

AUDIT COMMITTEE

Austin Peay State University

317 College Street

Clarksville, TN 37040

March 17, 2023

At the conclusion of the Executive Committee Meeting

Zoom link:

<https://apsu.zoom.us/j/82706697259>

Call to Order

Roll Call/Declaration of a Quorum

Approval of Minutes

Action Items

A.Review of Fiscal Year 2023 Revised Audit Plan

Information Items

A.Review of the Comptroller's Office Financial and Compliance Audit Report for Fiscal Year 2022

B.Review of Internal Audit Related Documents

C.Review of Internal Audit Reports issued between November 5, 2022, and February 17, 2023, with a list of outstanding audit recommendations

D.Results of Internal Audit Client Satisfaction Survey for Calendar Year 2022

E.Composition of Quality Assurance Review Team

EXPERIENCE AUSTIN PEAY
2022-2027 STRATEGIC PLAN



Adjourn



Audit Committee Minutes

Friday, Dec. 2, 2022

317 College Street, Clarksville, TN 37040

Call to Order

Trustee Mealer, committee chair, called the meeting to order at 8:45 a.m.

Roll Call/Declaration of Quorum

Dr. Carol Clark, secretary to the board, called the roll. Trustee Mealer stated there was a quorum.

ATTENDANCE ROLL CALL		
Name	Present	Absent
Trustee Atkins		X
Trustee Cannata	X	
Trustee Jenkins, <i>ex officio</i>		X
Trustee Mealer (Chair)	X	
Trustee Roe	X	

University Personnel Present

Dr. Michael Licari, President

Dr. Carol Clark, Secretary to the Board

Mr. Blayne Clements, Chief Audit Officer

Mr. David Sanchez, Associate Vice President and Chief Information Officer

Ms. Dannelle Whiteside, Vice President for Legal Affairs & Organizational Strategy

Approval of Minutes

Trustee Mealer presented the minutes of the Sept. 16, 2022, meeting of the Audit Committee, both the public and executive sessions, to the committee for approval. She asked if there were any corrections or additions to the minutes. There were none.

Trustee Cannata moved to approve the minutes of the Audit Committee, both the public and executive sessions, as written. Trustee Roe seconded the motion.

A voice vote was taken, and the motion carried unanimously with three trustees voting yes.

Information Items

A. Internal Audit Reports issued between Aug. 17, 2022, and Nov. 4, 2022, and List of Outstanding Audit Recommendations

Mealer recognized Blayne Clements, chief audit officer, for a report. Clements discussed three audits completed between Aug. 17, 2022, and Nov. 4, 2022. The internal audit report for the Review of Physical Plant was issued Aug. 31, 2022, the internal audit report for the Review of the Office of Emergency Management was issued Oct. 18, 2022, and the internal audit report for the Annual Review of the President's Office was issued Nov. 4, 2022.

Clements also explained that the Office of Internal Audit follows up on all recommendations included in internal audit reports, and a summary of outstanding audit recommendations was provided to the committee.

B. Discussion of the Institute of Internal Auditors principles of independence and objectivity

Trustee Mealer recognized Clements for a report. Clements explained the Office of Internal Audit is required by state law to comply with the mandatory guidance of the Institute of Internal Auditors (IIA). This guidance requires the Audit Committee to periodically be advised of the underlying principles of independence and objectivity.

C. Information Technology Security Update

Trustee Mealer recognized David Sanchez, associate vice president and chief information officer, for an overview of Information Technology Security.

Adjournment

Trustee Cannata moved to adjourn the Audit Committee meeting. Trustee Roe seconded the motion. A voice vote was taken and carried unanimously with three trustees voting yes. The meeting adjourned at 9:13 a.m.

Austin Peay State University
Revised FY2023 Audit Plan
February 17, 2023

Type	Area	Audit	Audit Status
Required	FM	President's Expenses 2022	November 2022
Required	FM	President's Expenses 2023 - Preliminary Work	In Progress
Required	AT	Athletic Affiliate 2022	August 2022
Required	AT	Athletic Affiliate 2023 - Preliminary Work	Scheduled
Required	IS	Internal Audit External Assessment - Prep	Scheduled
Follow Up	FM	State Audit Follow-Up	Removed FN 1
Management's Risk Assessment	SS	Risk Assessment - Student Affairs	Removed - FN 3
Management's Risk Assessment	IS	Risk Assessment - President Office	Added - FN 3
Carried Forward/Risk Based	PP	Physical Plant	August 2022
Investigations	IS	Unscheduled Investigations	In Progress
Investigation	SS	23-01	July 2022
Investigation	IA	23-02	January 2023
Follow Up	IS	Internal Audit Follow Up	In Progress
Consultation	IS	General Consultation	In Progress
Risk Based	FM	Budgets and Financial Planning	Scheduled
Risk Based	SS	Dining Services	Scheduled
Risk Based	IS	Emergency Preparedness	October 2022
Risk Based	IS	Office of Equity, Access and Inclusion	February 2023
Risk Based	FM	Hiring, Onboarding and Termination Process	Removed FN 2
Risk Based	RS	Grants Administration	In Progress
Risk Based	AT	Athletic Department	Scheduled

