



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

March 18, 2021

1:30 PM

Call to Order

Roll Call/Declaration of a Quorum

Action Items

A.Consideration of the Fiscal Year 2021 Revised Audit Plan

Information Items

A.Review of Internal Audit-Related Charters and Policies

B.Internal Audit Reports released between November 10, 2020, and February 22, 2021, and List of Outstanding Recommendations

C.Financial and Compliance Audit Report for Fiscal Year 2020

Adjourn

Austin Peay State University
Audit Plan FY 2021
Revised February 22, 2021

Type	Area	Audit	Completion Date	Current Status
Required	FM	President's Office - FY2020	October 2020	Completed
Required	FM	President's Office - FY2021 (preliminary work)		Scheduled
Required	AT	Athletic Affiliate - FY2020	July 2020	Completed
Required	AT	Athletic Affiliate - FY2021 (preliminary work)		Scheduled
Follow Up	FM	State Audit Follow-Up		Scheduled
Management's Risk Assessment	IS	Risk Assessment - Misc.	November 2020	Completed
Special Request	IS	Evidence Room		In Progress
Investigations	IS	Unscheduled Investigations	NA	Scheduled
Investigations	AT	19-10	FN 2	In Progress
Investigations		21-01	July 2020	Completed
Investigations	IS	21-02	September 2020	Completed
Investigations	SS	21-03	January 2021	Completed
Special Request	IA	Grant Processing	October 2020	Completed
Consultations	IS	General Consultation	NA	In Progress
Follow Up	IS	Audit Follow Up	NA	In Progress
Risk Based	IA	Funding Formula Data (Carry forward from 2020)	July 2020	Completed
Risk Based	FM	Construction and Design (Phase 2)		In Progress
Risk Based	FM	CARES Funding	FN 1	Removed
Risk Based	FM	Procurement Cards		In Progress
Risk Based	IS	Department of Safety	September 2020	Completed
Risk Based	IS	Social Media/Communications	February 2021	Completed

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

FN 1 - The CARES Act audit was audited by the state's Comptroller's Office during their annual financial statement audit.

FN 2 - This audit is being conducted by the state's Comptroller's Office.

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.

