



Audit Committee Meeting

Agenda

Austin Peay State University

317 College Street

Clarksville, TN 37040

March 14, 2019

Call to Order

Roll Call/Declaration of Quorum

Action Item

A. Revised Fiscal Year 2019 Audit Plan

Information Items

A. Review of Charters and Policies

- i. Audit Committee Charter
- ii. Internal Audit Charter
- iii. Code of Conduct Policy
- iv. Conflict of Interest Policy

B. Internal Audit Reports Released between Nov. 7, 2018, and Feb. 18, 2019, with a list of outstanding recommendations

C. Comptroller's Office Financial and Compliance Audit Report for Fiscal Year 2018
(Robyn Probus, audit manager, Comptroller's Office, Division of State Audit)

Executive Session (if needed)



Agenda Item: A.

Date: March 14, 2019

Subject: Revised Fiscal Year 2019 Audit Plan

Action Recommended: Approval by Voice Vote

Background Information:

The Office of Internal Audit prepares an annual audit plan at the beginning of each fiscal year. The plan is based on the staffing and time resources available to perform audits and is prepared in conjunction with an annual risk analysis of the university's auditable areas. The Audit Committee approved the FY2019 Internal Audit Plan on Sept. 13, 2018.

During the year, changes in audit priorities may result in alterations to the plan. The *International Standards for the Professional Practice of Internal Auditing*, issued by the Institute of Internal Auditors requires the audit plan, and any significant changes to the plan, be approved by the Audit Committee.

Proposed Implementation Date: Immediately

Item Details:

The revised FY2019 Internal Audit plan is attached. When creating the audit plan at the beginning of the fiscal year, time budgets were estimated. Depending on the complexity of the review or severity of the issues discovered during the review, time budgets may be revised. As time budgets are increased, fewer time resources are available for other planned audits.

The recent Quality Assessment Review recommended improving communication with the board by reporting the percentage of time devoted to different types of audits. A summary of changes to the audit plan is attached to better communicate changes to the audit plan.

Austin Peay State University
Revised Internal Audit Plan
Fiscal Year Ended June 30, 2019
Revised January 31, 2019

Rank	Type	Area	Audit	Completion Date	Current Status
Required	R	FM	President's Office FY2018	October 26, 2018	Completed
Required	R	AT	OVC Special Assistance Fund FY2018	August 1, 2018	Completed
Required	F	FM	State Audit Follow Up FY2017	July 25, 2018	Completed
Required	M	SS	Risk Assessment - Student Services		Scheduled
Required	P	IS	Quality Assurance Review	November 1, 2018	Completed
Investigations	I	IS	Unscheduled Investigations	NA	NA
Carryforward	I	IA	APSU 18-08	September 11, 2018	Completed
Carryforward	I	IA	APSU 18-09	October 15, 2018	Completed
Carryforward	I	PP	APSU 18-10	July 3, 2018	Completed
	I	IA	APSU 19-01	August 16, 2018	Completed
	I	FM	APSU 19-02 (fraudulent checks)	October 3, 2018	Completed
	I	AX	APSU 19-03	November 12, 2018	Completed
	I	AT	APSU 19-04		In Progress
	I	IT	APSU 19-05	January 22, 2019	Completed
Carryforward	S	IT	Cybersecurity Controls Assessment Remediation		In Progress
Special Request	S	SS	Management's Anti-Hazing Efforts		In Progress
Special Request	S	SS	Office of Student Life (Student Travel) Fn 1		Removed
Special Request	S	IT	Banner Data Security		Scheduled
Special Request	S	IS	Safety - Evidence Room	July 10, 2018	Completed
Special Request	S	IS	Safety - NCIC Documentation		Scheduled
Follow-up	F	IS	Internal Audit Follow up		In Progress
Consultation	C	IS	General Consultations		In Progress
Risk Based	A	FM	Institutional Scholarships		In Progress
Risk Based	A	FM	Construction and Design		Scheduled
Risk Based	A	IT	Disaster Recovery Plan		Scheduled
Risk Based	A	AT	Athletics Compliance		Scheduled
Risk Based	A	IA	Controls Review - Culinary Arts Program		Scheduled
			Totals		

Audit Types:

R - Required
A - Risk-Based (Assessed)
S - Special Request
I - Investigation
P - Project (Ongoing or Recurring)
M - Management's Risk Assessment
C - Consultation
F - Follow-up Review

Functional Areas:

AD - Advancement
AT - Athletics
AX - Auxiliary
FM - Financial Management
IA - Instruction & Academic Support
IS - Institutional Support
IT - Information Technology
PP - Physical Plant
RS - Research
SS - Student Services

Status:

Scheduled
In Progress
Completed
Removed

Footnotes:

Fn 1 - When management requested this review be included in the 2019 audit plan, the university did not have a Student Travel policy. When the review began, management was developing a Student Travel Policy. Internal Audit decided to postpone this review until FY2020 to allow for the policy to be finalized and allow for management to operate under the policy before conducting a review.

Austin Peay State University
Summary of Changes to the Audit Plan
Fiscal Year Ended June 30, 2019
Revised January 31, 2019

Percentage of Effort by Audit Type	Original Audit Plan	Revised Audit Plan	
Required	10%	10%	
Investigations	22%	22%	
Special Requests	25%	20%	Fn 1
Follow-Up	4%	4%	
Consultation	4%	6%	
Risk Based	26%	31%	Fn 2
Project	4%	3%	
Management Risk Assessment	4%	4%	
	100%	100%	
Percentage of Effort by Audit Area	Original Audit Plan	Revised Audit Plan	
Financial Management	22%	24%	Fn 3
Athletics	10%	13%	
Student Services	10%	11%	
Institutional Support	22%	21%	
Instruction and Academic Support	22%	12%	Fn 4
Physical Plant	0%	0%	
Information Technology	15%	16%	
Advancement	0%	0%	
Research	0%	0%	
Auxiliary	0%	2%	
	100%	100%	
<i>Variances equal to or greater than 3% are explained below.</i>			

Fn 1 - This decrease in Special Requests is mainly due to removing Student Travel from the audit plan. Management has started to create a Student Travel Policy to help address some of their concerns. The audit will be considered for inclusion into the FY2020 audit plan, after the policy has been developed and implemented.

Fn 2 - This increase in Risk Based audits is because an audit of the Culinary Arts Program was added to the plan and the time budget for the audit of Institutional Scholarships was increased during the year.

Fn 3 - This increase in Financial Management is mainly due to an increase in the time budget for the audit of Institutional Scholarships. This review needs more time resources than originally planned.

Fn 4 - The decrease in Instruction and Academic Support is because in the original audit plan, budgeted hours for unscheduled investigations are accounted for in Instruction and Academic Support. As investigations are opened, the budgeted hours for unscheduled investigations are decreased, by the amount of budgeted hours transferred to the actual investigation.



Information Item: A.

Date: March 14, 2019

Subject: Review of Internal Audit Related Charters and Policies

Action Recommended: Information Item

Background Information:

Audit Committee Charter - The Audit Committee Charter requires the Audit Committee to review and assess the adequacy of the charter annually. The current charter is attached and was approved by the Comptroller of the Treasury on March 13, 2018, and by the Board of Trustees on March 9, 2018. The chief audit officer reviewed the Audit Committee Charter and determined no revisions were necessary.

Internal Audit Charter - The *International Standards for the Professional Practice of Internal Auditing*, issued by the Institute of Internal Auditors, Standard 1000 - Purpose, Authority and Responsibility, requires the chief audit officer to “periodically review the internal audit charter and present it to senior management and the board for approval.” The current charter is attached. It was signed by the chief audit officer and the president on Dec. 14, 2017, and last presented to the Audit Committee on March 8, 2018. The chief audit officer has reviewed the internal audit charter and determined no revisions were necessary.

Employee Code of Conduct (Policy 5:043) - The Audit Committee Charter requires the Audit Committee to review the University’s Code of Conduct policy to ensure it is readily available to all employees, easy to understand and implement, enforced and provides for a confidential means of reporting violations. Additionally, the Code of Conduct should remind management and staff of the need to:

1. Maintain the highest level of integrity in regards to financial operations.
2. Avoid preparing or issuing fraudulent or misleading information.
3. Protect University assets from fraud, waste or abuse.
4. Comply with all relevant laws, rules, policies and procedures.
5. Avoid engaging in activities that would otherwise bring dishonor to the University.

The vice president for Finance and Administration is the responsible official for this policy. Human Resources is the responsible office for this policy. The policy was approved by the University's Policy Review Committee and signed by the president on March 25, 2017. The current employee Code of Conduct, policy 5:043, is attached. The policy has not been revised since it was last brought to the Audit Committee on Sept. 14, 2017. The chief audit officer has reviewed the policy and determined it complies with the requirements of the Audit Committee Charter.

