	Establish Structure, Responsibility, and Authority
Principle 4	Demonstrate Commitment to Competence
Principle 5	Enforce Accountability
Risk Assessment	
Principle 6	Define Objectives and Risk Tolerances
Principle 7	Identify, Analyze, and Respond to Risks
Principle 8	Assess Fraud Risk
Principle 9	Identify, Analyze, and Respond to Change

Control Activities	
Principle 10	Design Control Activities
Principle 11	Design Activities for the Information System
Principle 12	Implement Control Activities
Information and Communication	
Principle 13	Use Quality Information
Principle 14	Communicate Internally
Principle 15	Communicate Externally
Monitoring	
Principle 16	Perform Monitoring Activities
Principle 17	Evaluate Issues and Remediate Deficiencies

In compliance with generally accepted government auditing standards, we must determine whether internal control is significant to our audit objectives. We base our determination of significance on whether an entity's internal control impacts our audit conclusion. If some, but not all, internal control components are significant to the audit objectives, we must identify those internal control components and underlying principles that are significant to the audit objectives. In the following matrix, we list our audit objectives, indicate whether internal control was significant to our audit objectives, and identify which internal control components and underlying principles were significant to those objectives.

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[14] For further information on the Green Book, please refer to https://www.gao.gov/greenbook/overview.

Audit Objectives	Significance	Control Environment					Risk Assessment				Control Activities			Information & Communication			Monitoring	
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Board Oversight and Responsibilities																		
1 Did the APSU Board meet the composition requirements established in Section 49-8201, Tennessee Code Annotated?	No	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2 Did the APSU Board establish standing committees?	No	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
3 Did the APSU Board establish rules and policies for defining the residency of students for the purpose of determining out-of-state tuition charges, as established in Section 49-8-104, Tennessee Code Annotated?	No	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4 Did the APSU Board establish grievance procedures for all support staff employees as required by Section 49-8-117, Tennessee Code Annotated?	No	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
5 Did APSU Board members receive training from the Tennessee Higher Education Commission as established in Section 49-8201, Tennessee Code Annotated?	No	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
6 Did the APSU Board meet at least four times in calendar years 2017, 2018, and 2019 and have a quorum present at each meeting held since July 1, 2016, as required by Section 49-8-201, Tennessee Code Annotated?	No	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
7 Did the APSU Board make meetings available for viewing from the board's website and post archived meetings, as established in Section 49-8-201, Tennessee Code Annotated?	No	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
8 Did the APSU Board and committees comply with provisions of the Tennessee Open Meetings Act as established in Title 8, Chapter 44, Tennessee Code Annotated?	Yes	–	–	–	–	–	–	–	–	–	Yes	–	Yes	–	–	–	–	–
9 Did the APSU Board adopt a policy that facilitates ongoing professional development for members as required by Section 49-8-201, Tennessee Code Annotated?	No	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10 Did the APSU Board adopt bylaws and rules for the organization and conduct of their business, as required by Section 49-8201, Tennessee Code Annotated?	No	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

Audit Objectives	Significance	Control Environment					Risk Assessment				Control Activities			Information & Communication			Monitoring	
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
11 Did the APSU Board and the board's committees comply with applicable bylaws, policies, and best practices in conducting their meetings?	No	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
12 As established in Section 49-8-203 Tennessee Code Annotated, did the APSU Board exercise their power to a. select and employ the chief executive officer and confirm the appointment of administrative personnel, teachers, and other employees and to fix their salaries and terms of office? b. prescribe curricula and requirements for diplomas and degrees? c. approve operating budgets and set fiscal policies? d. establish policies and regulations regarding the campus life of the institutions, including student conduct, student housing, parking, and safety?	No	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13 Did the APSU Board provide a method for the general public to address the board or the board's committees?	Yes	–	–	–	–	–	–	–	–	–	Yes	–	Yes	Yes	–	–	–	–
14 Did the APSU Board have a process to gauge the interests and concerns of the campus community, including students and faculty?	Yes	–	–	–	–	–	–	–	–	–	Yes	–	Yes	Yes	–	–	–	–
15 Did the APSU Board establish and adopt a code of ethics to govern the conduct of all appointed members of the board, as required by Section 49-8-204, Tennessee Code Annotated?	No	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
16 Did the APSU Board members complete annual conflict-of-interest forms as required by board and university policies?	Yes	Yes	–	–	–	–	–	–	–	–	Yes	–	Yes	–	–	–	–	–
17 Did the APSU Board promulgate a tenure policy or policies for faculty, including developing procedures for the termination of faculty for adequate cause, as required by Sections 49-8-301 and 303, Tennessee Code Annotated?	No	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
18 Were APSU's records disposition authorization policies updated and approved by the Public Records Commission since March 2013, and did they require at least a five-year retention period?	Yes	–	–	–	–	–	–	–	–	–	Yes	–	Yes	–	–	–	–	–

