



# B O A R D O F T R U S T E E S



Audit Committee Meeting

Austin Peay State University

317 College Street

Clarksville, TN 37040

November 21, 2019

1:30 PM

Call to Order

Roll Call/Declaration of Quorum

Information Item

A.Internal Audit Reports with List of Outstanding Audit Recommendations

B.Client Satisfaction Survey Results - Fall 2019

C.Information Technology Security Update

Adjourn

Austin Peay State University  
Review of Alleged Time Theft  
Internal Audit Report  
September 13, 2019

<b>Key Staff:</b> Executive Director and Chief Human Resources Officer	<b>Auditor:</b> Blayne M. Clements CIA, CFE, CRMA
<p><b>Introduction:</b> On June 17, 2019, Human Resources referred allegations of possible time theft to the Office of Internal Audit. University Policy 5:011, <i>General Personnel Policy</i>, states “All full-time personnel, including faculty, shall be required to devote a minimum of 37.5 hours per week to the university.” The allegations were:</p> <ol style="list-style-type: none"><li>1. Employee A was not working or reporting leave use for the required 37.5 hours per week. Employee A was absent and did not report using leave on days when a R.O.W. (new student Registration, Orientation and Welcome event) occurred.</li><li>2. Employee B was not working or reporting leave use for the required 37.5 hours per week.</li><li>3. Employee C was not working or reporting leave use for the required 37.5 hours per week.</li></ol>	
<p><b>Objectives:</b> To evaluate the allegations, investigate any potential issues of impropriety and offer practical recommendations to address any internal control deficiencies.</p>	
<p><b>Scope:</b> June 3, 2019 through June 14, 2019</p>	
<p><b>Field Work:</b> A normal work schedule for non-faculty employees is 8am to 4:30pm each weekday (7.5 hours per day/37.5 hours per week). However, an employee can request to work a different work schedule. University Policy 5:010, <i>Alternate Work Arrangements</i>, requires an alternate work arrangement agreement be approved by the employee’s supervisor and divisional senior administrator and filed with the Office of Human Resources. No such agreement was located for these employees; therefore, the expectation is each works 8am to 4:30pm each week day (7.5 hours per day/37.5 hours per week).</p> <p>To determine if the employees were working the required hours per week, the review analyzed a variety of data, including but not limited to, security camera footage, leave records, employee email and calendars, computer logs and interviews of key personnel.</p>	
<p><b>Results:</b></p> <p><u>Employee A</u> - The allegation was substantiated. During the scope of the audit, Employee A appeared to work or report leave for 59.75 hours (80%) of the expected 75 work hours. Additionally, Employee A appears to not have come to work and only reported using 2 hours of leave on June 7<sup>th</sup>, a day when a R.O.W. was occurring. The estimated loss to the university for this time period is \$415, the estimated cost of salary and benefits for time not worked/leave not taken.</p> <p><u>Employee B</u> - The allegation was substantiated. During the scope of the audit, Employee B appeared to work or report leave for 64.5 hours (86%) of the expected 75 work hours. The estimated loss to the university for this time period is \$287, the estimated cost of salary and benefits for time not</p>	

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worked/leave not taken. The review discovered evidence, which will remain confidential by law, that indicated Employee B's lack of reporting leave use may not have been intentional.

Employee C - The allegation was not substantiated. The review determined for the period of June 3, 2019 through June 7, 2019, Employee C appeared to work or report leave for 37.5 hours. No further review was deemed necessary.

Recommendations:

1. Management should consider appropriate disciplinary actions for Employee A and Employee B.

Management's Response: We concur. Management will terminate Employee A and issue a written warning for Employee B.

2. Management should ensure the supervisors of Employee A and Employee B receive training on how to monitor employee's adherence to the university's time and attendance requirements. Management should also consider offering this training to all supervisors.

Management's Response: We concur. Employee B will receive additional training on time entry and effective time management tools. The Office of Human Resources and Payroll will provide training for all supervisors and managers on time reporting practices and leave policies.

**Austin Peay State University**  
**Annual Review of the President's Office**  
**Fiscal Year July 1, 2018 – June 30, 2019**  
**Internal Audit Report**  
**October 25, 2019**

