



AUDIT COMMITTEE

Austin Peay State University

317 College Street

Clarksville, TN 37040

June 9, 2023

At the conclusion of the Executive Committee

Zoom link:

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

Call to Order

Roll Call/Declaration of a Quorum

Approval of Minutes

Action Items

A. Internal Audit Plan 2024

Information Items

A. Review of Internal Audit Reports issued between February 18, 2023 and May 11, 2023, with a list of outstanding recommendations

B. Overview of Recently Completed External Review

Adjourn

EXPERIENCE AUSTIN PEAY
2022-2027 STRATEGIC PLAN





Audit Committee Minutes

Friday, March 17, 2023

317 College Street, Clarksville, TN 37040

Call to Order

Trustee Mealer, committee chair, called the meeting to order at 9:18 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, ex officio	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

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

Approval of Minutes

Trustee Mealer presented the minutes of the December 2, 2022, meeting of the Audit Committee to the committee for approval. She asked if there were any corrections or additions to the minutes. There were none.

Trustee Atkins moved to approve the minutes of the Audit Committee as written. Trustee Cannata seconded the motion. A voice vote was taken, and the motion carried unanimously with five trustees voting yes.

Action Items

A. Review of Fiscal Year 2023 Revised Audit Plan

Trustee Mealer recognized Blayne Clements, chief audit officer, for a report. Clements explained the Office of Internal Audit prepares an annual Audit Plan at the beginning of each fiscal year. The plan is based on the staffing and time resources available to perform audits and is prepared in conjunction with an annual risk analysis of the university's auditable areas. The Audit Committee approved the fiscal year 2023 Internal Audit Plan on June 10, 2022. During the year, changes in audit priorities may result in alterations to the plan. The *International Standards for the Professional Practice of Internal Auditing*, issued by the Institute of Internal Auditors (IIA), requires the audit plan, and any significant changes to the plan, be approved by the Audit Committee.

Trustee Cannata moved to approve the 2023 Revised Audit Plan. Trustee Roe seconded the motion. A voice vote was taken, and the motion carried unanimously with five trustees voting yes.

Information Items

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

Trustee Mealer recognized Clements for a report. Clements explained that the Division of State Audit, under T.C.A. 4-3-304, performs an annual financial and compliance audit of Austin Peay State University. Their report for fiscal year 2022 was issued on February 7, 2023 and contained no noted deficiencies in internal controls, no instances of non-compliance that needed to be reported, and contained no findings.

B. Review of Internal Audit Related Documents

Trustee Mealer recognized Clements for a report. Clements explained that various documents require the Audit Committee to periodically review certain internal audit related charters and policies. This review is historically completed at the March meeting. Clements discussed the Audit Committee Charter, the Internal Audit Charter, the Internal Audit Policy (Policy 1:015), the Preventing and Reporting Fraud, Waste, and/or Abuse Policy (Policy 1:016), the Employee Code of Conduct Policy (Policy 5:043), and the Conflict of Interest Policy (Policy 1:001).

C. Internal Audit Reports issued between November 5, 2022, and February 17, 2023, and List of Outstanding Audit Recommendations

Trustee Mealer recognized Clements for a report. Clements discussed two audits completed between Nov. 4, 2022 and Feb. 17, 2023. Clements discussed the Review of Alleged Inappropriate Travel Expense Reimbursements report released on January 31, 2023 and the Review of the Office of Equity, Access and Inclusion report released on February 1, 2023.

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.

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

Trustee Mealer recognized Clements for a report. Clements explained that the Office of Internal Audit is committed to a continuous quality assessment and improvement program. This program includes periodically soliciting feedback directly from the clients served about the quality of services provided. At the beginning of each calendar year, the Office of Internal Audit sends a 10-question survey to staff who have had significant interaction with the office pursuant to internal audit engagements during the previous calendar year. The survey responses are anonymous to ensure candid feedback. Internal Audit sent the survey to 19 key employees who had significant contact with the office in calendar year 2022 and received 14 responses. A copy of the survey and the results of the calendar year 2022 survey were included in the board materials.