Internal Control Components and Underlying Principles Significant to the Audit Objectives

		Internal Control Components and Underlying Principles Significant to the Audit Objectives																	
		Control Environment					Risk Assessment				Control Activities			Information & Communication			Monitoring	
Audit Objectives	**Significance**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**
19 In compliance with the Southern Association of Colleges and Schools Commission on Colleges' requirements, the Association of Governing Boards of Universities and Colleges' guidance, and APSU Board policies, did the APSU Board evaluate the APSU President's performance?	Yes	–	Yes	–	–	–	–	–	–	–	Yes	–	Yes	–	–	–	–	–
20 Did the APSU Board approve and monitor significant capital projects?	Yes	–	Yes	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
21 Did the APSU Board ensure the university followed applicable policies for extra compensation, promotions, and raises for administrative and executive staff?	Yes	–	Yes	–	–	–	–	–	–	–	Yes	–	Yes	–	–	–	–	–
22 Did APSU's staffing turnover percentage fall below the annual total separations rates for state and local education provided by the U.S. Bureau of Labor Statistics?	No	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Campus Security and Safety																		
1 How has the APSU Board monitored campus security and safety?	Yes	–	Yes	–	–	–	–	–	–	–	–	–	–	–	–	–	Yes	Yes
2 Has APSU management conducted an assessment of campus security during the audit period?	Yes	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	Yes	Yes
3 Did APSU release the Annual Security and Fire Safety Report for 2016 through 2019?	No	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
4 Did the 2019 APSU Annual Security and Fire Safety Report include all required components?	Yes	–	–	–	–	–	–	–	–	–	Yes	–	Yes	–	–	Yes	–	–
5 Did APSU management have a timely warning policy in place to communicate potential risks to students and the public as required by the Clery Act?	No	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
6 Did APSU management have a process in place to ensure the timely, complete, and accurate publication of the Clery daily crime log?	Yes	–	–	–	–	–	–	–	–	–	Yes	–	Yes	–	–	Yes	–	–
7 Did APSU management have processes to report Title IX allegations to the Title IX Office; maintain grievance and case files; and report Clery-defined crimes to Clery coordinators?	Yes	–	–	–	–	–	–	–	–	–	Yes	–	Yes	–	Yes	–	–	–

| | | Internal Control Components and Underlying Principles Significant to the Audit Objectives | | | | | | | | | | | | | | | | |
| Audit Objectives | Significance | Control Environment | | | | | Risk Assessment | | | | Control Activities | | | Information & Communication | | | Monitoring | |
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
8 Did APSU management communicate required aspects of the university's Title IX processes to students, including resolution timelines; grievance procedures; and services provided, in compliance with Title IX and the Clery Act?	Yes	–	–	–	–	–	–	–	–	–	–	–	–	–	–	Yes	–	–
Mental Health Services																		
1 How has the APSU Board monitored mental health services?	Yes	–	Yes	–	–	–	–	–	–	–	–	–	–	–	–	–	Yes	Yes
2 Did APSU management provide the student mental health services as described on their website?	No	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
3 For the audit period, has APSU management maintained a ratio of counselors to students in keeping with the best practice guidance of the International Association of Counseling Services?	Yes	–	–	–	–	–	–	Yes	–	–	–	–	–	–	Yes	–	Yes	–
4 Did APSU management establish and disseminate a suicide prevention plan in keeping with Section 49-7-172, Tennessee Code Annotated?	Yes	–	–	–	–	–	–	–	–	–	Yes	–	Yes	–	–	Yes	–	–
5 Did APSU management track key mental health data, such as the number of suicides, counselor caseloads, and services provided?	Yes	–	–	–	–	–	–	Yes	–	–	Yes	–	Yes	–	–	–	Yes	–
Strategic Plan and Performance Measures																		
1 Did the APSU Board approve the most recent strategic plan?	Yes	–	Yes	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2 How has the APSU Board monitored the implementation of the strategic plan and the strategic direction of APSU?	Yes	–	Yes	–	–	–	–	–	–	–	–	–	–	–	–	–	Yes	Yes
3 Does APSU management have a plan to address future fundraising needs?	Yes	–	–	–	–	–	–	Yes	–	–	–	–	–	–	–	–	–	–
4 How did APSU compare in the following key performance areas to peer institutions? a. Enrollment Rates b. Retention Rates c. Graduation Rates d. Student Loan Debt	Yes	–	–	–	–	–	–	–	–	–	–	–	–	Yes	–	–	–	–