Conflict of Interest (Policy 1:001) - The Audit Committee Charter requires the Audit Committee to review the University's Conflict of Interest policy to ensure "conflict of interest is clearly defined, guidelines are comprehensive, annual signoff is required for those in key positions and procedures are in place to ensure potential conflicts are adequately resolved and documented'. The General Counsel is the responsible official for this policy. The Office of Legal Affairs is the responsible office for this policy. The policy was approved on March 30, 2017. The current policy is attached and has not been revised since it was last presented to the Audit Committee on Sept. 14, 2017. The chief audit officer has reviewed the policy and determined it complies with the requirements of the Audit Committee Charter.

Item Details:

The charters and policies are attached.

Austin Peay State University

Audit Committee Charter

Purpose and Mission

The Audit Committee, a standing committee of the Austin Peay State University Board of Trustees, provides oversight and accountability on all aspects of university operations. The committee will assist the Board in fulfilling its oversight responsibilities by reporting regularly to the Board about Audit Committee activities and issues that arise with such recommendations as the committee deems appropriate. The Audit Committee will provide for open communications among the Board, university senior management, and the Tennessee Comptroller's Office auditors regarding audit matters.

The Audit Committee will provide oversight in the following areas:

- Audit engagements with the Tennessee Comptroller's Office, including the integrity of financial statements and compliance with legal and regulatory requirements.
- Audit engagements with external auditors.
- Internal Audit administration and activities.
- Management's internal controls and compliance with laws, regulations and other requirements.
- Management's risk and control assessments.
- Fraud, waste and abuse prevention, detection, and reporting,
- Review the university's Code of Conduct.
- Other areas as directed by the Board.

Authority

The Audit Committee has the authority to conduct or authorize audits or investigations into any matter within its scope of responsibility. The scope of internal auditing extends to all aspects of institutional operations and beyond fiscal boundaries. The committee is authorized to:

- Seek any information it requires from employees or external parties. Employees are directed to cooperate with the committee's requests.
- Have access to all books, records and physical properties of Austin Peay State University.
- Meet with Board and university officials, external and internal auditors, legal counsel, or others as necessary.
- Delegate authority to subcommittees, providing that such decisions by any subcommittee are presented to the full committee at its next scheduled meeting.

Responsibilities

The Board employs a person qualified by training and experience to serve as the Chief

Audit Officer, who reports directly to the Audit Committee and the Board of Trustees. The Chief Audit Officer coordinates audit activities with the Tennessee Comptroller of the Treasury and with any other external auditors. The Audit Committee facilitates any audit and investigative matters, including advising auditors and investigators of any information the committee may receive pertinent to these matters.

The Audit Committee will carry out the following duties for the Board and Austin Peay State University and will report to the Board about Audit Committee activities and issues that arise with such recommendations as the committee deems appropriate:

Tennessee Comptroller's Office Audits

- Understand the scope and approach used by the auditors in conducting their examinations.
- Review results of the Comptroller's examinations of financial statements and any other matters related to the conduct of the audits.
- Review with management and legal counsel any legal matters (including pending litigation) that may have a material impact on the financial statements, and any material reports or inquiries from regulatory or governmental agencies.
- Resolve any differences between management and the Comptroller's auditors regarding financial reporting.
- Meet, as needed, with the Comptroller's auditors to discuss any matters that the Audit Committee or auditors deem appropriate.
- Work management and staff, as needed, to ensure implementation of audit recommendations.

External Audits

- Understand the scope and approach used by the external auditors in conducting their examinations.
- Review results of the external auditors' examinations and any other matters related to the conduct of the audits.
- Meet, as needed, with the external auditors to discuss any matters that the Audit Committee or auditors deem appropriate.

Internal Audit Activities

- Ensure that the Chief Audit Officer has direct and unrestricted access to the chairman and other committee members.
- Review and approve the charter for the university's Internal Audit function.
- Review and approve the annual audit plans for the university's audit function, including management's request for unplanned audits.
- Receive and review significant results of internal audits performed.
- Review the results of the year's work with the Chief Audit Officer.
- Work management and staff, as needed, to ensure implementation of audit recommendations.
- Ensure the internal audit function maintains a quality assurance and improvement program, including internal procedures and assessments and a periodic external quality assessment of conformance with the Institute of Internal Auditors'

International Standards for the Professional Practice of Internal Auditing.

Internal Audit Administration

- Review the Chief Audit Officer's administrative reporting relationship to the President of Austin Peay State University to assure not only that independence is fostered, but adequate resources in terms of staff and budget are provided to enable the department to effectively perform its responsibilities. The President has administrative authority for approval of the Chief Audit Officer's time, travel and other expenses of the Office of Internal Audit. Additionally, the President may initiate a performance evaluation of the Chief Audit Officer at the request of the Audit Committee or Chair of the committee. This administrative reporting relationship is meant to facilitate administrative activities and does not diminish the Chief Audit Officer's reporting relationship to the Audit Committee and the Board of Trustees.
- Review and approve the appointment, compensation, reassignment, or dismissal of the Chief Audit Officer review and approve the compensation and termination of internal audit staff.

Risk, Internal Control and Compliance

- Consider the effectiveness of management's internal control system and compliance with laws and regulations, including computerized information system controls and security.
- Understand the scope of internal and external auditors' reviews of internal controls over financial reporting.
- Make recommendations to improve management's internal control and compliance systems to ensure the safeguarding of assets and prevention and detection of errors and fraud. The components of the control system are:
 1. control environment—creating a culture of accountability;
 2. risk assessment—performing analyses of program operations to determine if risks exist;
 3. control activities—taking actions to address identified risk areas;
 4. information and communication—using and sharing relevant, reliable, and timely information; and
 5. monitoring—tracking improvement initiatives and identifying additional actions needed to further improve program efficiency and effectiveness.
- Review and evaluate risk assessments performed by management of Austin Peay State University.

Fraud

- Ensure that the Board, and the management and staff of the Board and Austin Peay State University take all reasonable steps to prevent, detect, and report fraud, waste and abuse.
- Formally and regularly inform management of their responsibility for preventing, detecting, and reporting fraud, waste and abuse.
- Establish a process for employees, taxpayers and other citizens to confidentially

- report suspected illegal, improper, wasteful or fraudulent activity.
- Inform the Comptroller of the Treasury of assessments of controls to reduce risks of fraud.
- Promptly report indications of fraud to the Comptroller of the Treasury.

Other

- Review and assess the adequacy of the Audit Committee's charter annually, requesting Board approval for proposed changes.
- Ensure the receipt, retention and resolution of complaints regarding accounting, internal controls or auditing matters.
- Review the university's Code of Conduct policy to ensure it is readily available to all employees, easy to understand and implement, enforced and provide a confidential means of reporting violations. The Code of Conduct should remind management and staff of the need to:
 1. Maintain the highest level of integrity in regards to financial operations.
 2. Avoid preparing or issuing fraudulent or misleading information.
 3. Protect university assets from fraud, waste or abuse.
 4. Comply with all relevant laws, rules, policies and procedures.
 5. Avoid engaging in activities which would otherwise bring dishonor to the university.
- Review the Board's policy regarding conflict of interest to ensure that "conflict of interest" is clearly defined, guidelines are comprehensive, annual signoff is required for those in key positions and procedures are in place to ensure potential conflicts are adequately resolved and documented.

Membership

Tennessee Code Annotated, Section 49-8-201, includes the requirements for the appointment and terms of public members of the Austin Peay State University Board of Trustees. From this membership, the Audit Committee and its chair shall be nominated annually by the Board Chairman and approved by the Board. The Audit Committee shall consist of at least one member, preferably the chair of the committee, who shall have accounting and financial management expertise and other members who are generally knowledgeable in financial, management, and auditing matters. In addition to the Trustees nominated to the committee, the Board may select one or more certified public accountants or other qualified citizens who are not members of the Board to serve on the Audit Committee. The committee shall have at least three members.

Independence

Each member shall be free of any relationship that would give the appearance of a conflict or that would interfere with his or her exercise of independent judgment.

Education

The university senior management and the Internal Audit Office are responsible for providing the committee with educational resources related to accounting principles, internal controls, applicable policies, and other information that may be requested by the committee to maintain appropriate financial and compliance literacy.

Meetings

The Audit Committee shall meet as necessary, but at least annually. Minutes of these meeting should be maintained. The committee may invite management, auditors, or others to attend and provide relevant information. Meeting agendas will be provided to members in advance, along with appropriate briefing materials. Minutes will be prepared. A majority of the members of the committee shall constitute a quorum for the transaction of business. The committee shall also meet at the request of the Comptroller of the Treasury.

The Audit Committee shall follow the public notice requirements of the Board. All meetings of the Committee shall be subject to the open meetings provisions of *Tennessee Code Annotated*, Title 8, Chapter 44, except that, as provided by *Tennessee Code Annotated*, Section 4-35-108(b), the committee may hold confidential, nonpublic executive sessions to discuss:

1. Items deemed not subject to public inspection under *Tennessee Code Annotated*, Sections 10-7-503 and 10-7-504, and all other matters designated as confidential or privileged under this code;
2. Litigation;
3. Audits or investigations;
4. Information protected by federal law, and
5. Matters involving information under *Tennessee Code Annotated*, Section 4-35-107(a), where the informant has requested anonymity.