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 and Grants

SS - Student Services

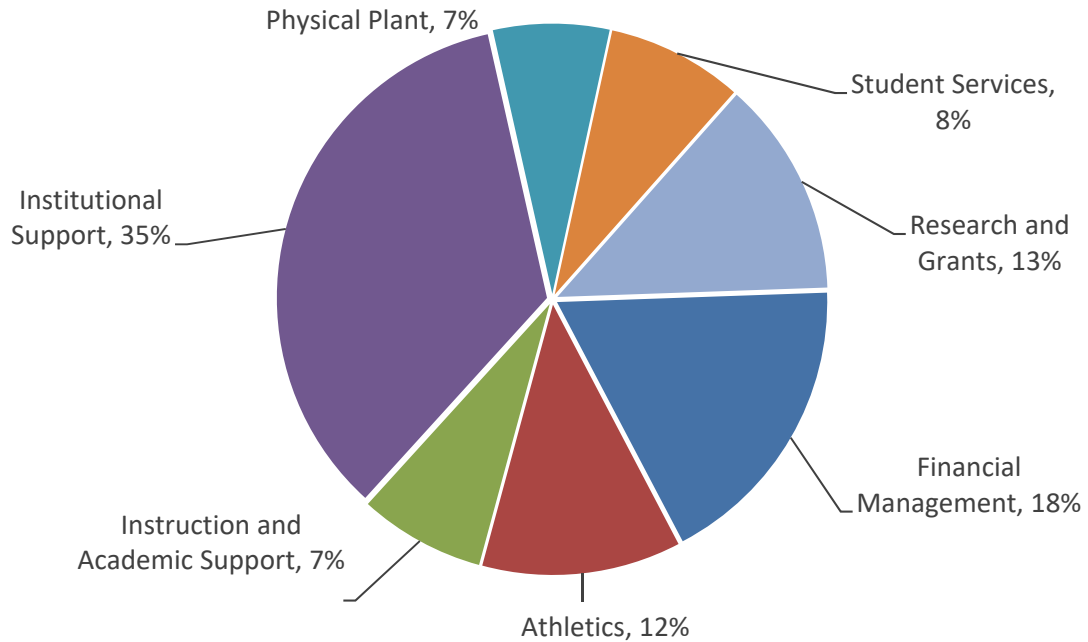
Note: The audit universe includes 95 programs, departments, or processes.

FN 1 - The FY2023 state audit report contained no findings, therefore no follow-up was required.

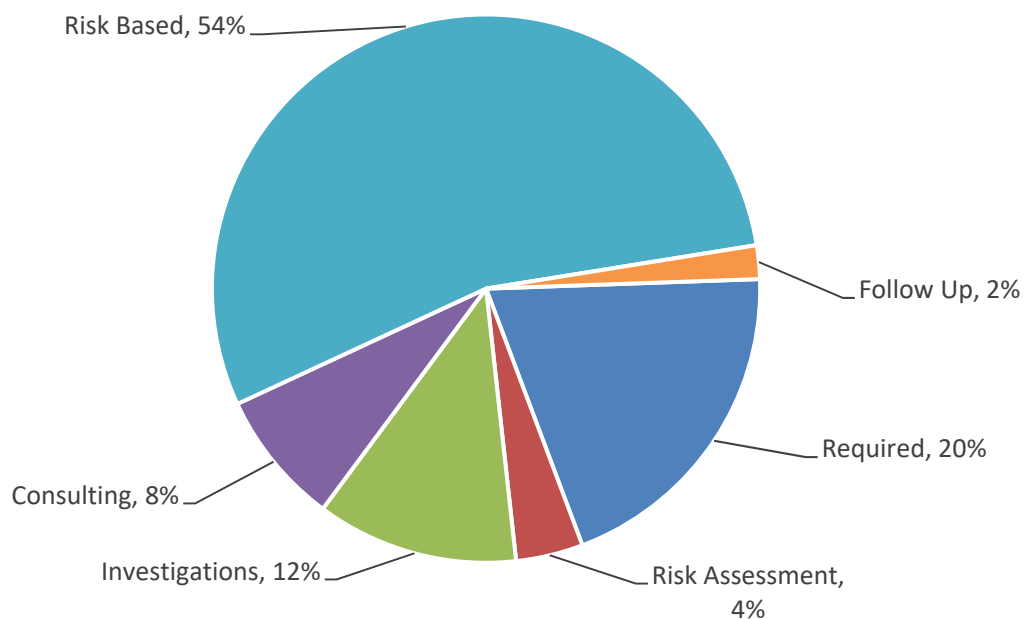
FN 2 - This audit was removed because of a lack of time resources available to complete the audit.

FN 3 - With the VP of Student Affairs position vacant, the assessment of Student Affairs is postponed to FY2024. In its place, an assessment of President's Office and the areas that report directly to the president will be assessed.

Revised Internal Audit Plan
FY2023
Audit Time by Audit Area



Revised Internal Audit Plan
FY2023
Audit Time by Audit Type



Austin Peay State University
Audit Committee
March 17, 2023

Review of Comptroller's Audit Report issued February 7, 2023
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, 2022	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.

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 university 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 with 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 committee chair 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 with 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 provides 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. Members of the committee and chair shall be appointed by the Board Chair. 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 meetings 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; Approved March 18, 2022 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.



President, Austin Peay State University

3/25/21
Date



Chief Audit Officer, Austin Peay State University

3-25-21
Date

**Austin Peay State
University**

Internal Auditing

POLICIES

Issued: March 9, 2018

Responsible Official: Chief Audit Officer

Responsible Office: Office of Internal Audit

Policy Statement

It is the policy of Austin Peay State University that the internal audit function contributes to the improvement of the university's operations by providing objectives and relevant assurance regarding risk management, control, and governance processes to management and the Board. Management is responsible for evaluating the university's risks and establishing and maintaining adequate controls and processes. To provide relevant information, the internal audit function will consider the goals of the university, management's risk assessments and other input from management in determining its risk-based audit activities.

Purpose

The purpose of the policy is to address staffing, responsibilities of the internal audit function, audit planning and reporting on internal audit activities.

Contents

Procedures

- Internal Audit Standards
 - Internal Audit Personnel
 - Internal Audit Role and Scope
 - Audit Plans and Activity Reports
 - Audit Engagements
 - Communicating Audit Results
-

Procedures

Internal Audit Standards

- A. The internal audit function shall adhere to The Institute of Internal Auditors' (IIA) International Standards for the Professional Practice of Internal Auditing and Code of Ethics

(T.C.A. § 4-3-304(9)). The Institute of Internal Auditors, International Professional Practices Framework (IPPF), incorporates the mandatory guidance of the definition of internal auditing, the *International Standards for the Professional Practice of Internal Auditing (Standards)*, Core Principles for the Professional Practice of Internal Auditing and Code of Ethics into one document. It includes the following definition of internal auditing:

1. Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes (IPPF 2013).
- B. To assure compliance with the IIA Standards, the internal audit function must implement and maintain a quality assurance and improvement program that incorporates both internal and external review activities.
1. Internal reviews include both ongoing and periodic review activities.
 2. External reviews must be performed at least every five years by a qualified, independent reviewer.
 3. Results of quality assurance reviews will be communicated to the Board of Trustees Audit Committee and management.