Audit Objectives	Significance	Internal Control Components and Underlying Principles Significant to the Audit Objectives																
		Control Environment					Risk Assessment				Control Activities			Information & Communication			Monitoring	
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
5 Has APSU management taken action to increase credential production and transfer student enrollment, in keeping with the statewide Drive to 55 and Transfer Pathways' initiatives?	Yes	–	–	–	–	–	–	–	–	–	Yes	–	Yes	–	–	–	–	–
6 How has APSU monitored students' "first destination" after graduation (full-time employment, graduate school, etc.)?	Yes	–	–	–	–	–	–	–	–	–	–	–	–	Yes	Yes	Yes	Yes	–
7 Does APSU management have data governance policies to use its data accurately and securely?	Yes	–	–	–	–	–	–	–	–	–	–	Yes	Yes	–	–	–	–	–
HEERF Administration																		
1 Did APSU management develop and implement a plan to expend its Higher Education Emergency Relief Fund (HEERF) funding in compliance with guidance provided by the U.S. Department of Education?	Yes	–	–	–	–	–	–	–	–	–	Yes	Yes	Yes	–	–	–	–	–
2 Did APSU management enter into the Funding Certification and Agreement for Emergency Financial Aid Grants to Students and the Certification and Agreement for Recipient's Institutional Costs?	No	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

Business and Finance Committee
Billy Atkins, Chair
Katherine Cannata
Don Jenkins
Keri McInnis

Student Affairs Committee
Don Jenkins, Chair
Abbey Hogan
Valencia May
Mickey Wadia

APPENDIX 3
Austin Peay State University Peer Institutions

APSU management identified the institutions in **Table 8** as APSU's peers. From this list, we selected five universities for our analysis, choosing the five institutions that were geographically closest to APSU and had the information needed for our analysis publicly available.

Table 8
APSU Peer Institutions

Peer Universities	Location
Appalachian State University*	Boone, NC
Florida Agricultural & Mechanical University	Tallahassee, FL
Jacksonville State University*	Jacksonville, AL
McNeese State University	Lake Charles, LA
Morehead State University*	Morehead, KY
North Carolina Agricultural & Technical University*	Greensboro, NC
North Carolina Central University	Durham, NC
Salisbury University	Salisbury, MD
Sam Houston State University	Huntsville, TX
Texas Agricultural & Mechanical University – Corpus Christi	Corpus Christi, TX
Valdosta State University*	Valdosta, GA

* denotes peers chosen for our analysis
Source: APSU's Vice President of Finance and Administration

APPENDIX 4
Other Reports From the Comptroller's Office

Two divisions within the Comptroller's Office have released reports involving the Austin Peay State University since July 1, 2016, including the Division of State Audit and the Office of Research and Education Accountability. In the following pages, we exhibit selected findings, results, and key conclusions from these reports. We have not performed audit procedures within the scope of our audit engagement on these areas; therefore, we present these for informative purposes only. The full reports can be accessed at https://comptroller.tn.gov/advanced-search.html.

Division of State Audit

The Division of State Audit annually performs a financial statement audit on APSU. We present the audit findings from the 2019 financial and compliance audit report below.

Austin Peay State University did not provide adequate internal controls in four areas
Austin Peay State University did not design and monitor effective internal controls in four areas. We found internal control deficiencies that were in violation of university policies or industry-accepted best practices.

Management should improve procedures for review of journal entries
The university does not have a documented comparison of journal entries recorded in the accounting system to the approved paper journal entries.

The foundation incorrectly recorded pledge payments
Staff incorrectly recorded a pledge payment as gift and contributions revenue, instead of a reduction of the donor's pledge balance. This error resulted in an overstatement of current-year gifts and contributions revenues by $100,000.

Office of Research and Education Accountability

The Office of Research and Education Accountability has released a series of reports on the outcomes-based funding for the state's public colleges and universities, including a November 2017 overview report and then an August 2018 individual profile for APSU. For an explanation of the outcomes-based funding formula versus traditional higher education funding formulas, see the following excerpt.