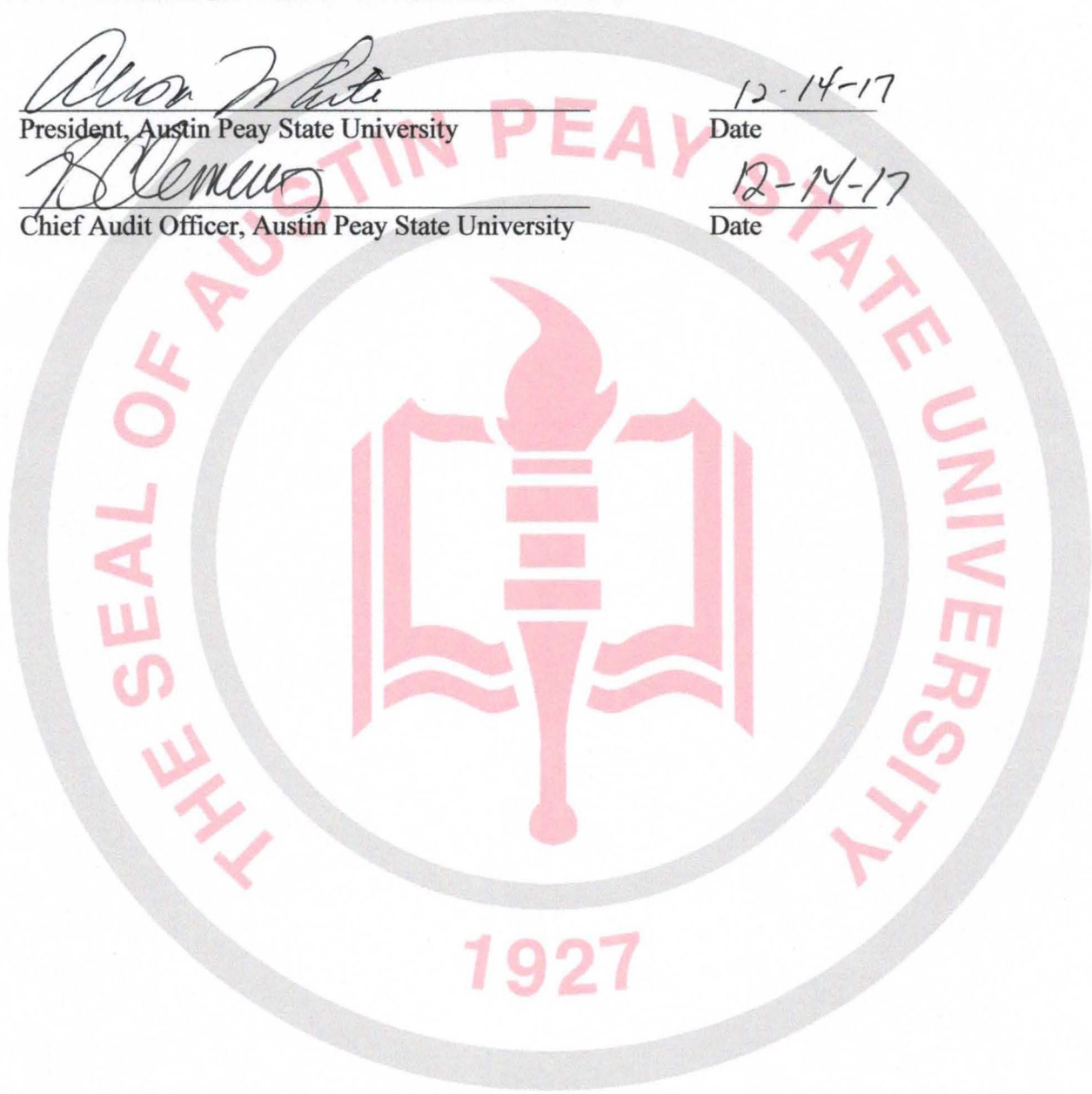
The internal auditing services provided by Internal Audit are reported directly to the President and the Audit Committee of the Board. All audit work is summarized in timely written reports distributed to management to ensure that the results are given due consideration. In addition to management, reports 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.

The seal of Austin Peay State University is a large, faint watermark in the background. It is circular with a double-lined border. Inside the border, the words "THE SEAL OF AUSTIN PEAY STATE UNIVERSITY" are written in a circular path. In the center of the seal is a torch with a flame, superimposed over an open book. Below the torch and book, the year "1927" is inscribed.

Alvin White

President, Austin Peay State University

12-14-17
Date

K. Clement

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: September 18, 2020

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.

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-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 and Extra Compensation
 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 and Extra Compensation. 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.
- 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 annually.

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) in January. 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 in January. 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.

Links

APSU Conflict of Interest Committee <https://www.apsu.edu/governance/committees/conflictinterest.php>

Revision Dates

APSU Policy 1:001 – Rev.: September 18, 2020
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

Austin Peay State University
Review of Procurement Card Activity in the Student Life and Engagement Area
Internal Audit Report
January 8, 2021