Internal Audit Personnel

- A. APSU shall employ at least two individuals with full-time responsibility as internal auditors. Additional internal audit staff shall depend upon the size and structure of the university.
- B. Titles of internal audit staff shall be consistent within the overall university structure.
- C. Internal Audit Staff
1. Internal audit staff must possess the professional credentials, knowledge, skills, and other competencies to perform their individual responsibilities and collectively must possess or obtain knowledge, skills, and other competencies needed to perform its responsibilities.
 2. The Chief Audit Officer must be licensed as a Certified Public Accountant or a Certified Internal Auditor,

maintain an active license and annually complete sufficient, relevant continuing professional education to satisfy the requirements for the professional certification held.

3. Audit staff should annually complete sufficient, relevant continuing professional education to satisfy the requirements for their related professional certifications or, at a minimum, eighty hours of relevant continuing professional education every two years.
4. The Chief Audit Officer should communicate concerns to management and the Board regarding the lack of sufficient resources to complete the objectives of an engagement or the audit plan.
5. Such resources may include the need for additional personnel or personnel with specialized knowledge, such as those with knowledge of fraud, information technology or other technical areas.

D. Appointments

1. The appointment of the Chief Audit Officer as recommended by the President is subject to approval by the Audit Committee of the Board of Trustees.

E. Compensation

1. Compensation of the internal auditors is subject to approval by the Audit Committee of the Board.

F. Termination or Change of Status

1. The termination or change of status of Chief Audit officer requires the prior approval of the President and the Audit Committee of the Board of Trustees.

Internal Audit Role and Scope

A. Reporting Structure

1. 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.

B. The internal audit function will maintain a manual to guide the internal audit activity in a consistent and professional manner.

C. The internal auditors' responsibilities include:

1. Working with management to assess university's risks and developing an audit plan that considers the results of the risk assessment.

2. Evaluating university controls to determine their effectiveness and efficiency.
 3. Coordinating work with external auditors, program reviewers, and consultants.
 4. Determining the level of compliance with internal policies and procedures, state and federal laws, and government regulations.
 5. Testing the timeliness, reliability, and usefulness of institutional records and reports.
 6. Recommending improvements to controls, operations, and risk mitigation resolutions.
 7. Assisting the university with its strategic planning process to include a complete cycle of review of goals and values.
 8. Evaluating program performance.
 9. Performing consulting services and special requests as directed by the Board of Trustees Audit Committee or the President.
- D. The scope of internal auditing extends to all aspects of university operations and beyond fiscal boundaries. The internal audit staff shall have access to all records, personnel, and physical properties relative to the performance of duties and responsibilities.
- E. The scope of a particular internal audit activity may be as broad or as restricted as required to meet management needs.
- F. Objectivity is essential to the internal audit function. Therefore, internal audit personnel should not be involved in the development and installation of systems and procedures, preparation of records, or any other activities that the internal audit staff may review or appraise. However, internal audit personnel may be consulted on the adequacy of controls incorporated into new systems and procedures or on revisions to existing systems.
- G. Management is responsible for identifying, evaluating, and responding to potential risks that may impact the achievement of the university's objectives. Auditors continually evaluate the risk management, internal control, and governance processes. To facilitate these responsibilities, Internal Audit will receive notices or copies of external audit reviews, program reviews, fiscally related consulting reports, cash shortages, physical property losses, and employee misconduct.

Audit Plans and Activity Reports

- A. Internal Audit shall develop an annual audit plan using an approved risk assessment methodology.
- B. At the beginning of each fiscal year, after consultation with the President, the Board of Trustees Audit Committee and other university management, Internal Audit will prepare an annual audit plan. The audit plan must be flexible to respond to immediate issues and will be revised for such changes during the year.
- C. Audit plans and any significant revisions will be approved by the Board of Trustees Audit Committee.
- D. At the end of each fiscal year, Internal Audit will prepare an annual activity report of all significant audit services performed.
- E. Annual activity reports and approved audit plans will be provided to the Comptroller's Office, Division of State Audit.

Audit Engagements

- A. Audit engagements will be planned to provide relevant results to management and the Board of Trustees Audit Committee regarding the effectiveness and efficiency of processes and controls over operations. To ensure management's expectations are met, auditors will communicate with management regarding the objectives and scope of the engagement.
- B. In planning and during the engagement, auditors should consider and be alert to risks that affect the university's goals and objectives, operations and resources. Auditors should consider risks based on the operations under review, which include but are not limited to the risk of financial misstatements, noncompliance, and fraud.
- C. An audit work program will be designed to achieve the objectives of the engagement and will include the steps necessary to identify, analyze, evaluate, and document the information gathered and the conclusions reached during the engagement.
- D. Working papers that are created, obtained, or compiled by an internal audit staff are confidential and are not an open record (T.C.A. § 4-3-304(9)).

Communicating Audit Results

- A. A written report that documents the objectives, scope, conclusions, and recommendations of the audit will be prepared for audit engagements providing assurance to the Board and management. Management will include corrective action for each reported finding.
- B. Internal Audit will perform audits to follow-up on findings or recommendations included in internal audit reports, investigation reports, and State Audit reports. A written report will be prepared and for any findings that have not been corrected, management will be asked to include a revised corrective action plan. The President, along with the Board of Trustees Audit Committee, will be notified at the conclusion of a follow-up audit if management has not corrected the reported finding or implemented the recommendation.
- C. A written report that documents the objectives, scope, conclusions, and recommendations will be prepared for investigations resulting from allegations or identification of fraud, waste or abuse. As appropriate in the circumstances, management will include corrective action for each reported finding. In a case where allegations are not substantiated by the review and there are no other operational concerns to report to management regarding the review, the case may be closed by writing a memo to the working paper file documenting the reasons for closing the case.
- D. Reports on special studies, consulting services, and other non-routine items should be prepared as appropriate, given the nature of the assignment.
- E. All internal audit reports will be signed by the Chief Audit Officer and transmitted directly to the President in a timely manner.
- F. The Chief Audit Officer will present significant results of internal audit reports to the Board of Trustees Audit Committee quarterly.
- G. The Chief Audit Officer will provide a copy of each report to the Comptroller's Office, Division of State Audit.