Changes to Tennessee's Higher Education Funding Models from the Office of Research and Education Accountability's *Funding Tennessee's Public Colleges and Universities: The Outcomes-Based Funding Formula* **Report, Released in November 2017**

How was funding calculated in Tennessee prior to 2010?

✓ Enrollment-based funding focused primarily on funding institutions based on the number of students enrolled. Funding enrollments rewarded access to higher education, but not necessarily progression to graduation.

✓ Performance-funding was an additive component to the enrollment-based model that awarded an additional amount of funding (between 2% and 5.45% of an institution's total budget) for performance on other performance measures identified by the state.

What is the Complete College Tennessee Act of 2010?

✓ Created a statewide master plan for higher education in Tennessee.

✓ The plan focuses on workforce development, increased degree production, and how differences in institutional missions can create larger statewide benefits.

✓ To align the goals of the master plan with college and university outcomes, THEC and the FRC created an outcomes-based funding formula.

✓ The formula rewards production of outcomes that further the goals identified in the statewide master plan.

What is outcomes-based funding (OBF)?

✓ A funding formula used to allocate 100% of Tennessee's higher education funds to colleges and universities based on performance.

✓ The formula funds outcomes as opposed to other funding methods, such as enrollment numbers.

✓ Outcomes in the formula include measures of student progression, completion, and other measures of institutional performance.

✓ Under OBF, institutions receive an appropriation share based on points accumulated across the specified outcomes.

The Office of Research and Education Accountability's campus-based report illuminates changes in state funding received since the implementation of the outcomes-based formula. We exhibit key points from the office's review of APSU below.

Key Points from the Office of Research and Education Accountability's *Outcomes-Based Funding Formula Profile: Austin Peay State University*, **Released in August 2018**

> **Like all public universities, Austin Peay State University (APSU) has seen an increase in operating funding since the outcomes-based funding formula was implemented in 2010-11, and the rate of funding growth at APSU has been above the average for all universities.** APSU's cumulative percent change in operating funding received under the formula has increased by approximately 52 percent since 2010-11. This is about 27 percent more than the cumulative percent change in total operating funding to all public four-year institutions. The 52 percent cumulative growth for APSU represents approximately $13.3 million in additional operating funding since 2010-11.
>
> One of the main reasons for APSU's rate of funding growth is the institution's performance over the past four years on outcomes with the highest mission weights. Mission weights allow the leadership of each institution, in conjunction with the Tennessee Higher Education Commission (THEC), to identify certain outcomes as more or less important to the institution's mission. Performance on outcomes with higher mission weights will have a greater effect on the amount of funding received under the formula, all else being equal.
>
> The outcomes with the highest mission weights at APSU are bachelor's and associate degrees, master's and education specialist degrees, and degrees produced per 100 full-time equivalent (FTE) students. APSU improved performance on these three outcomes over the past four years.

APPENDIX 5
Selected Financial Information

Austin Peay State University
Summary of Unrestricted Current Funds Available and Applied[15]
Fiscal Years 2019 and 2020

	2019 Actual	2020 Budgeted
REVENUES		
Education and General		
Tuition & Fees	$ 87,161,860	$ 86,478,500
State Appropriations	48,545,597	50,503,100
Grants & Contracts	297,351	277,400
Private Gifts	75,865	102,700
Sales & Services	7,255,350	6,690,500
Other Sources	1,798,388	1,093,600
Total Educational and General	$ 145,134,411	$ 145,145,800
Auxiliaries Enterprises	13,714,829	13,494,300
Total Revenues	$ 158,849,240	$ 158,640,100
EXPENDITURES AND TRANSFERS		
General and Education		
Instruction	$ 63,739,264	$ 68,580,900
Research	484,960	835,000
Public Service	510,108	530,500
Academic Support	10,329,514	10,488,600
Student Services	22,100,974	23,896,700
Institutional Support	11,833,043	14,665,800
Operations & Maintenance of Plant	13,321,428	14,652,200
Scholarships & Fellowships	12,614,174	11,213,800
Subtotal Expenditures	$ 134,933,465	$ 144,863,500
Mandatory Transfers	2,875,900	2,137,000
Non-Mandatory Transfers	8,089,116	551,600
Total General and Education	$ 145,898,481	$ 147,552,100
Auxiliaries Enterprises Expenditures	7,003,249	8,404,100
Auxiliaries Mandatory Transfers	4,458,400	4,722,000
Auxiliaries Non-Mandatory Transfers	2,253,807	368,200
Total Expenditures and Transfers	$ 159,613,937	$ 161,046,400

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[15] The financial information presented was obtained from the APSU Budget for 2019-20. We did not perform auditing procedures on this information; therefore, we do not conclude on its accuracy.