Key Staff: Various	Auditor: Blayne M. Clements CIA, CFE, CRMA
Introduction: On September 28, 2020, the Office of Internal Audit was informed that two employees in the Student Life and Engagement area of Student Affairs possibly violated policy by: <ol style="list-style-type: none">1. Compensating six student workers and a graduate assistant with gift cards for helping with two student events;2. Using procurement cards to purchase gift cards, which university policy prohibits.	
Objective: To determine if any university policies were violated.	
Scope: October 2019 to October 2020	
Fieldwork: Issue 1 - During the audit, the six student workers and a graduate assistant were emailed requesting an interview. Four students responded and were interviewed. The employees that gave the students the gift cards were also interviewed and appropriate supporting documentation was reviewed. Issue 2 - During the audit, procurement card and travel card transactions for all employees of Student Life and Engagement for the period October 2019 to October 2020 was reviewed.	
Results: The audit substantiated the allegations and discovered an additional policy violation. <ol style="list-style-type: none">1. Employees used gift cards to compensate student workers. The university has established policies and procedures to ensure all compensation is properly accounted for and monitored for tax implications. University policy 4:026, <i>Cash and Gift Card Payments</i> , states gift cards are considered compensation by the Internal Revenue Service (IRS). The policy only allows gift cards to be used for employee awards, event prizes or compensation to participants in research studies. The audit determined gift cards were used to compensate student workers for working two Student Affairs events. Management stated the student workers were employed for a function unrelated to the events. Therefore, for helping with the events, the employees decided to compensate the student workers with gift cards as opposed to have them complete a timesheet which would have charged the expense to the unrelated function. <u>Recommendation:</u> Management should take necessary steps to ensure compliance with university policy and ensure the gift cards identified in the audit are properly accounted for as compensation for IRS tax purposes. <u>Management's response:</u> We concur. The gift cards mentioned have been accounted for. Involved individuals have been met with to discuss the violation. All Student Life and Engagement employees have been notified. Additionally, as of December 17, 2020, gift card purchases have been suspended by any employee of Student Life and Engagement. All Student Life and Engagement employees will attend mandatory cardholder and approver training in January. <ol style="list-style-type: none">2. Employees used procurement cards to purchase gift cards.	

University policy 4:026, *Cash and Gift Card Payments*, requires gift cards be purchased using the university's contracted bookstore vendor and directly charged to a departmental account. University policy 4:023, *Procurement Card*, prohibits employees from purchasing gift cards using a procurement card. The Office of Procurement and Contract Services provides training to both the cardholder and the supervisor that approves the cardholder's transactions. During this training, employees are informed gift cards are not allowed to be purchased on the procurement card. The cardholders and approvers are given a pamphlet summarizing the training which specifically states gift cards cannot be purchased on a procurement card.

The audit determined employees in the Office of Student Life and Engagement (SLE) used their procurement card to purchase twenty-two gift cards between October 2019 and October 2020. These gift cards are valued at \$1,782. The gift cards were used as prizes for student events or by student organizations to purchase supplies for events. The supporting documentation for one gift card (\$25) could not be located.

Recommendation: Management should take necessary steps to ensure compliance with university policy. Management should ensure proper documentation is maintained for all prizes awarded.

Management's response: We concur. All Student Life and Engagement employees will attend mandatory cardholder and approver training in January. This training will include a discussion of applicable university policy and proper procedures for maintaining proper documentation.

3. Employees used gift cards for departmental purchases and circumvented year-end controls by purchasing a gift card to fund expenses for the upcoming fiscal year.

University policy 4:026, *Cash and Gift Card Payments*, states gift cards may not be used for departmental expenses. On May 5, 2020, the Associate Vice President for Finance sent an email to all staff regarding budget concerns and procedures regarding year-end expenses. This email included the following statement:

"Please note that end of year expenditures should include only those deemed necessary to continue serving our students in the best possible manner. Our state funding uncertainty is expected to have a significant impact on our budget. This uncertainty requires all of us to be cautious regarding our expenditures. Our current uncertainties require us to approach year-end in a different manner. Non-mandatory expenditures must not be made. Savings will be used to offset expected revenue reductions."

A coordinator in the Office of Student Life and Engagement (SLE) stated in mid-June that their supervisor indicated the office's 2021 budget was expected to be reduced and asked staff to think ahead and use the remaining 2020 budget wisely. In this meeting, the coordinator stated that they were unsure of any specific upcoming expenses and mentioned they may buy a gift card to fund any future expenses. The coordinator purchased a \$425 gift card on June 23, 2020. The coordinator provided documentation showing the gift card was used to purchase supplies for events held in the fall of 2020.

Recommendation: Management should take necessary steps to ensure compliance with university policy. Management should ensure year-end guidance from the Business Office is properly followed.