Source: March 30, 2017, Board of Trustees meeting; Approved March 9, 2018, Board of Trustees meeting

Austin Peay State University

Internal Audit Charter

Introduction

Austin Peay State University is governed by a Board of Trustees, consisting of 10 members (the Board) as determined by state law. The Audit Committee is a standing committee of the Board. The Chief Audit Officer reports functionally to the Audit Committee of the Board and reports to the President for administrative purposes. This reporting structure assures the independence of the internal audit function.

Purpose and Mission

Internal Audit is an independent objective assurance and consulting activity designed to add value and improve Austin Peay State University management systems. Internal Audit helps Austin Peay State University accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of management's risk management, control, and governance processes. Internal Audit assists Austin Peay State University's management in the effective discharge of their duties and responsibilities by evaluating activities, recommending improvements and providing other information designed to promote effective controls.

Assurance services involve the internal auditor's objective assessment of evidence to provide an independent opinion or conclusions regarding an entity, operation, function, process, system, or other subject matter. The nature and scope of the assurance engagement are determined by the internal auditor. There are generally three parties involved in assurance services: (1) the person or group directly involved with the entity, operation, function, process, system, or other subject matter — the process owner, (2) the person or group making the assessment — the internal auditor, and (3) the person or group using the assessment — the user.

Consulting services are advisory in nature, and are generally performed at the specific request of an engagement client. The nature and scope of the consulting engagement are subject to agreement with the engagement client. Consulting services generally involve two parties: (1) the person or group offering the advice — the internal auditor, and (2) the person or group seeking and receiving the advice — the engagement client. When performing consulting services, the internal auditor should maintain objectivity and not assume management responsibility.

Austin Peay State University's management has the primary responsibility for establishing and maintaining a sufficient system of internal controls as well as the university risk management process.

Authority and Scope

Internal Audit's review of operations may include the examination and evaluation of the effectiveness of all aspects of operations at Austin Peay State University. In the course of its work, Internal Audit has full and complete direct access to all Austin Peay State University books, electronic and manual records, physical properties, and personnel information relative to the performance of duties and responsibilities. All documents and information given to Internal Audit during their work will be handled in the same prudent manner that Austin Peay State University expects of the employees normally accountable for them.

Internal Audit has neither direct responsibility for, nor authority over, any of the activities, functions, or tasks it reviews nor shall their review relieve others of their responsibilities. The internal auditors must maintain a high degree of independence and not be assigned duties or engage in any operations or decision making in any activities that they would normally be expected to review or evaluate as part of the normal audit function.

Responsibility and Role

University policy, *Internal Audit*, states the role of Internal Audit is to contribute to the improvement of the university's operations by providing objective and relevant assurance regarding risk management, controls and governance processes top management and the Board. Meaningful internal auditing requires cooperation among Internal Audit, Austin Peay State University's administration, and the department under audit. In fulfilling their responsibilities, Internal Audit will:

- Comply with auditing standards established by the Institute of Internal Auditors to ensure the effectiveness and quality of the internal audit effort.
- Develop and implement audit plans and programs after consultation with the President that respond to both risk and cost effectiveness criteria.
- Review the reliability and integrity of information, and the information technology processes that produce that information.
- Verify compliance with applicable policies, guidelines, laws, and regulations.
- Suggest policies and procedures or improvements to existing policies and procedures where appropriate.
- Provide audit reports that identify internal control issues and make cost-effective recommendations to strengthen control.
- Facilitate the resolution of audit issues with administrators who have the most direct involvement and accountability.

- Review institutional operations (financial and other) on an advisory basis to inform and assist management in the successful execution of their duties.
- Assist with audits or perform certain agreed upon procedures for external parties. External parties include but are not limited to audit offices of federal and state governments and related agencies.
- Review management's risk assessment process and advise management on the reasonableness and propriety of the assessment.
- Promote and evaluate fraud prevention and identification programs and investigate allegations involving fraud, waste, and abuse.
- Demonstrate and promote appropriate ethics and values within the organization.
- Communicate activities and information among the board, internal auditors, external auditors and the administration.

Organizational Status/Reporting Structure

In accordance with university policy, *Internal Audit*, the Chief Audit Officer reports functionally to the Audit Committee of the Board and reports to the President for administrative purposes.

The internal auditing services provided by Internal Audit are reported directly to the President and the Audit Committee of the Board. All audit work is summarized in timely written reports distributed to management to ensure that the results are given due consideration. In addition to management, reports or summaries are distributed to all members of the Audit Committee and to the State of Tennessee, Comptroller's Office. Management is provided a discussion draft of the audit report prior to the report being issued. Internal Audit is responsible for following up timely on audit findings to ascertain the status of management's corrective actions.

Audit Standards and Ethics

The Internal Audit function adheres to The Institute of Internal Auditors' mandatory guidance including the Definition of Internal Auditing, the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, and the *International Standards for the Professional Practice of Internal Auditing (Standards)*. This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance.

Periodic Review of Internal Audit Charter

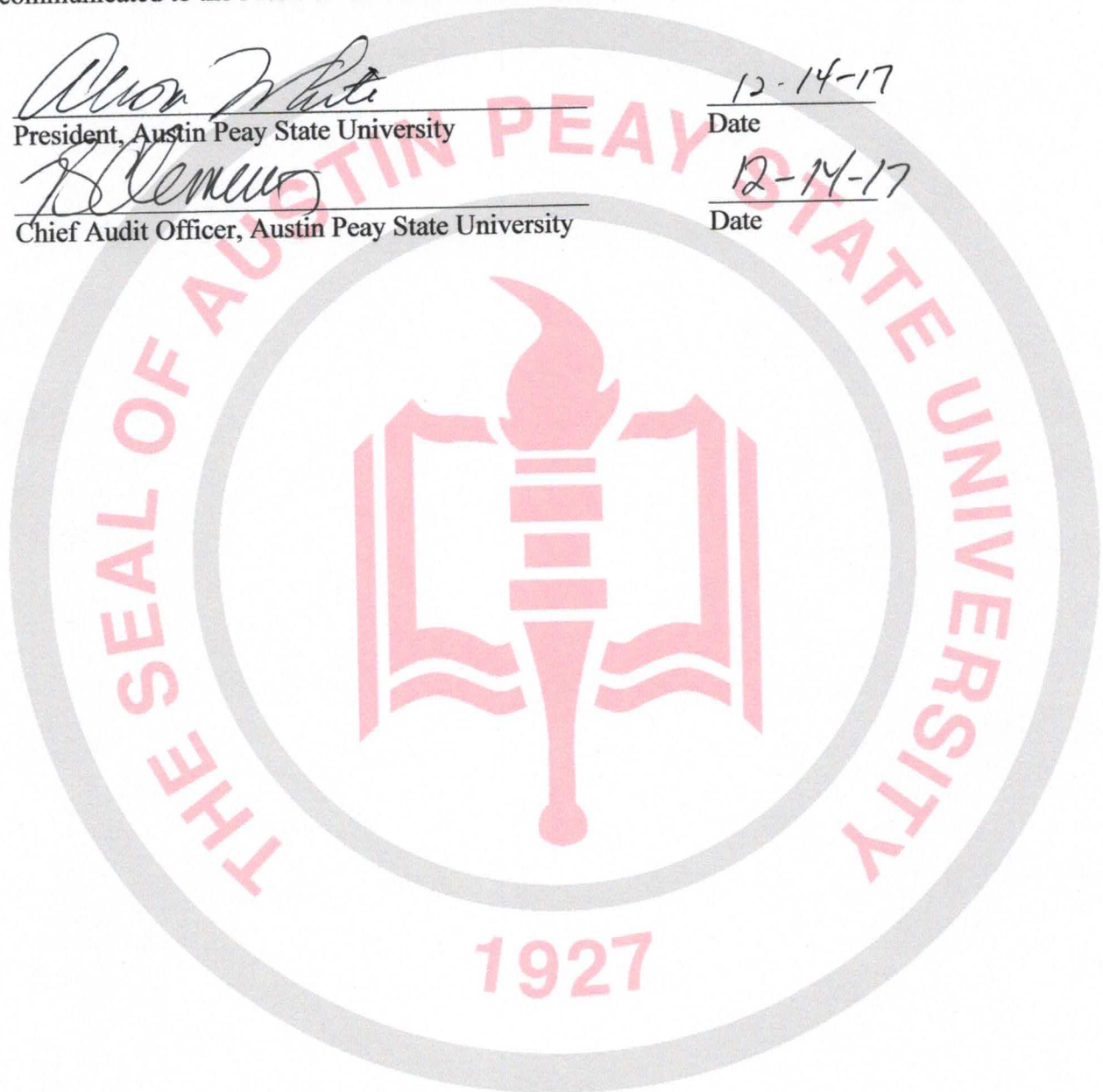
This charter will be periodically assessed by the Chief Audit Officer to determine whether the purpose, authority, and responsibilities defined in this charter are adequate to enable the internal auditing activity to accomplish its objectives. The results of the periodic assessment will be communicated to the President and the Audit Committee.