APPENDIX 6
Austin Peay State University Employee Turnover

We analyzed APSU's employee turnover rate among full-time employees for the fiscal years ending June 30, 2017, 2018, and 2019. We calculated APSU's turnover rate as the number of total separations during the entire fiscal year as a percentage of average employment for the entire fiscal year. We compared the university's turnover rates to the seasonally adjusted total separations rates reported by the U.S. Bureau of Labor Statistics' Job Openings and Labor Turnover Survey (JOLTS) program[16] for the government state and local education industry.

The U.S. Bureau of Labor Statistics' JOLTS program "produces monthly data on job openings, hiring, and separations" for "all nonfarm establishments in the private sector as well as federal, state, and local governments in the 50 states and the District of Columbia." The program's reports include data on total separations, which includes all employee terminations, such as employees that quit their jobs, are laid off for more than seven days, or retire, but report data does not include transfers within the same location, employees on strike, temporary employees, or contractors and consultants. The program calculates the total separations rate as the total number of separations during the month as a percentage of average employment for the entire month. The JOLTS program also publishes an adjusted rate that considers "periodic fluctuations caused by events such as weather, holidays, and the beginning and ending of the school year." To establish a benchmark for our analysis, we added the U.S. Bureau of Labor Statistics' JOLTS program's seasonally adjusted total separations rates for each month of the fiscal year to create a total separations rate for the fiscal year.

In **Table 9** below, we provide APSU's turnover rate by fiscal year. We then present the sum of the U.S. Bureau of Labor Statistics' JOLTS program's seasonally adjusted monthly total separations rates for the months in the fiscal year and APSU's turnover rates.

Table 9
Comparison of APSU and Industry Average Turnover
For Fiscal Year 2017 to 2019

Fiscal Year	APSU Turnover Rate for Fiscal Year	Sum of JOLTS Monthly Total Separations Rates for Fiscal Year
2016-2017	8.44%	16.5%
2017-2018	8.17%	17.6%
2018-2019	9.46%	19.2%

Source: Auditor calculations from data provided by APSU management and the U.S. Bureau of Labor Statistics.

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[16] The U.S. Bureau of Labor Statistics Job Openings and Labor Turnover Survey program obtains data from a target sample size of approximately 16,400 establishments from a total population of approximately 9 million establishments on a voluntary basis and classifies data by industry, location, and private or government sectors. The U.S. Bureau of Labor Statistics presents its methodology for compiling the data included in the Job Openings and Labor Turnover Survey program in the U.S. Bureau of Labor Statistics' *Handbook of Methods*. The U.S. Bureau of Labor Statistics provides the handbook online at https://www.bls.gov/opub/hom/home.htm.

APPENDIX 7
Austin Peay State University Administrative Salary Information

In the following **Table**, we exhibit the total salary expenditures for APSU administrative employees for each fiscal year, as well as the percent change from year to year. Administrative employees are managers and supervisors, as well as certain officers and support staff, and do not include other members of the university's workforce, such as faculty, coaches, and student workers. APSU management provided the information to auditors, and we did not perform procedures to verify the data; therefore, we do not express an opinion as to its accuracy.

Table 10
APSU Administrative Salary Information
For Fiscal Years 2001 to 2019

Fiscal Year	Salary Total	% Change
2019	$ 5,106,404	5%
2018	$ 4,857,814	8%
2017	$ 4,485,576	2%
2016	$ 4,410,828	9%
2015	$ 4,033,394	3%
2014	$ 3,911,152	2%
2013	$ 3,845,001	-3%
2012	$ 3,957,721	14%
2011	$ 3,480,465	10%
2010	$ 3,170,867	13%
2009	$ 2,812,339	5%
2008	$ 2,679,484	3%
2007	$ 2,596,118	6%
2006	$ 2,453,157	8%
2005	$ 2,266,387	8%
2004	$ 2,091,405	0%
2003	$ 2,087,713	1%
2002	$ 2,077,018	7%
2001	$ 1,932,277	

Source: Provided by the APSU Vice President for Finance and Administration.