Revision Dates

APSU Policy 1:015 – Rev.: March 9, 2018

APSU Policy 1:015 (previously 4:001) – Rev.: May 19, 2017
APSU Policy 1:015 – Rev.: March 28, 2017
APSU Policy 1:015 – Rev.: September 14, 2015
APSU Policy 1:015 – Rev.: October 21, 2011
APSU Policy 1:015 – Issued: October 7, 2002

Subject Areas:

Academic	Finance	General	Human Resources	Information Technology	Student Affairs
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Approved

President: signature on file

**Austin Peay State
University**

Preventing and Reporting Fraud, Waste, and/or Abuse

POLICIES

Issued: March 20, 2020

Responsible Official: Chief Audit Officer

Responsible Office: Office of Internal Audit

Policy Statement

It is the policy of Austin Peay State University that university officers, members of management, students, contractors and employees are responsible for maintaining a work environment that promotes ethical and honest behavior and have a responsibility to help prevent and report instances of potential fraud, waste, or abuse of university resources. Management is responsible for designing and implementing internal controls for the purpose of preventing irregularities of all kinds, including fraud, waste, or abuse.

Purpose

To describe the role of officers, managers, students, contractors and employees in helping to prevent fraud, waste, or abuse of university resources.

Contents

Definitions

- Fraud
- Waste
- Abuse
- Resources

Procedures

- Preventing Fraud, Waste, or Abuse
- Reporting Fraud, Waste, or Abuse
- Investigations/Actions
- Reporting and Resolution of University Losses
- Reporting and Resolution Process
- Requirements Regarding Losses and Shortages
- Property Claim Process
- Actions

Links

- APSU Policy 1:013
- APSU Policy 5:011
- APSU Policy 5:020
- Exhibit 1 – Notification of Loss Report
- Exhibit 3 – Reporting Matrix

Definitions

Fraud

An intentional act to deceive or cheat, ordinarily for the purpose or result of causing a detriment to another and/or bringing about some benefit to oneself or others. Fraudulent activities may include, but are not limited to the following:

- Theft, misappropriation, misapplication, destruction, removal, or concealment of any university assets or resources, including but not limited to funds, securities, supplies, equipment, real property, intellectual property or data.
- Improper use or assignment of any university assets or resources, including but not limited to personnel, services or property.
- Improper handling or reporting of financial transactions, including use, acquisitions and divestiture of state property, both real and personal.
- Authorization or receipt of compensation for hours not worked.
- Inappropriate or unauthorized use, alteration or manipulation of data, computer files, equipment, software, networks, or systems, including personal or private business use, hacking and software piracy.
- Forgery or unauthorized alteration of documents.
- Falsification of reports to management or external agencies.
- Pursuit of a personal benefit or advantage in violation of the university's Conflict of Interest Policy.
- Concealment or misrepresentation of events or data.
- Acceptance of bribes, kickbacks or any gift, rebate, money or anything of value whatsoever, or any promise, obligation or contract for future reward, compensation, property or item of value, including intellectual property.

Waste

Waste involves behavior that is deficient or improper when compared with behavior that a prudent person would consider a reasonable and necessary business practice given the facts and circumstances. Waste is a thoughtless or careless act, resulting in

the expenditure, consumption, mismanagement, use, or squandering of university assets or resources to the detriment or potential detriment of the university. Waste may also result from incurring unnecessary expenses due to inefficient or ineffective practices, systems, or controls. Waste does not necessarily involve fraud, violation of laws, regulations, or provisions of a contract or grant agreement.

Abuse

Abuse involves behavior that is deficient or improper when compared with behavior that a prudent person would consider a reasonable and necessary business practice given the facts and circumstances. Abuse also includes misuse of authority or position for personal financial interest or those of an immediate or close family member or business associate. Abuse does not necessarily involve fraud, violation of laws, regulations, or provisions of a contract or grant agreement. (U.S. Government Accountability Office, Government Auditing Standards, July 2007.)

Resources

As used herein, shall refer to assets such as cash or other financial resources, supplies, inventories, equipment and other fixed assets, real property, intellectual property, or data.

Procedures

Preventing Fraud, Waste or Abuse

- A. Maintaining an Ethical Work Environment
1. Management is responsible for maintaining a work environment that promotes ethical and honest behavior on the part of all employees, students, contractors, vendors and others.
 2. To do so, management at all levels must behave ethically and communicate to employees and others that they are expected to behave ethically.
 3. Management must demonstrate through words and actions that unethical behavior will not be tolerated.
- B. Implementing Effective Internal Control Systems
1. Management of the university has the responsibility to establish and implement internal control systems and procedures to prevent and detect irregularities, including fraud, waste and abuse.
 2. Internal controls are processes performed by management and employees to provide reasonable assurance of:
 - a. Safeguards over university assets and resources, including but not limited to cash, securities, supplies,

- equipment, property, records, data or electronic systems;
 - b. Effective and efficient operations;
 - c. Reliable financial and other types of reports; and
 - d. Compliance with laws, regulations, contracts, grants and policies.
3. To determine whether internal controls are effective, management should perform periodic risk and control assessments, which should include the following activities:
- a. Review the operational processes of the unit under consideration.
 - b. Determine the potential risk of fraud, waste, or abuse inherent in each process.
 - c. Identify the controls included in the process (or controls that could be included) that result in a reduction in the inherent risk.
 - d. Assess whether there are internal controls that need to be improved or added to the process under consideration.
 - e. Implement controls or improve existing controls that are determined to be the most efficient and effective for decreasing the risk of fraud, waste or abuse.
4. Most managers will find that processes already include a number of internal controls, but these controls should be monitored or reviewed for adequacy and effectiveness on a regular basis and improved as needed. Typical examples of internal controls may include, but are not limited to:
- a. Adequate separation of duties among employees.
 - b. Sufficient physical safeguards over cash, supplies, equipment and other resources.
 - c. Appropriate documentation of transactions.
 - d. Independent validation of transactions for accuracy and completeness.
 - e. Documented supervisory review and approval of transactions or other activities.
 - f. Proper supervision of employees, processes, projects or other operational functions.

C. Reviews of Internal Control Systems

1. Audits or other independent reviews may be performed on various components of the internal control systems.

D. Internal Audit

1. Internal Audit is responsible for assessing the adequacy and effectiveness of internal controls that are implemented by management and will often recommend control improvements as a result of this assessment.
2. During an audit of a department or process, Internal Audit will also perform tests designed to detect fraud, waste or abuse that may have occurred.