Alvin White
President, Austin Peay State University

12-14-17
Date

B. Blum
Chief Audit Officer, Austin Peay State University

12-14-17
Date



**Austin Peay State
University**

Employee Code of Conduct

Issued: March 25, 2017

POLICIES

Responsible Official: Vice President for Finance and Administration

Responsible Office: Human Resources

Policy Statement

Austin Peay State University is committed to facilitating a workplace culture that promotes responsible and ethical behavior.

Purpose

Austin Peay's Employee Code of Conduct policy is intended to assist employees and their departments in creating a responsible and ethical workplace. It outlines the basic expectations for employees, directs them to policy requirements and training resources and provides instructions for reporting concerns and violations.

Procedures

Introduction

The Code of Conduct was developed to supplement and clarify existing university policies, procedures, and rules. It does not replace, limit, or otherwise alter any existing policies. Employees are expected to familiarize themselves with the Code and to abide by it. Employees who violate the Code will be subject to appropriate disciplinary action. Employees should direct specific ethical or compliance questions to their supervisor or the university's Office of Internal Audit or the University Attorney. The university's Code of Conduct is comprised of 1) general principles and statements of ethical and responsible conduct and 2) specific examples of prohibited conduct.

**General Principles and
Statements of Ethical and
Responsible Conduct**

- 1 **Ethical and Responsible Conduct:** In carrying out its educational, research, and public service missions, the university relies on the ethical and responsible conduct of all employees. Even the appearance of unethical or irresponsible conduct can be damaging to the public's trust in the university. Employees are expected to conduct themselves

fairly, honestly, in good faith, and in accordance with the highest ethical and professional standards and to comply with applicable laws, regulations, contractual obligations, and university policies.

2 **Responsible Reporting of Suspected Violations and University Response:**

a General Statement of Reporting Obligation.

- Employees are expected to report any good-faith concern that compliance violations might have occurred, including, but not limited to, the following: violations of state or federal law or regulations; fraud in the operations of government programs; misappropriation of state or federal resources; acts that endanger the health or safety of the public or employees; and mismanagement of programs, funds, and/or abuses of authority.
- Employees are expected to report compliance concerns at the earliest possible opportunity by contacting their immediate supervisor, the next level of supervision, the University Attorney, or the Office of Internal Audit.
- Employees wishing to remain anonymous should report their concerns online or by phone to 221-7466. Employees may also report concerns anonymously to the [State Comptroller's Fraud Hotline \(1-800-232-5454\)](#).
- Employees are expected to report sexual misconduct, relationship violence, and stalking directly to the campus [Title IX coordinator](#) or through any other reporting channels outlined in the campus policies on sexual misconduct, relationship violence, and stalking.
- Employees are expected to cooperate fully in investigations. As required by [APSU Policy 4:003 Preventing and Reporting Fraud, Waste or Abuse](#), department heads and other management officials must report suspected fraud, waste, and abuse of university resources, and all allegations of such

activity made to them, immediately to the Office of Internal Audit.

- b **Mandatory Reporting of Child Abuse and Child Sexual Abuse.** Employees must comply with Tennessee laws on mandatory reporting of child abuse and child sexual abuse. Tennessee laws mandate reporting by any person who has knowledge of physical or mental harm to a child if: 1) the nature of the harm reasonably indicates it was caused by brutality, abuse, or neglect; or 2) on the basis of available information, the harm reasonably appears to have been caused by brutality, abuse, or neglect. Tennessee law also mandates reporting by any person who knows or has reasonable cause to suspect that a child has been sexually abused, regardless of whether it appears the child has sustained an injury as a result of the abuse. A report of child abuse or child sexual abuse must be made immediately to one of the following authorities:
 - The Tennessee Department of Children's Services (call the Central Intake Child Abuse Hotline at 1-877-237-0004).
 - The sheriff of the county where the child resides.
 - The chief law enforcement official of the city where the child resides.
 - A judge having juvenile jurisdiction over the child.
 - c University police departments are not included in the list of authorities. Reporting to university police, a supervisor, or any other university official or employee does not satisfy an individual's duty to report child abuse or child sexual abuse to one of the authorities listed above.
 - d **Protection from Retaliatory Discharge.** Employees are protected from retaliatory discharge if in good faith they report or attempt to report illegal activities, or if they refuse to participate in illegal activities. For purposes of this policy, illegal activities are violations of the civil or criminal code of this state or the United States or any regulation intended to protect the public health, safety, or welfare. Employees are also protected from other forms of retaliation for reporting or seeking guidance regarding potential or actual criminal conduct.
- 3 **Respect for Others:** People are Austin Peay State University's most important resource for accomplishing its

teaching, research, and public service missions. Accordingly, employees are expected to be committed to creating an environment that promotes academic freedom, diversity, fair treatment, and respect for others. Employees are expected to treat one another, students, and the general public in an honest and respectful manner.

- 4 **Avoiding Conflicts of Interests:** Objectivity and integrity are essential qualities for employees of a public institution such as APSU. For the university to carry out its missions with unquestioned credibility, employees are expected to maintain the highest levels of integrity and objectivity as they perform their duties. Employees are expected to take all reasonable precautions and seek appropriate guidance to ensure that their outside interests do not place them in conflict with carrying out their duties and responsibilities as APSU employees. Employees must disclose outside interests in accordance with APSU Policy 1:001 so that they can be reviewed and managed or eliminated, as appropriate.
- 5 **Professional Development:** Employees shall strive to enhance their own proficiencies; enhance the capabilities and skills of their colleagues and supervisors; and promote excellence in public service.
- 6 **Responsible Use of University Resources:** Employees must use university property, funds, technology, time, and other resources for legitimate business purposes. Employees must not use university resources for personal gain or to benefit third parties, unless a specific exception has been granted in accordance with policies. Employees are expected to be responsible stewards when using university funds for business travel or entertainment.
- 7 **Responsible Conduct in Research:** As members of a research university, employees must conduct research with the highest integrity and in compliance with federal, state, and local laws and regulations and university policies. Employees must recognize that failure to do so can result in significant penalties or criminal prosecution for both employees and the university. Employees involved in conducting research are expected to become familiar with applicable laws, regulations, and policies and to consult with the Office of Research and Sponsored Programs if they have concerns or questions. Employees are expected to submit

accurate, timely, and complete reports and documents related to research.

- 8 **Commitment to Environmental Health and Safety:**
Employees are expected to be committed to protecting the health and safety of all university students, faculty, staff, volunteers, patients, and visitors. To accomplish this, the university provides information and training to employees about the health and safety hazards and safeguards applicable to their work location. Employees are expected to exercise good health and safety practices and to comply with all health and safety laws and regulations.
- 9 **Responsible Use and Protection of Confidential Information:** Employees are entrusted with a variety of confidential information about students, faculty, staff, alumni, donors, research sponsors, licensing partners, patients, and others. Employees must access, use, protect, disclose, preserve, and dispose of confidential information in compliance with applicable laws, regulations, contracts, and university policies.
- 10 **Integrity of Information:** Employees shall demonstrate professional integrity in the issuance and management of information by:
 - a. Not knowingly signing, subscribing to, or permitting the issuance of any statement or report that contains any material misstatement or that omits any material fact;
 - b. Preparing or presenting financial information as required by University policies;
 - c. Adhering to University policy governing responses to inquiries about fiscal matters from the public and the media.

Specific Examples of Prohibited Conduct

No Code of Conduct can list all prohibited conduct. The following information, which is not all-inclusive, illustrates some examples of specifically prohibited conduct that may lead to disciplinary action, up to and including termination, as either unsatisfactory work performance or work-related behavior, or gross misconduct, under university policy.

1 Respect for Persons:

- a Disorderly conduct, including, but not limited to, using discriminatory, abusive, or threatening language; fighting, provoking a fight, or attempting bodily harm or injury to another employee or to any other individual or threatening physical action or injury on university property or during university activities; or other conduct that threatens or endangers the health, safety, or well-being of any person.
- b Violation of any university policy or law prohibiting harassment, discrimination, or retaliation against students or employees.

2 Respect for Property:

- a Willful or negligent damage to university property.
- b Theft or dishonesty.
- c Tampering with or wantonly destroying university data, records, or other information; gaining unauthorized access to such information; disclosing confidential information; or otherwise misusing university data or information.
- d Unauthorized use of university vehicles, mail services, identification and credit cards, telephones, computers, computer equipment, or other university equipment or materials. Computers and computer accounts are provided to employees to assist them in the performance of their jobs. Employees do not have a right to privacy in anything they create, send, or receive on a university computer. The university has the right to monitor, for business reasons, any and all aspects of any university computer system, including employee e-mail.
- e Soliciting, collecting money, or circulating petitions on university property at any time without permission of the chief business officer or designee.

3 Standards of Safety:

- a. Possessing or carrying a firearm in violation of APSU Policy 5:003.