<b>Key Staff:</b> Dr. Alisa White, President	<b>Auditor:</b> Beth Chancellor, CFE
<p><b>Introduction:</b> Tennessee Code Annotated 49-14-104 states "The governing boards of all public institutions of higher education shall establish a policy requiring that annual reports detailing expenditures made by, at the direction of, or for the benefit of a system head or chief executive of an institution are to be filed with their respective boards." In addition, Tennessee Code Annotated, 49-7-3001(c) states "Each state university board shall require an annual internal financial audit of the office of the president of the institution. The audit shall be reviewed by the institution's governing board and the comptroller of the treasury."</p> <p>To ensure compliance with T.C.A. 49-14-104 and 49-7-3001(c), the university follows university policy 4:016, Reports of Expenditures by the President. Policy 4:016 details what is to be included in the report, Internal Audit's responsibility in reviewing the report and performing an internal financial audit of the annual report of president's expenses, as well as providing the results of the audit to the APSU Audit Committee and the Comptroller of the Treasury.</p>	
<p><b>Objectives:</b> To comply with state law and university policy, by performing an annual internal financial audit of the president's office. To ensure the President's Expense Report accurately contains all expenses made by, at the direction of, or for the benefit of the president regardless of the funding source. To ensure the expenses reported comply with applicable laws, regulations and university policies.</p>	
<p><b>Scope:</b> The review included all expenses for fiscal year July 1, 2018 – June 30, 2019 made by, at the direction of, or for the benefit of the president regardless of the funding source. The review included correspondence with key members of management, tests of the accounting records and other auditing procedures considered necessary during the course of the review.</p>	
<p><b>Audit Results:</b> The objectives of the Annual Review of the President's Office for fiscal year July 1, 2018 – June 30, 2019 were achieved. The audit revealed no significant statutory or policy violations, material omissions from the expense report or deficiencies in internal controls. The summary included with this report fairly represents the expenses of the president's office.</p>	

**APSU - Status Report on Outstanding Internal Audit Recommendations as of October 29, 2019**

	Date of report	Recommendation	Responsible Staff	Date Management's Actions to be Implemented	Status of Internal Audit Follow-up	Internal Audit's Conclusion on Management's Actions
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> <p><i>*Corrective action dependent on future funding.</i></p>	Chief of Police	<p>Originally 6/1/2018</p> <p>Revised to 7/1/2020*</p>	Not Due Yet	NA
2	3/15/2019	<p>Internal Control Review - Culinary Arts Program</p> <p>Develop and document policies and procedures over how expenses should be handled, inventory should be monitored and catering events managed.</p>	Coordinator of the Culinary Arts Program	11/1/2019	Not Due Yet	NA
3	9/13/2019	<p>20-01, Review of Alleged Time Theft</p> <p>Employee B will receive additional training on time entry and effective time management tools.</p>	Payroll Manager and the Executive Director for Human Resources	9/20/2019	In Progress	NA
4	9/13/2019	<p>20-01, Review of Alleged Time Theft</p> <p>Training will be provided for all APSU supervisors and managers on time reporting practices and leave policies.</p>	Payroll Manager and the Executive Director for Human Resources	10/31/2019	Not Due Yet	NA

Austin Peay State University  
Office of Internal Audit  
Client Satisfaction Survey

The Office of Internal Audit is committed to a continuous quality assessment and improvement program. This program includes soliciting feedback directly from our clients. Please take a moment and complete the brief 10 question survey by clicking the link below. Your responses are completely anonymous.

1. The purpose, goals, objectives, areas to be reviewed and tentative completion dates were clearly explained.

- ☐ Agree
- ☐ Somewhat Agree
- ☐ Somewhat Disagree
- ☐ Disagree

2. The review was conducted in a courteous and professional manner.

- ☐ Agree
- ☐ Somewhat Agree
- ☐ Somewhat Disagree
- ☐ Disagree

3. Internal Audit was responsive to my concerns and perspectives throughout the review.

- ☐ Agree
- ☐ Somewhat Agree
- ☐ Somewhat Disagree
- ☐ Disagree

4. The review was conducted as to minimally disrupt operations.

- ☐ Agree
- ☐ Somewhat Agree
- ☐ Somewhat Disagree
- ☐ Disagree

5. Internal Audit's comments and recommendations will assist us to improve our operations.

- ☐ Agree
- ☐ Somewhat Agree
- ☐ Somewhat Disagree
- ☐ Disagree

6. The review was completed in a reasonable time frame.

- ☐ Agree
- ☐ Somewhat Agree
- ☐ Somewhat Disagree
- ☐ Disagree

7. Overall, how satisfied were you with the services of Internal Audit.

- ☐ Satisfied
- ☐ Somewhat Satisfied
- ☐ Somewhat Dissatisfied
- ☐ Dissatisfied

Austin Peay State University  
Office of Internal Audit  
Client Satisfaction Survey

8. Which of the following words would you use to describe Internal Audit services. Check all that apply.

- ☐ High Quality
- ☐ Valuable
- ☐ Effective
- ☐ Ineffective
- ☐ Impractical
- ☐ Poor Quality