Management's response: We concur. The gift cards mentioned have been accounted for. Involved individuals have been met with to discuss the violation. All Student Life and Engagement employees have been notified. Additionally, as of December 17, 2020, gift card purchases have been suspended by any employee of Student Life and Engagement. All Student Life and Engagement employees will attend mandatory cardholder and approver training in January.

**Austin Peay State University
Social Media Review
Internal Audit Report
February 12, 2021**

Key Staff: Executive Director of Public Relations & Marketing	Auditor: Beth Chancellor, CFE
<p>Introduction: Social media is essential for engaging potential and existing students, alumni, donors, faculty and staff. Although social media presents unique opportunities for the university to connect with a variety of stakeholders, social media also presents unique risks to the university, such as potential reputational damage, brand hijacking and the spread of misinformation.</p> <p>Public Relations & Marketing actively manages six main university social media accounts. However, dozens of other university related social media accounts exist that are not actively managed by Public Relations & Marketing, such as accounts used by individual colleges, departments, and offices. Social media accounts for faculty, staff and student organizations are not considered university related.</p> <p>Public Relations & Marketing does not have the resources to actively manage or monitor all university related social media accounts. To help ensure all social media accounts are appropriately managed, Public Relations & Marketing has social media best practices and guidelines on their website. Social media accounts pledging to follow these guidelines and best practices, can be officially recognized and listed in the university social media directory, which provides the accounts with additional visibility.</p>	
<p>Objective: To provide assurance that effective controls exist over university social media accounts.</p>	
<p>Scope: The review focused on current policies and procedures related to university social media accounts managed by Public Relations & Marketing.</p>	
<p>Field Work: The audit included interviewing key staff, a review of documentation, and benchmarking social media strategies and policies used by other universities to identify any best practices.</p>	
<p>Audit Results: Management should consider developing a university policy to formally establish expectations on how university related social media accounts should be managed. Management should consider creating a committee of stakeholders to develop this policy and determine what aspects of the policy may apply to social media accounts not managed by Public Relations & Marketing. The policy may include, but should not be limited to, the following:</p> <ul style="list-style-type: none">• A cohesive strategy for social media sites, including expectations regarding tone and style;• Responsibilities of content owners, including guidance on how to monitor social media content, what content is appropriate and inappropriate, how and when to remove inappropriate content; and• Formatting criteria to ensure social media content is accessible to those with disabilities. <p>Management's Response: We concur. The Executive Director for Public Relations & Marketing will form a team to review the university's current social media guidelines and the policies of other universities. The team will draft and submit a proposed policy to the University Policy Committee for consideration.</p>	

APSU - Status Report on Outstanding Internal Audit Recommendations as of February 22, 2021

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 2/12/2021	Social Media Management should consider developing a university policy to formally establish expectations on how university related social media accounts should be managed. Management should consider creating a committee of stakeholders to develop this policy.	Executive Director of Public Relations and Marketing	8/31/2021	Not Due Yet	NA

**Austin Peay State University
Audit Committee
March 18, 2021**

Review of Comptroller's Audit Report issued January 12, 2021
Financial and Compliance Audit

For the Year Ended	Auditor's Opinion on the Financial Statements	Report on Internal Control	Report on Compliance	Findings
June 30, 2020	Unmodified Opinion	No deficiencies in internal controls	No instances of noncompliance required to be reported	0

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 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

In addition to the internal control findings described above, *Government Auditing Standards* require that auditors report (1) noncompliance with provisions of laws, regulations, contracts, or grant agreements that has a material effect on the financial statements or other financial data significant to the audit objectives as well as immaterial instances of noncompliance that warrants the attention of those charged with governance; (2) fraud that is material, either quantitatively or qualitatively, to the financial statements or other financial data significant to the audit objectives as well as immaterial instances of fraud that warrant the attention of those charged with governance; and (3) any waste or abuse that comes to our attention that we conclude should be reported as an audit finding.

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

² *Government Auditing Standards* 2018 Revision issued by the Comptroller General of United States 6.41 and 6.44.