- b. Possessing explosives or other dangerous materials on university property or during university activities, unless the employee is authorized either by university policy or law to carry such materials and it is also necessary to do so in the course of employment (police officers, R.O.T.C. personnel, etc.).
- c. The unlawful manufacture, distribution, dispensation, or possession of controlled substances; the abuse of alcohol, illegal drugs, intoxicants, or controlled substances while on duty; abuse of prescription drugs while on duty; use of alcohol in a university vehicle on or off university property; or reporting to work under the influence of illegal drugs or alcohol or while unlawfully using controlled substances.
- d. Refusal to obey security officials, Emergency Management personnel, or other proper authorities in emergencies.
- e. Failure to comply with safety rules, regulations, or common safety practices.
- f. Failure to report an accident involving on-the-job injury or damage to university property.
- g. Smoking in violation of university policy.

4 Compliance with Laws and University Policies:

- a. Falsification of university records.
- b. Misrepresentation of academic credentials, which is defined by Tennessee law as follows: “A person commits the offense of misrepresentation of academic credentials who, knowing that the statement is false and with the intent to secure employment at or admission to an institution of higher education in Tennessee, represents, orally or in writing, that such person 1) has successfully completed the required course work for and has been awarded one or more degrees or diplomas from an accredited institution of higher education; 2) has successfully completed the required course work for and has been awarded one or more degrees or diplomas from a particular institution of higher education; or 3) has successfully completed the required course work for and

has been awarded one or more degrees or diplomas in a particular field or specialty from an accredited institution of higher education.” Misrepresentation of academic credential is a Class A misdemeanor.

- c. Violation of federal government security regulations as outlined in contracts.
- d. Any violation of any law in the performance of duties or that affects the ability to perform duties satisfactorily.
- e. Failure to comply with Tennessee laws on mandatory reporting of child abuse and child sexual abuse.
- f. Failure to comply with laws regarding mandatory reporting requirements applicable to health care professionals’ interactions with patients while acting within the scope of university employment.
- g. Failure to comply with the university’s conflict of interest policy.
- h. Fabrication, falsification, plagiarism, or other serious unethical or illegal deviations from accepted practices in proposing, conducting, reporting the results of or reviewing research of service activities, in violation of university policy or state or federal law or regulations.
- i. The access, use, or disclosure of a person’s financial, personal, protected health information, or other confidential information without authorization or legal justification, in violation of university policies or law, e.g., privacy provisions of the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and the Federal Educational Rights and Privacy Act (FERPA).
- j. Gambling on university property or during university activities.
- k. Flagrant violation or failure to observe traffic or parking regulations.
- l. The University will not discharge or in any other manner discriminate against any employee or applicant for employment because such employee or applicant has

inquired about, discussed, or disclosed the compensation of the employee or applicant or another employee or applicant.

5 Work Performance:

- a. Insubordination or refusal of an employee to follow instructions or to perform designated work or to comply with directives of authorized university officials.
- b. Failure to wear proper uniform or identification in the prescribed manner as may be required by the university.
- c. Sleeping on the job.
- d. Failure or refusal to maintain or obtain required licensure, certification, or registration.
- e. Instigating or participating in deliberate low productivity and/or interfering with another employee's work.

6 Standards of Attendance:

- a. Unexcused Absence. An absence without proper notification or satisfactory reason is unexcused. An absence of three consecutive days without notification or satisfactory reason is considered a voluntary termination.
- b. Repeated Tardiness. Tardiness is defined as arriving at work past the appointed starting time without supervisory approval.
- c. Other Absences. Such absences include the failure of employees to report to their work place at the beginning of the work period, leaving work before the end of the work period, and failure to inform the supervisor when leaving the work area.

Revision Dates

APSU Policy 5:043 – Issued: March 25, 2017

Subject Areas:

Academic	Finance	General	Human Resources	Information Technology	Student Affairs
		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		

Approved

President: signature on file

**Austin Peay State
University**

Conflict of Interest

POLICIES

Issued: March 30, 2017

Responsible Official: General Counsel

Responsible Office: Office of Legal Affairs

Policy Statement

It is the policy of Austin Peay State University that employees should avoid external commitments which significantly interfere with the employee's duties to the Board of Trustees and the University. Employees should avoid situations where the self-interests of the Trustees or employee diverge from the best interests of the Board and the University. Board members should avoid external commitments that interfere with their fiduciary obligations to Austin Peay.

Purpose

The purpose of this policy is to define the general principles which should guide the actions of members of the Board and of employees; offer illustrations of activities which potentially constitute a conflict of interest; make Board members and employees aware of disclosure requirements related to conflicts of interest; describe the process by which those disclosures shall be evaluated and decisions rendered; and describe the appeals process regarding such decisions.

Contents

Definitions

- Conflict of interest
- Conflict of commitment
- Family member
- Immediate family

Procedures

- I. Objectives of the Conflicts of Interest Policy
- II. Pertinent Federal Regulations, State Laws, and APSU Policies
- III. Applicability

- IV. General Principles
- V. Situations and Activities Creating a Conflict of Interest
- VI. General Disclosure Requirements
- VII. Special Disclosure Requirements for Researchers Applying For or Receiving NSF or PHS Funding
- VIII. Special Disclosure Requirements for Trustees and Certain APSU Employees
- IX. Review of Disclosures
- X. Sanctions
- XI. Appeals

Related Forms

-Financial Interests Disclosure Form

Links

-APSU Conflict of Interest Committee

Definitions

Conflict of interest	Occurs when the personal interests, financial or otherwise, of a person who owes a duty to the Austin Peay State University Board of Trustees and its constituent University (Trustees and all employees) actually or potentially diverge with the person's professional obligations to and the best interests of the Board and the University.
Conflict of commitment	Occurs when the personal or other non-work related activities of an employee of the Board of Trustee and its constituent University impair the ability of that employee to meet their commitments of time and energy to the Board of Trustee and the University.
Family member	Includes the spouse and children (both dependent and non-dependent) of a person covered by this policy.
Immediate family	For purposes of Section VI.A.1.b.(2)(c), means spouse, dependent children or stepchildren, or relatives related by blood or marriage.

Procedures

I. Objectives of the Conflicts of Interest Policy

A. Members of the APSU Board of Trustees and all employees of APSU all serve the interests of the State of Tennessee and its citizens, and have a duty to avoid activities and situations which, either actually or potentially, put personal interests before the professional obligations which they owe to the State and its citizens.

II. Pertinent Federal Regulations, State Laws, and APSU Policies

A. The following lists are intended to indicate sources of information which may provide additional guidance regarding conflict of interest situations.

B. This policy is intended to be consistent with all pertinent Federal and State laws, regulations, and policies, as well as with other APSU policies.

C. To the extent that conflicts arise, Federal and State laws, regulations, and policies shall take precedence.

D. The lists are not intended to be exhaustive and additional laws, regulations, and policies may be implicated in a given conflict of interest situation.

1. Federal Regulations

- a. The National Science Foundation (NSF) and the Department of Health and Human Services (HHS), acting through the Public Health Service (PHS) (which includes the National Institutes of Health (NIH)), have promulgated policies and regulations regarding conflicts of interest and disclosure of financial interests by investigators who receive funding from these Federal agencies.
- b. The NSF policy regarding researcher conflicts of interest is contained in Section 510 of NSF Publication 95-26, the Grant Policy Manual. The PHS regulations, upon which the NSF policy is modeled, are contained in the Code of Federal Regulations at 42 CFR 50.601 et seq. and 45 CFR 94.1 et seq.
- c. Other Federal agencies (e.g., the Veterans' Administration or the Food and Drug Administration) may require as a condition to a contract, disclosure and management of conflicts of interest (see, for example, Veterans' Administration Acquisition Regulation 852.209-70).

2. Tennessee State Law

- a. Various statutes contained in the Tennessee Code Annotated (T.C.A.) are pertinent to the issue of

conflicts of interest within the Board of Trustees and the University, including:

1. T.C.A. § 8-50-501, Disclosure statements of conflict of interests by certain public officials
2. T.C.A. § 12-2-208, Purchase by officer unlawful – penalty for violation
3. T.C.A. § 12-2-415, State surplus property disposition regulation
4. T.C.A. § 12-2-416, Violation of § 12-2-415
5. T.C.A. § 12-2-417, State employee violation – punishment
6. T.C.A. § 12-4-106, Prohibition against receiving rebates, gifts, money or anything of value -- Conflict of interest
7. T.C.A. § 12-4-101, Personal interest of officers prohibited
8. T.C.A. § 12-4-102, Penalty for unlawful interest
9. T.C.A. § 12-4-103, Bidding by state employees prohibited
10. T.C.A. § 12-4-104, Penalty for unlawful transactions
11. T.C.A. § 49-8-203(d), Powers and duties (of the Board of Trustees)

- b. It is significant to note that violation of some of these statutes may lead to criminal penalties (e.g., violation of T.C.A. § 12-4-103 is a Class E felony).