9. Internal Audit is a resource I would use in the future.

- ☐ Agree
- ☐ Somewhat Agree
- ☐ Somewhat Disagree
- ☐ Disagree

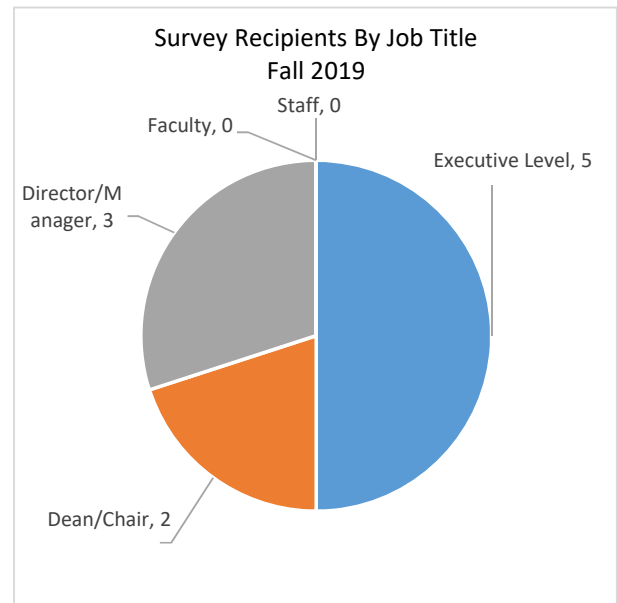
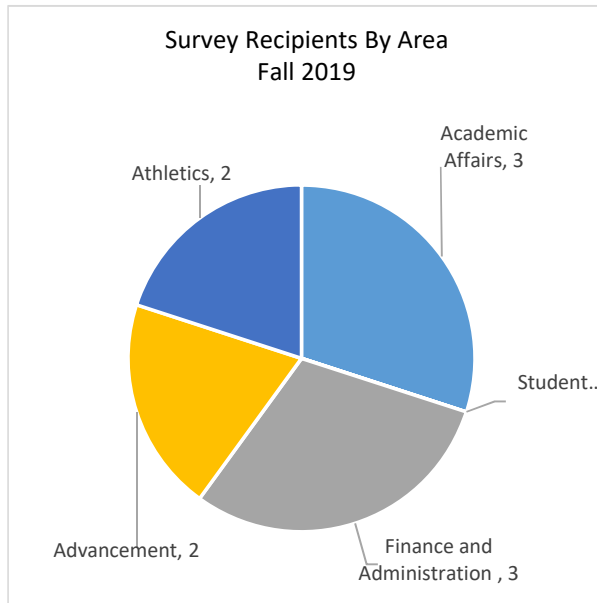
10. What suggestions do you have for improving the audit process? What did you especially like or dislike?



## Fall 2019 - Customer Satisfaction Survey

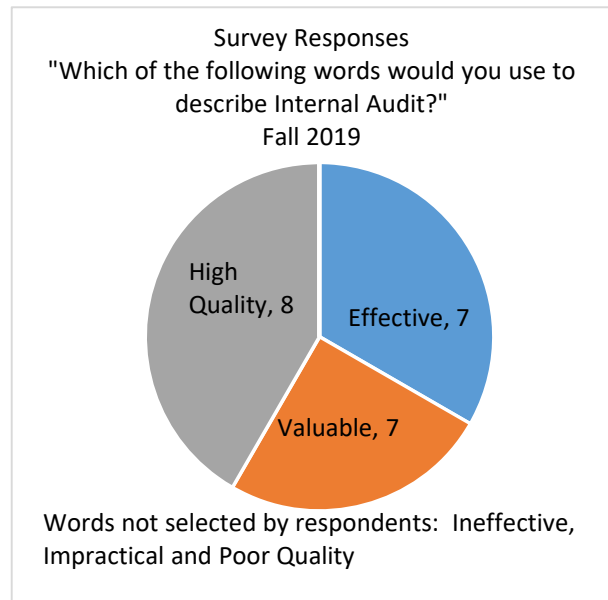
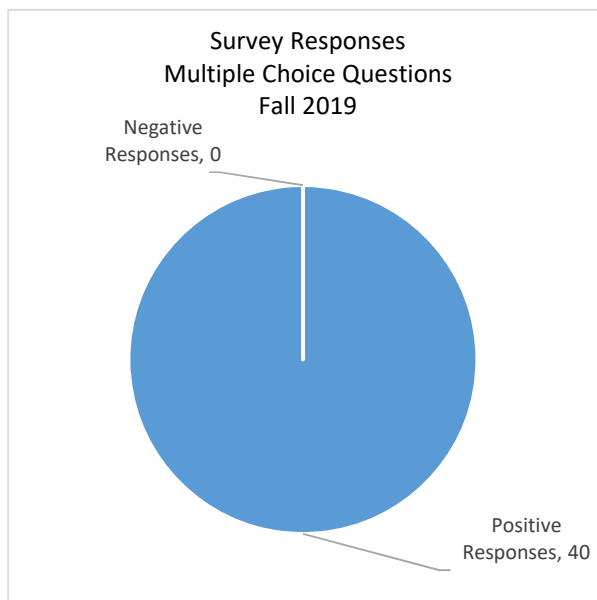
### Fall 2019 - Who received the Client Satisfaction Survey?

Internal Audit identified 10 employees who had significant contact with the Office of Internal Audit for reviews completed between April 2019 and Septemebr 2019. The demographics of the survey recipients is summarized below.



### What did they say?

As of October 30, 2019 (when the survey was closed), 5 surveys had been completed (50%). Survey responses are summarized below.



### Survey Comments:

"Regarding no. 4, the operations needed to have been disrupted anyway."

"Helpful to have our scholarship process, which was implemented by a taskforce, reviewed and ratified by an outside source."