E. External Audits

1. The Tennessee Comptroller of the Treasury, Department of Audit, Division of State Audit, performs periodic financial audits of the university.
2. One purpose of this type audit is to evaluate the university's internal controls, which will often result in recommendations for control improvements.
3. State Audit will also perform tests designed to detect fraud, waste or abuse that may have occurred.

F. Other Reviews

1. Various programs may be subject to audits or reviews by federal, state or other outside agencies based on the type of program, function or funding.
2. Although audits and reviews may include assessments of internal controls, the primary responsibility for prevention and detection of fraud, waste or abuse belongs to management.
3. Therefore, management should take steps to review internal controls whether or not audits are to be performed.

Reporting Fraud, Waste or Abuse

A. Responsibility for Reporting Fraud, Waste or Abuse

1. Any official of the university having knowledge that a theft, forgery, credit card fraud, or any other act of unlawful or unauthorized taking, or abuse of, public money, property, or services, or other shortages of public funds has occurred shall report the information immediately to the office of the Comptroller of the Treasury (T.C.A. § 8-19-501(a)). To ensure compliance with this statute, the university provides a means for employees and others to report such matters, which are subsequently reported to the Comptroller's Office.
 - a. University administration with knowledge of fraud, waste or abuse will report such incidents immediately.
 - b. Others, including university management, faculty and staff with a reasonable basis for believing that fraud,

waste or abuse has occurred are strongly encouraged to immediately report such incidents (T.C.A. § 8-50-116).

- c. Students, citizens and others are also encouraged to report known or suspected acts of fraud, waste or abuse.
- d. Although proof of an improper activity is not required at the time the incident is reported, anyone reporting such actions must have reasonable grounds for doing so.
- e. Employees with knowledge of matters constituting fraud, waste or abuse, that fail to report it or employees who knowingly make false accusations may be subject to disciplinary action.

B. Protection from Retaliation

- 1. State law (T.C.A. § 8-50-116) prohibits discrimination or retaliation against employees for reporting allegations of dishonest acts or cooperating with auditors conducting an investigation.
- 2. The Higher Education Accountability Act of 2004 directs that a person who knowingly and willingly retaliates or takes adverse action of any kind against any person for reporting alleged wrongdoing pursuant to the provisions of this part commits a Class A misdemeanor.

C. Confidentiality of Reported Information

- 1. According to T.C.A. § 49-14-103, detailed information received pursuant to a report of fraud, waste or abuse or any on-going investigation thereof shall be considered working papers of the internal auditor and shall be confidential.
- 2. Although every attempt will be made to keep information confidential, circumstances such as an order of a court or subpoena may result in disclosure.
- 3. Also, if the university has a separate legal obligation to investigate the complaint (e.g. complaints of illegal harassment or discrimination), the university cannot ensure anonymity or complete confidentiality.

D. Methods for Reporting Fraud, Waste or Abuse

- 1. Any employee who becomes aware of known or suspected fraud, waste or abuse should immediately report the incident to an appropriate departmental official. Incidents should be reported to one of the following officials or offices:

- a. A supervisor or department head;
 - b. A university official;
 - c. The university internal auditor;
 - d. or The Tennessee Comptroller of the Treasury's Hotline for fraud, waste and abuse at 1-800-232-5454.
2. If the incident involves their immediate supervisor, the employee should report the incident to the next highest-level supervisor or one of the officials or offices listed above. Employees should not confront the suspected individual or initiate an investigation on their own since such actions could compromise the investigation.
 3. A department official or other supervisor who receives notice of known or suspected fraud, waste or abuse must immediately report the incident to the following:
 - a. President/Vice President for Finance and Administration
 - b. Internal Audit Department
 - c. Campus Police/Public Safety (when appropriate)
 4. The President/Vice President or designee receiving such notice will immediately notify the Chief Audit Officer of the acknowledged or suspected fraud or misconduct.
 5. The Chief Audit Officer will notify the Comptroller of the Treasury of instances of fraud, waste or abuse.

Investigations/Actions

- A. Cooperation of Employees
 1. Individuals involved with suspected fraud, waste or abuse should assist with and cooperate in any authorized investigation, including providing complete, factual responses to questions and either providing access to or turning over relevant documentation immediately upon request by any authorized person.
 2. The refusal by an employee to provide such assistance may result in disciplinary action.
- B. Remedies Available
 1. The university will evaluate the information provided and make a determination concerning external reporting obligations, if any, and the feasibility of pursuing available legal remedies against persons or entities involved in fraud, waste or abuse against the university.
 2. Remedies include, but are not limited to;
 - a. terminating employment,
 - b. requiring restitution, and

- c. forwarding information regarding the suspected fraud to appropriate external authorities for criminal prosecution.
3. In those cases where disciplinary action is warranted, the Office of Human Resources, University Attorney, and other appropriate offices shall be consulted prior to taking such action, and the university's policies related to imposition of employee discipline shall be observed.

C. Resignation of Suspected Employee

1. An employee suspected of gross misconduct may not resign as an alternative to discharge after the investigation has been completed.
2. Exceptions to this requirement can only be made by the President.
3. If the employee resigns during the investigation, the employment records must reflect the situation as of the date of the resignation and the outcome of the investigation (Personnel Policy, 5:011.)

D. Effect on Annual Leave

1. An employee who is dismissed for gross misconduct or who resigns or retires to avoid dismissal for gross misconduct shall not be entitled to any payment for accrued but unused annual leave at the time of dismissal (Leave Policy, 5:020; T.C.A. § 8-50-807).

E. Student Involvement

1. Students found to have participated in fraud, waste or abuse as defined by this guideline will be subject to disciplinary action pursuant to the APSU Policy 1:013, Student Code of Conduct. The Dean of Students/Vice President of Student Affairs will be responsible for adhering to applicable due process procedures and administering appropriate disciplinary action.

F. Confidentiality during Investigation

1. All investigations will be conducted in a strict confidence as possible, with information sharing limited to persons on a "need to know" basis.
2. The identities of persons communicating information or otherwise involved in an investigation or allegation of fraud, waste or abuse will not be revealed beyond the university unless necessary to comply with federal or state law, or if legal action is taken.