3. APSU Policies

- a. The following APSU policies deal with issues which implicate conflict of interest situations:
 1. APSU Policy 4:014, Purchasing Policy
 2. APSU Policy 4:019, Disposal of Surplus Personal Property
 3. APSU Policy 5:014, Outside Employment
 4. APSU Policy 2:047, Intellectual Property, Patents, and Copyrights
 5. APSU Policy 5:035, Nepotism

III. Applicability

- A. This policy shall apply to all persons serving as members of the Board of Trustees and to all persons employed (either as full-time, part-time or temporary employees) by the University.

IV. General Principles

- A. It is the policy of Austin Peay State University that employees should avoid external commitments which significantly interfere with the employee's duties to the Board of Trustees and the University (conflicts of

commitment). See also APSU Policy 5:014, Outside Employment. Disclosures of conflicts of commitment shall be made as required under Policy 5:014 and evaluated as indicated in that policy.

- B. It is the further policy of Austin Peay State University that both the Trustees and employees should avoid situations where the self-interests of the Trustees or employees diverge from the best interests of the University (conflict of interest).
- C. The mere existence of either a potential or actual conflict of interest does not mean that such conflict must necessarily be eliminated.
 - 1. Where the potential detriment to the Board and the University is at most minor and inconsequential, and the conflict does not indicate violation of Federal or State law, regulation, or policy, those persons charged with evaluating disclosures should allow the activity to proceed without interference.
 - 2. For those situations which do not implicate Federal or State law, regulation or policy, the standard by which it should be determined whether a conflict of interest should be managed, reduced, or eliminated is whether that conflict would appear to a reasonable person to call into question the integrity or judgment of the affected Trustee or employee.

V. Situations and Activities Creating a Conflict of Interest

- A. In the following situations and activities, there is at least the appearance, and possibly the actuality, of an employee/Trustee allowing his or her personal interests, and not the best interests of the Board of Trustees and its constituent University, to affect that employee's judgments. This list is illustrative, and not exhaustive.
 - 1. Self-dealing
 - a. Situations in which a Trustee or employee can appear to influence or actually influence a University-related decision from which that person or a member of that person's family stands to realize a personal financial benefit is self-dealing, and a conflict of interest.
 - b. Examples of self-dealing activities are numerous, and include those listed below.
 - 1. Purchase of State-owned property by an employee absent fair and open bidding.
 - 1. It is unlawful for any state employee to purchase surplus state-owned property absent

- a fair and open bidding process (see T.C.A. § 12-2-208 and T.C.A. § 12-2-417).
2. Such purchases are also prohibited under APSU Policy 4:019.
 2. Institutional purchases from businesses in which an employee or family member has a financial interest.
 1. T.C.A. § 12-4-103 declares that it is unlawful for any state official or employee to “bid on, sell, or offer for sale, any merchandise, equipment or material, or similar commodity, to the state of Tennessee” or “to have any interest in the selling of the same to the state” during that person’s term of employment and for six months thereafter.
 2. Disclosure of any such transaction by an employee or member of the employee’s family or by a business in which an employee or member of the employee’s family has any significant (more than 4%) ownership interest or for which an employee or employee family member serves as an officer is required by this policy.
 3. T.C.A. § 12-4-106(b) declares that it is a conflict of interest for any person or any company with whom such person is an officer, a director, or an equity owner of greater than 1% interest to bid on any public contract for products or services for a governmental entity if such person or “immediate family” of such person is a member of a board or commission having responsibility for letting or approving such contract.
 4. For purposes of this section only, “immediate family” means spouse, dependent children or stepchildren, or relatives related by blood or marriage.
 3. Use of Educational Materials from Which a Faculty Member Derives Financial Benefit in That faculty Member’s Teaching Activities.
 1. Any faculty member who wishes to use in his or her teaching activities educational materials (e.g. a textbook) which he or she has authored, or in which he or she otherwise stands to benefit financially from such use, a

conflict of interest disclosure shall be made per Section VII of this policy.

2. Whether the use of such materials shall be permitted shall be evaluated either under the terms of Institutional policy, or in the absence of such policy, by the Review Committee established under Section X of this policy.
3. Such evaluation shall include consideration of suitable substitute materials and ensure that the needs of students are best served by use of the materials in which the faculty member has an interest.
4. Acceptance of Gifts, Gratuities, or Favors
 1. Gifts. No employee shall knowingly solicit or accept, directly, or indirectly, on behalf of himself or herself or any member of the employee's household, for personal use or consumption any gift, including but not limited to any gratuity, service, favor, food, entertainment, lodging, transportation, loan, loan guarantee or any other thing of monetary value, from any person or entity that:
 1. Has, or is seeking to obtain, contractual or other business or financial relations with the institution in which the individual is employed; or
 2. Has interests that may be substantially affected by the performance or nonperformance of the employee.
5. Exceptions
 1. The prohibition on accepting gifts in Section (4)(a) above, does not apply to:
 1. A gift given by a member of the employee's immediate family, or by an individual, if the gift is given for a non-business purpose and is motivated by a close personal friendship and not by the position of the employee;
 2. Informational materials in the form of books, articles, periodicals, other written materials, audiotapes, videotapes, or other forms of communication.
 3. Sample merchandise, promotional items, and appreciation tokens, if they are routinely given to customers, suppliers or potential customers or suppliers in the

- ordinary course of business, including items distributed at tradeshow and professional meetings where vendors display and promote their services and products;
4. Food, refreshments, foodstuffs, entertainment, or beverages provided as part of a meal or other event, including tradeshow and professional meetings, if the value of such items does not exceed fifty dollars (\$50.00) per occasion; provided further, that the value of a gift made pursuant to this subsection may not be reduced below the monetary limit by dividing the cost of the gift among two or more persons or entities identified in Section VI.A.1.b.(4).
 5. There may be circumstances where refusal or reimbursement of a gift (such as a lunch or dinner) may be awkward and contrary to the larger interests of the institution. In such circumstances, the employee is to use his or her best judgment, and disclose the gift including a description, estimated value, the person or entity providing the gift, and any explanation necessary within fourteen (14) days to their immediate supervisor;
 6. Food, refreshments, meals, foodstuffs, entertainment, beverages or intrastate travel expenses that are provided in connection with an event where the employee is a speaker or part of a panel discussion at a scheduled meeting of an established or recognized membership organization which has regular meetings;
 7. Participation in institution or foundation fundraising and public relations activities, i.e. golf tournaments and banquets, where persons or entities identified in Section VI.A.1.b.(4) provide sponsorships; and
 8. Loans from established financial institutions made in the ordinary course of business on usual and customary terms, so long as there are no guarantees or

collateral provided by any person
described in Section VI.A.1.b.(4)

2. Inappropriate use of students or support staff
 - a. Employees shall ensure that the activities of students or support staff are not exploited for the benefit of any external activity of the faculty member.
 - b. Prior to assigning any such non-Institutionally related task (which is more than incidental or de minimus in nature) to a student or member of the support staff, an employee shall disclose such proposed activities and obtain approval.
3. Inappropriate use of State owned resources
 - a. Employees may not make significant use of State owned facilities, equipment, materials or other resources, not otherwise available to the public, in the course of activities which are not related to the Institution and which are intended for personal benefit, without prior disclosure and approval.
4. Failure to disclose intellectual property
 - a. APSU Policy 2:047 governs the rights and responsibilities which persons affiliated with the Board of Trustees and the University have regarding intellectual property developed during the term of their affiliation with the University.
 - b. Among the responsibilities enumerated in the policy is that of disclosure of inventions and those copyrightable works which may be reasonably expected to have commercial value which they have jointly or solely developed with the Board of Trustees and the University.

VI. General Disclosure Requirements

- A. Persons to whom this policy applies who believe that a conflict of interest may exist either personally or with respect to another person covered by this policy shall make a written disclosure of the facts and circumstances surrounding the situation.
- B. No particular format is required, but the disclosure should adequately describe the pertinent facts and circumstances.
- C. For members of the Board, disclosure shall be made to the Secretary of the Board.
- D. A University employee who self-discloses a potential conflict of interest or a written report of a potential conflict of interest

is presented to the Conflict of Interest Committee.

- E. Disclosures made by a President shall be submitted to the Director of Internal Audit.

VII. Special Disclosure Requirements for Researchers Applying For or Receiving NSF or PHS Funding

- A. Under the policies and regulations indicated under Section 2.1 herein, investigators seeking funding from either the National Science Foundation or the Public Health Service are required to disclose to the investigator's employer all significant financial interests of the investigator;
1. That would reasonably appear to be affected by the research or educational activities funded or proposed for funding by the NSF or PHS; or
 2. In entities whose financial interests would reasonably appear to be affected by such activities.
 - a. Such disclosures must be submitted prior to the time the proposal is submitted to the Federal agency.
 - b. Further, such disclosures must be updated during the period of the award; either annually or as new reportable financial interests arise.
 - c. The University is responsible for eliminating or managing such conflicts prior to receipt of the award.
 - d. To facilitate such disclosures, the accompanying disclosure form is available.
 3. The University is responsible for determining if a grant, services, or other contract with Federal agencies other than the Public Health Service or the National Science Foundation requires disclosure and / or management of conflicts of interest, and for ensuring that any such requirements are met.
 4. Disclosure of financial interests made pursuant to this Section VIII notwithstanding, such disclosure does not eliminate the responsibility for making disclosures under Section VII, when specific conflict of interest situations arise.