G. Management's Follow-up Responsibility

1. Administrators at all levels of management must implement, maintain, and evaluate an effective compliance program to prevent and detect fraud, waste and abuse.
2. Once such activities have been identified and reported, the overall resolution should include an assessment of how it occurred, an evaluation of what could prevent recurrences of the same or similar conduct, and implementation of appropriate controls, if needed.

Reporting and Resolution of University Losses

- A. Administrators at all levels of management should be aware of the risks and exposures inherent in their areas of responsibility, and should establish and maintain proper internal controls to provide for the security and accountability of all assets and other resources entrusted to them.
- B. It is the responsibility of the University to establish a process to identify, report and investigate losses of state or University funds, property or other resources, whether by malfeasance or misfeasance.
- C. This policy includes requirements for reporting suspected instances of fraud, waste or abuse to the Comptroller of the Treasury (T.C.A. § 8-19-501(a)).

Reporting and Resolution Process

- A. Reporting Losses – For each reportable incident, the University must complete a “Notification of Loss Report” (Exhibit 1) or report the incident to campus police.).
 1. The Notification of Loss Report or police report should be used to report single incidents of shortages or losses of any asset, resource or data immediately upon occurrence or discovery. This report should be used to report the loss or shortage of any amount which is the result of acknowledged or suspected fraud, waste or abuse by either an employee or a non-employee (for example, a vendor, contractor, or student).
 2. The University must also report covered property losses to the State of Tennessee, Department of Treasury, and Office of Risk Management.
- B. Reporting Resolution – The investigation unit investigating the loss should document the results of their investigation. For example, campus police may issue a police report or the

Office of Internal Audit may issue a report or administratively close the matter

- C. Distribution of Reports – Each “Notification of Property Loss” report (Exhibit 1) or police report dealing with a loss should be submitted to the following officials or offices:
1. Vice President for Finance and Administration
 2. Chief Audit Officer
 3. Public Safety (as appropriate)

Requirements Regarding Losses and Shortages

- A. Cash or Other Financial Resources – The University maintains cash, procurement cards, credit cards and other financial resources to facilitate its business needs. Cash shortages or losses equal to or greater than \$500 should be reported immediately to the Vice President for Finance and Administration and the Chief Audit Officer. Cash shortages or losses less than \$500 should be reported immediately to the Associate Vice President for Finance and the Chief Audit Officer.
1. Some cash shortages result from human error and are the cost associated with doing business. However, objective reviews must be completed to eliminate misconduct and provide assurance that controls are effective.
 2. Regardless of amount, management should routinely perform objective reviews of shortages or other losses to identify any unusual items, recurring issues or a pattern of financial shortages.
- B. Property – The University maintains inventory records for capitalized property and sensitive minor equipment, as required by APSU Policy 4:035, Fixed Assets and Sensitive Minor Equipment.
1. Losses of physical property due to inventory shrinkage, , unexplained events, natural disasters, or acts of God do not need to be reported on the Notification of Property Loss” form (Exhibit 1)
 2. Unexplained losses and those due to shrinkage or vandalism should be reviewed by management to identify any recurring issues or a pattern of losses.
 3. Occurrences that are potentially serious situations that would create public concern regardless of amount (e.g., the loss of certain chemicals) must be reported to the Office of Risk Management at the Department of Treasury immediately, followed by a written report.

Property Claim Process

Property Claims – Individual occurrences exceeding \$25,000 must be reported to Physical Plant and the Office of Risk

Management at the Department of Treasury immediately, followed by a written report.

1. The Office of Risk Management at the Department of Treasury website at <http://treasury.tn.gov/risk/> contains contact information under the “Contact Us” link and details of the insurance claim process under the “Claims Process” link.
2. Each report of damage for a claim should include a detailed description of the loss and the estimated cost. In addition to the reporting requirements noted above, the department where the loss occurred should also receive a copy of this report.

Actions

- A. Management will evaluate the information provided and make a determination concerning external reporting obligations, if any, and the feasibility of pursuing available legal remedies in cases of misconduct, including fraud, waste or abuse.

Links

APSU Policy 1:013	https://www.apsu.edu/policy/student-code-conduct-1013
APSU Policy 5:011	https://www.apsu.edu/policy/personnel-policy-5011
APSU Policy 5:020	https://www.apsu.edu/policy/leave-policies-5020
Exhibit 1 – Notification of Loss Report	

Exhibit 2 – Reporting Matrix

Revision Dates

APSU Policy 1:016 – Issued: March 20, 2020
 APSU Policy 1:016 (previously 4:003) – Rev.:
 APSU Policy 1:016 – Issued: March 28, 2017

Subject Areas:

Academic	Finance	General	Human Resources	Information Technology	Student Affairs
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Approved

President: signature on file

**Austin Peay State
University**

Employee Code of Conduct

Issued: April 30, 2021

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 outlines the basic expectations for all 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. This Code of Conduct applies to all employees, including staff and faculty. 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 Office of Legal Affairs and Organizational Strategy. 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, students 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 Office of Legal Affairs and Organizational Strategy, or the Office of Internal Audit.
- Employees may anonymously report their concerns online or by phone to 931-221-7466. Employees may also report concerns anonymously to the State Comptroller's Fraud Hotline (**1-800-232-5454**).
- Employees are expected to report sexual harassment to the campus Title IX coordinator or through any other reporting channels outlined in the campus policies on sexual harassment.
- Employees are expected to cooperate fully in investigations. As required by 1:016 Preventing and Reporting Fraud, Waste, and/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 Retaliation. Employees are protected from retaliation, including 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 1:001 Conflict of Interest 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. Employees shall attend all professional development made mandatory by the University.
- 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 as well as any APSU rules, policies, procedures, guidelines, or directions.
- 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 rules or 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 could lead to disciplinary action, up to and including termination.

- 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 law or university rule or policy 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 law 5:003 Firearms and Other Weapons.
- 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.
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 law or university rules or policies, 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 in violation of law or NCAA regulations.
- k. Flagrant violation or failure to observe traffic or parking regulations.
- .

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 may be deemed a resignation or lead to dismissal.

- b. Excessive Tardiness. Tardiness is defined as arriving at work past the designated 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 – Rev.: April 30, 2021

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

Subject Areas:

Academic	Finance	General	Human Resources	Information Technology	Student Affairs
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Approved

President: signature on file

**Austin Peay State
University****Conflict of Interest****Issued:** June 10, 2022**POLICIES****Responsible Official:** Vice President for Legal Affairs and
Organizational Strategy**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
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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.