VIII. Special Disclosure Requirements for Trustees and Certain APSU Employees

- A. Members of the Board of Trustees, the President, coaches, assistant coaches and employees of athletic departments who are exempt from the provisions of the Fair Labor Standards Act are required to file a financial disclosure form within one month of their initial appointment and annually thereafter in January.
- B. Disclosure of financial interests made pursuant to this Section IX notwithstanding, such disclosure does not

eliminate the responsibility for making disclosures under Section VII, when specific conflict of interest situations arise.

1. Members of the Board of Trustees shall make their disclosure using a form as indicated and submitted to the Secretary of the Board.
2. The President is required by Tenn. Code Ann. § 8-50-501(a)(15) to file an online Statement of Disclosure of Interests Form with the Tennessee Ethics Commission at <https://apps.tn.gov/conflict/>, Form ss-8005 (State Officials). For the Presidents this Statement of Disclosure will meet the requirements of this Policy.
3. Coaches, assistant coaches, exempt employees of the athletic department and other University personnel required to complete a disclosure form shall also use the Tennessee Ethics Commission Form ss-8005, Statement of Disclosure of Interest Form and accompanying instructions. The form shall be submitted to the Human Resource Office or other person designated by the President.

- IX. Review of Disclosures**
- A. Disclosures made under Section VII of this policy by a member of the Board of Trustee. A member of the Board making a disclosure shall not be entitled to vote regarding disposition of the disclosure.
 - B. A University employee who self-discloses a potential conflict of interest or a written report of a potential conflict of interest is presented to the Conflict of Interest Committee.
 1. The Chair of the Conflict of Interest report submits the disclosure report to the Conflict of Interest Committee.
 2. The Conflict of Interest Committee reviews details of possible Conflict of Interest.
 3. The Conflict of Interest Committee evaluates the proposed Conflict of Interest and seeks legal input from the APSU Office of Legal Affairs when indicated in reviewing of the report.
 4. The Conflict of Interest Committee renders a decision regarding the issue around the disclosure, determining if there is a conflict of interest and how it should be managed (restrictions to be placed on the individual to manage the conflict or that the person must eliminate the conflict).
 5. The Conflict of Interest Committee notifies in writing the person of the outcome, and employee is given an opportunity to appear before the committee.

6. The disclosures and Committee decisions are forwarded to the President.

X. Sanctions

- A. Failure to observe restrictions imposed as a result of review of a conflict of interest disclosure or a knowing failure to disclose a conflict of interest may result in disciplinary proceedings under University policy. A Board member who knowingly fails to disclose a conflict of interest shall be subject to removal.

XI. Appeals

- A. Decisions made by the Board of Trustees may not be appealed.
- B. Decisions made by the University Review Committee may be appealed to the President. Decisions of the President shall be final and binding.

Related Forms

**Financial Interests
Disclosure Form**

http://www.apsu.edu/files/human-resources/conflict_interest.pdf

Links

**APSU Conflict of Interest
Committee**

<https://www.apsu.edu/governance/committees/proprights>

Revision Dates

APSU Policy 1:001 (previously 5:056) – Rev.: March 30, 2017
APSU Policy 1:001 – Rev.: April 11, 2012
APSU Policy 1:001 – Rev.: September 2, 2008
APSU Policy 1:001 – Rev.: January 13, 2003
APSU Policy 1:001 – Issued: February 10, 1999

Subject Areas:

Academic	Finance	General	Human Resources	Information Technology	Student Affairs
		<input checked="" type="checkbox"/>			

Approved

President: signature on file

Information Item: B.

Date: March 14, 2019

Subject: Internal Audit Reports and Listing of Outstanding Audit Recommendations

Action Recommended: Information Item

Background Information:

A list of audits completed between Nov. 7, 2018, and Feb. 18, 2019, are included below. The audit reports follow this transmittal page.

1. Review of Loss Reported in the Student Financial Aid Office, issued Nov. 9, 2018.
2. Review of Management's Anti-Hazing Efforts, issued Feb. 5, 2019

With all recommendations included in audit reports, management must identify what actions will be taken, who is responsible for that action and provide an expected date of completion. After the expected completion date has passed, Internal Audit will perform a follow-up review to determine what action was taken and if that action adequately addresses the issue in the report. Internal Audit generally does not issue reports for follow-up reviews; however, we do maintain a list of outstanding audit recommendations, which is also included after this transmittal.

Austin Peay State University
Review of Loss Reported in the Student Financial Aid Office
Internal Audit Report
November 9, 2018

Key Staff: Director of Student Financial Aid and Veterans Affairs; Manager of Auxiliary Support Services	Auditor: Blayne M. Clements CIA, CFE, CRMA
<p>Introduction: A vendor is contractually obligated to provide the university with \$15,000 for textbook scholarships during each year of the contract. These funds are to be awarded at the discretion of the university. Starting in fiscal year 2018-19, the vendor provided the funds via gift cards that are only valid at the university bookstore. The Manager of Auxiliary Support Services administers these funds. The Director of the Student Financial Aid Office and the Bursar help identify students that need assistance with textbooks. The Director of Student Financial Aid and Bursar maintain some gift cards in their areas for distribution to students. When their inventory gets low, more cards are requested from the vendor until the entire annual allotment has been used. The Manager of Auxiliary Support Services created a log, which is used by the Director and Bursar, to record the disbursement of the gift cards. When comparing the log to the gift cards on hand, the Director of Student Financial Aid discovered \$750 in gift cards were missing and reported the loss on October 19, 2018.</p>	
<p>Objectives: To determine the cause of the loss, identify and assess business risks related to the disbursement of the gift cards and offer practical recommendations to strengthen internal controls.</p>	
<p>Scope: Gift cards disbursement process during the Fall 2018 semester.</p>	
<p>Fieldwork: Due to weak internal controls, the review could not determine the cause of the loss. When the vendor provided gift cards to the Director of Student Financial Aid, the Director did not verify the value of the gift cards received. The Director stated the gift cards were kept in a locked drawer in her office, for which she had the only key, and she was the only employee in the financial aid office that disbursed the gift cards. The Director felt the missing gift cards were disbursed to students and that she failed to log the disbursement.</p>	
<p>Recommendation: If management decides to continue to issue these funds via gift cards, management should consider:</p> <ol style="list-style-type: none"> 1. Documenting the criteria for student eligibility and the disbursement process. 2. Having one person responsible for maintaining and disbursing the gift cards. 3. Verifying the value of the gift cards when received. 4. Ensuring all the gift card disbursements are recognized as financial aid and on the student's 1098-T IRS form. 5. Periodically have an employee, not involved with the disbursement process, compare the gift cards on hand with the disbursement log to ensure all cards are accurately accounted for. <p>Management's Response: We concur. During the performance of this review, the Manager of Auxiliary Support Services retrieved all the gift cards on hand and is now the only employee charged with maintaining and disbursing the gift cards. Furthermore, the Manager has documented the criteria for student eligibility and the disbursement process, which includes verifying the values of the gift cards when received by the contractor. The Manager is working with the Director of Student Financial Aid and the Bursar to develop a process to ensure the gift card disbursements are reported as financial aid and on the student's 1098-T IRS form, respectively. All corrective action is expected to be completed by December 31, 2018.</p>	

Austin Peay State University
Review of Management's Anti-Hazing Efforts
Internal Audit Report
February 5, 2019

Key Staff: Dean of Students and Coordinator of Fraternity and Sorority Affairs	Auditor: Blayne M. Clements CIA, CFE, CRMA
<p>Introduction: The President requested the Office of Internal Audit assess university efforts to mitigate the occurrence of hazing, as well the university process to investigate reports of hazing.</p> <p>The university's Code of Student Conduct specifically prohibits hazing and defines hazing as any intentional or reckless act, on or off university property, by one student acting alone or with others which is directed against any other student and endangers the mental or physical health or safety of that student, or which induces or coerces a student to endanger such student's mental or physical health or safety.</p> <p>Hazing can impact the person being hazed, those that haze and the university. The person being hazed could suffer mental/physical distress, a decline in grades, and/or loss of respect for others. Those that haze can experience feelings of shame, damage to their personal reputation and relationships. The university could experience a loss of reputation, civil damages, and gradual erosion of values.</p>	
<p>Objectives: To determine if management has adequate controls in place to mitigate the occurrence of hazing and to properly investigate reports of hazing.</p>	
<p>Scope: Fall 2017 – Fall 2018</p>	
<p>Field Work: Management has properly defined and prohibited hazing in the Code of Student Conduct. The code also provides guidance on how management should respond to reports of hazing. The main means of educating and raising awareness regarding hazing is via training. The Office of Student Life and Engagement raises the awareness of Greek organizations through various mandatory and voluntary training workshops. The NCAA also has established processes for investigating student conduct issues and requires the Department of Athletics to provide similar training to all student athletes.</p>	
<p>Recommendation: Education efforts need to be documented.</p> <p>Although management's educational efforts appear to adequately address the risk of hazing, the educational efforts are not adequately documented. Educational efforts should be documented to ensure institutional knowledge is maintained if key employees leave the university or transfer to another department.</p> <p>Management's Response: We concur. Management will create a working document to provide information on the timeline for presentations (when the in-person presentations should occur), format, and materials covered. In addition, management will provide details on how to track students and do follow-up for students who have completed the in-person training.</p>	
<p>Conclusion: Other than the above recommendation, management appears to have adequate controls in place to mitigate the occurrence of hazing and to properly investigate reports of hazing.</p>	