- F. Potential conflicts of interest shall be disclosed in a timely manner, and whenever possible, prior to engaging in a potential conflict of interest.

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.: June 10, 2022
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 Alleged Inappropriate Travel Expense Reimbursements
Internal Audit Report
January 31, 2023

Key Staff: Various	Auditor: Blayne M. Clements CIA, CFE, CRMA
Introduction: On December 20, 2022, the Office of Internal Audit was informed the Executive Director of the Center for Extended and International Education had submitted a travel claim with a fabricated document.	
Objectives: To review travel payments to the Executive Director and determine if any other irregularities existed.	
Scope: Travel payments to the Executive Director during fiscal year 2022 and fiscal year 2023.	
Field Work: During the scope of the audit, the Executive Director was reimbursed for travel expenses totaling \$16,132 for 8 different trips. Six trips were international (Mexico, Spain and London) and two trips were domestic. The supporting documentation for each trip was reviewed.	
Results: <u>Out of State Trip</u> – The Executive Director requested and received a reimbursement for expenses related to a three day trip to an out of state university. The stated business purpose of the trip was to attend an event - “Continuing Education: Regional Status Updates and Focus on Micro-Credentials”. The Executive Director submitted an event agenda with their travel claim. The agenda stated the event was held at a certain hotel and sponsored by the Continuing Education Department of the out of state university. The agenda appeared fabricated. Internal Audit contacted the Director of Internal Audit at the out of state university, who agreed the agenda did not look like an official university document. The director contacted various employees/departments and could not confirm the event occurred. Additionally, the director could not locate any payments to the hotel for meeting/conference space. The Executive Director was reimbursed \$828.14 for related travel expenses. When interviewed by internal audit, the Executive Director confirmed the event did not occur and there was no business reason for the trip. <u>Mexico Trip</u> – The Executive Director requested and received reimbursement for expenses related to a seven day trip to Mexico. The stated business reason for the trip was to perform site due diligence for possible service learning projects. The Executive Director provided an invoice for a five night stay at an educational center of \$515.00 for lodging and \$100.00 for airport transfers. The invoice stated the expense was paid in cash. The invoice was determined to be fabricated. When interviewed, the Executive Director denied the invoice was fabricated. <u>Travel Expenses paid by a Third Party</u> – In four of the six international trips that occurred during the scope of the audit, the Executive Director noted some expenses, such as airfare and lodging, were paid by a third party. The stated business purpose of the four trips were similar – recruitment, workshops, and partner development. The travel claims did not provide any documentation showing what expenses were paid by a third party or who paid them. Additionally, the Executive Director did not provide documentation related to the details of the trips, such as an itinerary. Without these documents, internal audit lacks the information needed to conduct a full review. When a third party is paying an employee’s expenses, there is an increased risk of a potential conflict	

of interest which needs to be managed and also creates a lack of transparency regarding the details of the trip.

Recommendations:

1. Management should take appropriate disciplinary action against the Executive Director.
2. Management should seek reimbursement of the funds paid to the Executive Director for the travel to the out of state university.
3. If a third party is paying an employee's travel expenses, management should obtain documentation clarifying what expenses were paid, why those expenses were paid, who paid the expenses and consider any potential conflict of interest concerns.
4. To ensure future business trips have a business purpose for the entire length of the trip, management should obtain and review itineraries or similar documentation.

Management's Response:

1. The Executive Director was terminated on January 24, 2023. In accordance with state law and university policy, the Executive Director was terminated for gross misconduct and will not be paid the value of their unused annual leave.
2. The university will recoup the cost of the trip to the out of state university by withholding the cost of the trip from the Executive Director's final paycheck.
3. The Vice President for Finance and Administration will collaborate with key employees to create a procedure to identify when a third party is paying all or a portion of the travel expenses for a university employee and to identify any potential related conflict of interest issues.
4. The Vice President for Finance and Administration will communicate to the Senior Leadership team and other key employees the importance of ensuring the business purpose of travel is documented, i.e. conference schedules, itineraries, etc.

Austin Peay State University
Review of the Office of Equity, Access and Inclusion
Internal Audit Report
February 1, 2023

Key Staff: Chief Diversity Officer	Auditor: Blayne M. Clements CIA, CFE, CRMA
<p>Introduction: The mission of the Office of Equity, Access and Inclusion (OEAI) is to coordinate and help lead institutional efforts toward creating and maintaining an inclusive campus environment that serves the needs of all students, faculty, and staff by fostering a diverse and equitable campus environment free from discrimination and harassment.</p> <p>The office investigates complaints of potential discrimination and harassment, assists the Office of Human Resources during the hiring process, provides relevant training to the campus community and other related activities. The office works with the university's Diversity Committee to recruit, retain, advance, recognize and promote a diverse population of students, faculty and staff.</p>	
<p>Objectives: The objective was to review the office's operations and provide assurance on a variety of topics, including:</p> <ul style="list-style-type: none">• Fixed Assets and Equipment• System Access• Compliance (<i>Title IV and Title IX compliance were excluded</i>)• Finance (including payroll, travel expenses, purchasing and budget monitoring)• Physical Security	
<p>Scope: August 1, 2022 to October 31, 2022</p>	
<p>Field Work: The audit included interviewing key staff, reviewing a variety of documentation and performing tests of significant controls.</p>	
<p>Results: The results of the review indicate the Office of Equity, Access and Inclusion has adequate internal controls over operations.</p>	

APSU - Status Report on Outstanding Internal Audit Recommendations as of February 17, 2023

	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	2/16/2022	Payroll Office Management should ensure aid provided to international students is properly and timely considered for any potential tax considerations.	Assistant Vice President for Finance/ Executive Director of International Education	Original 8/1/2022 Revised 1/1/2023	In Progress	NA
2	1/30/2023	Review of Inappropriate Travel Expenses Reimbursements Management obtain appropriate documentation when a third party is paying any travel expenses of an employee and review for any potential conflict of interest concerns.	Vice President for Finance and Administration	5/31/2023	Not Yet Due	NA
3	1/30/2023	Review of Inappropriate Travel Expenses Reimbursements Management should ensure all business trips made by employees have a documented business purpose, such as itineraries, conference agendas, etc.	Vice President for Finance and Administration	5/31/2023	Not Yet Due	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

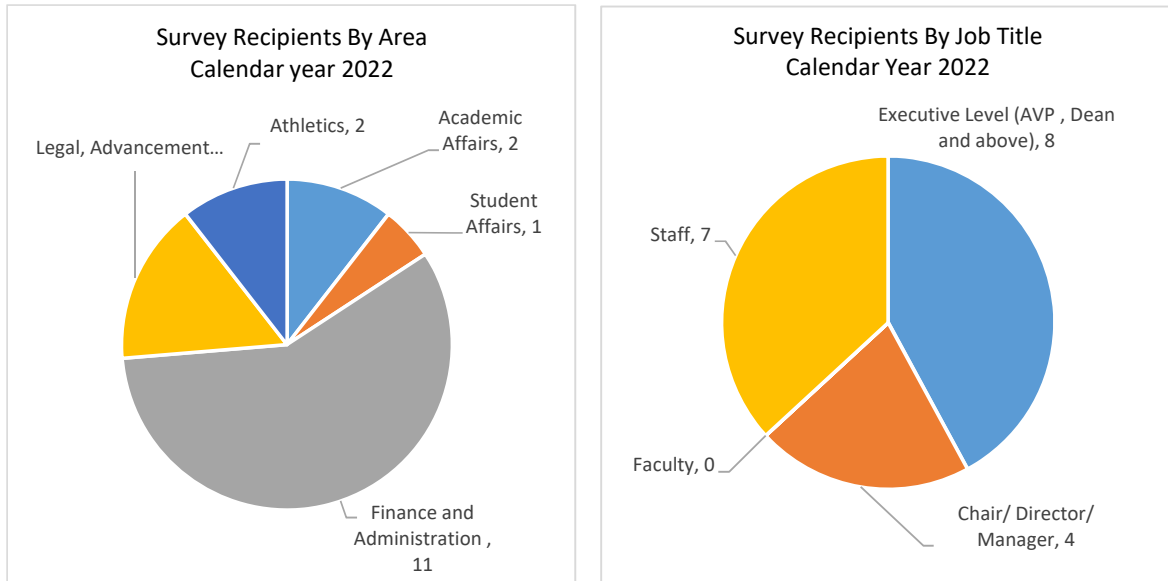
10. What suggestions do you have for improving the audit process? What did you especially like or dislike?



Calendar Year 2022- Customer Satisfaction Survey

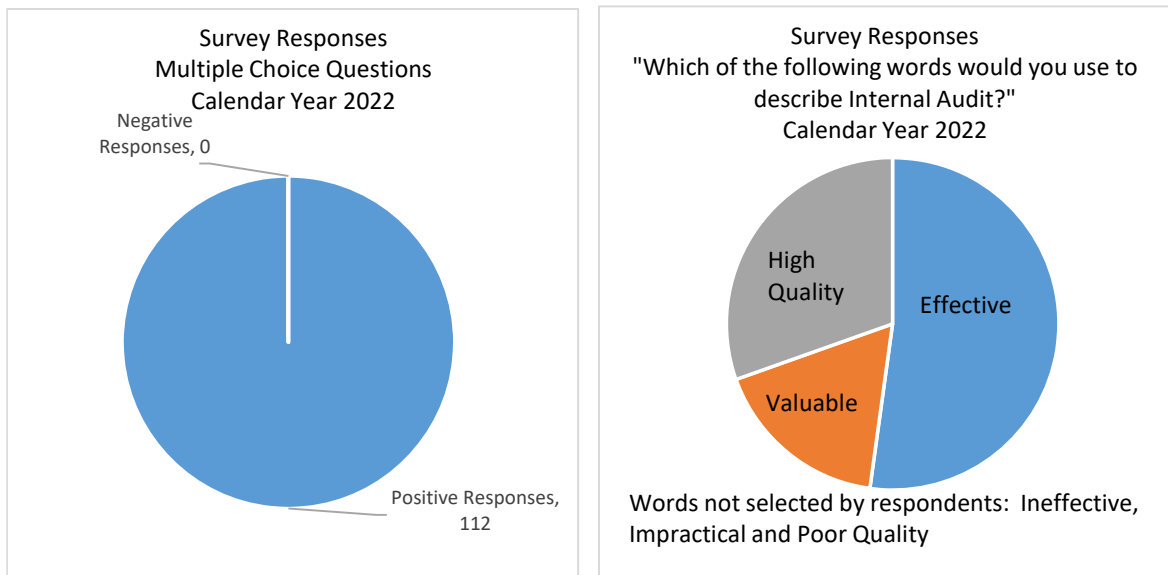
Calendar Year 2022 - Who received the Client Satisfaction Survey?

Internal Audit identified 19 key employees who had significant contact with the Office of Internal Audit for reviews completed in calendar year 2022. The demographics of the survey recipients is summarized below.



What did they say?

As of January 31, 2023 (when the survey was closed), 14 surveys had been completed (74%). Survey responses are summarized below.



Survey Comments:

I appreciate the fact that Blayne Clements was thorough and set aside extra time if needed to explain the process. He was considerate of demands to our office and flexible in scheduling appointments with us.

You rock!

My only suggestion would be to have an initial discussion with dept head/director of department and lay out an expectations list and review of needed items.

Qualifications of Quality Assurance Team Members

Mark Eisenman, CPA, CFE (Team Lead) - Mr. Eisenman is the Chief Audit Executive for the Idaho Office of the State Board of Education (OSBE). The OSBE system includes Boise State University, Idaho State University, Lewis-Clark State College and the University of Idaho. Mark has over twenty years of audit experience, with seventeen being in higher education. Mark has participated on six Quality Assurance Reviews. Institutions reviewed include the Nevada System of Higher Education, the Tennessee Board of Regents, Austin Peay State University, Wichita State University and the University of North Texas. He has also led four QAR self-assessments for Boise State University.

Heather Lopez, CIA, CFE (Team Member) – Ms. Lopez is the Chief Audit Executive at Washington State University (2005-present). Heather has over twenty years of audit experience, with eighteen being in higher education. Heather has participated in four Quality Assurance Reviews (two in the lead role) at the University of North Texas System, the University of Alaska System, the University of Idaho, and the University of Utah.