APSU - Status Report on Outstanding Internal Audit Recommendations as of February 18, 2019

	Date of report	Recommendation	Responsible Staff	Date Management's Actions to be Implemented	Date Internal Audit Follow up Completed	Internal Audit's Conclusion on Management's Action s
1	1/31/2017	<p>SWIA IT Carry Forward - Management should develop a comprehensive Business Continuity Plan.</p> <p>The university does not have a Business Continuity Plan. Having such a plan would significantly enhance the ability of the university to prepare for and respond to an emergency. The task of creating a Business Continuity Plan has been delegated to the Chief of Police/Director of Public Safety, who stated that this process will be initiated in 2017. Management should develop a comprehensive Business Continuity Plan.</p>	Chief of Police	<p>Originally 6/1/2018</p> <p>Revised to 12/1/2018</p> <p>Revised to 8/1/2019</p>	Not Due Yet	NA
2	5/10/2018	<p>Building Security and Key Controls Review</p> <p>Management should ensure that all employees hired since July 1, 2011, with access to student housing, have supplied a fingerprint sample and submitted to a criminal history records check which includes verification that the individual is not on the sex offender registry. Management should also consider whether it is feasible to have Campus Police fingerprint these employees to ensure the university is in compliance with this portion of the legislation. Currently, the university sends people off campus to be fingerprinted. Internal Audit believes there would be a higher compliance rate if the university performed this function internally. This process could be performed by Campus Police by sending off fingerprint cards to be compared against a database but would be more efficient if Campus Police had the proper equipment to receive immediate results.</p>	Various	<p>Originally 9/30/2018</p> <p>Revised to 3/31/19</p>	Not Due Yet	NA
3	5/10/2018	<p>Building Security and Key Controls Review</p> <p>Management should ensure the contractor is in compliance with their contract. Management should use rosters provided by the contractor to remove card access for employees that no longer work at the university. Management should also consider whether it is feasible to have Campus Police fingerprint the contractor's employees to ensure this portion of the contract requirements are met. Internal Audit believes there would be a higher compliance rate if the university performed this function for the contractor. As stated above, this process could be performed by Campus Police by sending off fingerprint cards to be compared against a database but would be more efficient if Campus Police had the proper equipment to receive immediate results.</p>	Director of Physical Plant	<p>Originally 9/30/2018</p> <p>Revised to 3/31/19</p>	Not Due Yet	NA

APSU - Status Report on Outstanding Internal Audit Recommendations as of February 18, 2019

	Date of report	Recommendation	Responsible Staff	Date Management's Actions to be Implemented	Date Internal Audit Follow up Completed	Internal Audit's Conclusion on Management's Action s
4	5/10/2018	<p>Building Security and Key Controls Review</p> <p>Management should ensure compliance with Policy 4:007. Management should also consider investing in an electronic key cabinet to be located in the Physical Plant area of the Shasteen Building for grand master keys to student housing buildings and/or building master keys for student housing. The electronic key cabinet should have the capability for employees to use an access card that allows them to retrieve a certain key or set of keys that they have been authorized to obtain. The electronic key cabinet should also have the capability to e-mail the appropriate individual if a key is not returned by the end of the work day.</p>	Various	<p>Originally 10/31/2018</p> <p>Revised to 3/31/19</p>	In Progress	NA
5	5/10/2018	<p>Building Security and Key Controls Review</p> <p>Management should develop a process to ensure that keys are returned and card access is removed from adjunct faculty, temporary employees, and student employees when these individuals leave the university. Management should consider adding a block to the key request form with a "key return date" or "employment end date" which could be used by the Operations Manager to notify these individuals prior to them leaving the university that the key(s) issued to them must be returned and card access will be removed.</p>	Physical Plant Operations Manager	<p>Originally 8/31/2018</p> <p>Revised to 3/31/19</p>	In Progress	NA
6	5/10/2018	<p>Building Security and Key Controls Review</p> <p>Management should verify all keys and building access cards for contractors have been returned prior to approving the final invoice for payment. Management should also consider investing in an electronic key cabinet to be located in the Campus Police lobby in the Shasteen Building for contractors to access the keys and access cards they have been authorized to obtain. The electronic key cabinet should be set up to require the keys and access cards be returned on a specific date and have the capability to e-mail the appropriate person if the keys and access cards are not returned.</p>	Physical Plant Operations Manager	<p>Originally 8/31/2018</p> <p>Revised to 3/31/19</p>	Not Due Yet	NA
7	5/10/2018	<p>Building Security and Key Controls Review</p> <p>Management should consider conducting annual audits of hard keys as well as card access which could be focused on a specific area instead of auditing every key each year.</p>	Physical Plant Operations Manager	<p>Originally 2/28/2019</p> <p>Revised to 4/30/19</p>	Not Due Yet	NA
8	10/15/2018	<p>APSU INV 18-09 - Review of Allegations regarding Certain Hiring Practices</p> <p>A search for a permanent hire will be conducted during academic year 2018-19.</p>	Provost and the Chief Human Resources Officer	6/30/2019	Not Due Yet	NA

9

APSU - Status Report on Outstanding Internal Audit Recommendations as of February 18, 2019					
Date of report	Recommendation	Responsible Staff	Date Management's Actions to be Implemented	Date Internal Audit Follow up Completed	Internal Audit's Conclusion on Management's Action s
2/5/2019	<p>Management's Anti-Hazing Efforts</p> <p>Management will create a working document to provide information on timeline for presentations (when the in-person presentations should occur), format, and materials covered. In addition, management will provide details on how to track students and do follow-up for students who have completed the in-person training.</p>	Coordinator of Fraternity and Sorority Affairs	3/1/2019	Not Yet Due	NA

APSU - Status Report on Outstanding Recommendation - 2018 QAR

Recommendation	Responsible Staff	Date Action to be Implemented
<u>Corrective Action Plan for Recommendation 1</u>		
1. Future internal audit year-end reports presented to the Audit Committee and senior management will report hours by audit type (mandatory audits, investigations, etc.)	Chief Audit Officer	September 2019
2. Future annual audit plans and revised audit plans presented to the Audit Committee and senior management will include information regarding planned hours by audit type and major area.	Chief Audit Officer	September 2019
3. The Chief Audit Officer will develop an effective means to report administrative time and areas not receiving audit coverage to the Audit Committee and senior management.	Chief Audit Officer	September 2019



Information Item: C.

Date: March 14, 2019

Subject: Financial and Compliance Audit Report Fiscal Year 2018

Action Recommended: Information Item

Background Information:

The Comptroller of the Treasury, Division of State Audit, under T.C.A. 4-3-304, performs a financial and compliance audit of Austin Peay State University annually.

Item Details:

Following this transmittal are the following documents:

- A description of the standards used by the Comptroller's Office
- A summary of the FY2018 Comptroller's audit results

Standards followed by the Comptroller of the Treasury

In relation to the Annual Financial and Compliance Audit

The Tennessee Comptroller of the Treasury, Division of State Audit, conducts audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Standards generally accepted in the U.S. are auditing standards issued by the American Institute of Certified Public Accountants (AICPA). The types of findings described below are based on the guidance provided in these standards.

Types of Findings

Deficiencies in Internal Control¹

A deficiency in internal controls exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.

Significant Deficiency¹

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Material Weakness¹

A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

A finding normally results when auditors consider a deficiency in internal control to be a significant deficiency or a material weakness.

Instance of Noncompliance required to be Reported²

When performing financial audits in accordance with *Government Auditing Standards*, auditors should communicate in the report on internal control over financial reporting and compliance, based on the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the audit and any other instances that warrant the attention of those charged with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the audit; and (4) abuse that has a material effect on the audit.

¹ Codification of Statements on Auditing Standards, AU-C 265.07.

² The December 2011 Revision of the *Government Auditing Standards (Yellow Book)*, issued by the Comptroller General of the United States, 4.23.

**Austin Peay State University
Audit Committee
March 14, 2019**

*Review of Comptroller's Audit Report issued Jan. 16, 2019
Financial and Compliance Audit – No Findings Reported*

For the Year Ended	Auditor's Opinion on the Financial Statements	Report on Internal Control	Report on Compliance	Findings
June 30, 2018	Unmodified Opinion	No internal control findings	No instances of noncompliance required to be reported	0