E. Review of Quality Assurance Review Team Members

Trustee Mealer recognized Clements for a report. Clements explained that state law requires the Office of Internal Audit to comply with the mandatory guidance issued by the Institute of Internal Auditors (IIA). This guidance requires an external assessment of the internal audit function be conducted at least once every five years by a qualified independent assessor or assessment team from outside the organization. The most cost-efficient option for an external assessment is performing a self-assessment whose opinion is validated by an external review team. The last external review was conducted in the summer of 2018, and the Office of Internal Audit received the highest rating possible, "generally conforms." The next external assessment is due August 31, 2023. The FY2023 audit plan contains a project for an internal self-assessment which will be validated by an external review team. An external review team of two qualified volunteers with extensive experience doing such reviews has been located and a summary of their qualifications was included in the meeting materials. The review is expected to begin this summer.

Adjournment

Trustee Jenkins moved to adjourn the public portion of the Audit Committee meeting. Trustee Roe seconded the motion. A voice vote was taken and carried unanimously with five trustees voting yes. The meeting adjourned at 9:44 a.m.



Audit Committee – Executive Session Minutes

Friday, March 17, 2023

317 College Street, Clarksville, TN 37040

Call to Order

Trustee Mealer called the confidential, nonpublic executive session to order at 9:46 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, ex officio	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

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

Executive Session

Trustee Mealer recognized Dannelle Whiteside, vice president for the Division of Legal Affairs and Organizational Strategy, for a discussion of litigation and reminded the attendees that everything discussed is to be considered confidential and not shared outside the session.

Trustee Mealer then recognized Blayne Clements, chief audit officer, for a discussion of open investigations.

Adjournment

The meeting adjourned at 10:08 a.m.

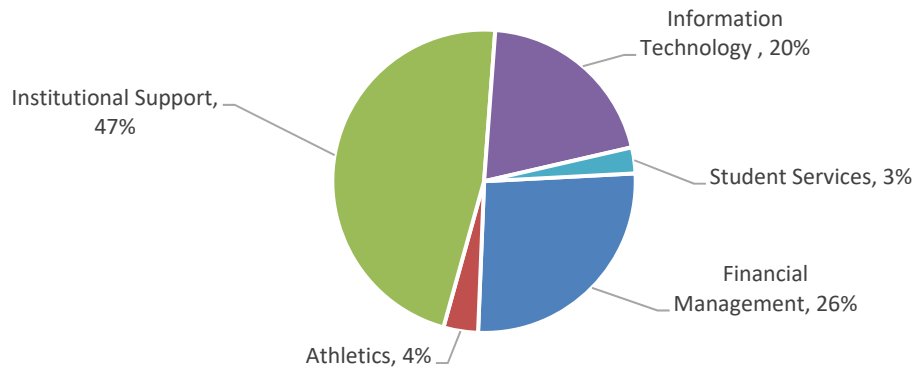
**Austin Peay State University
Internal Audit Plan
Fiscal Year Ended June 30, 2024**

Type	Area	Audit
Required	FM	President's Office 2024
Required	FM	President's Office 2023
Required	AT	Athletic Affiliate - 2023
Required	AT	Athletic Affiliate - 2024
Required	FM	State Audit Follow-Up (FY2023 Financial Statement Audit)
Management's Risk Assessment	SS	Risk Assessment - Student Affairs
Required	IS	Quality Assurance Review - External Validation
Required	IS	Unscheduled Investigations
Follow up	IS	Internal Audit Follow Up
Consulting	IS	General Consultation
Special Request	IS	Campus Police - Evidence Room
Risk Based	IS	Legal Affairs, Public Relations and Organizational Strategies
Risk Based	IS	Business Continuity Planning
Risk Based	IT	Data Security
Risk Based	IT	Information Technology
Risk Based	FM	University Issued Credit Cards

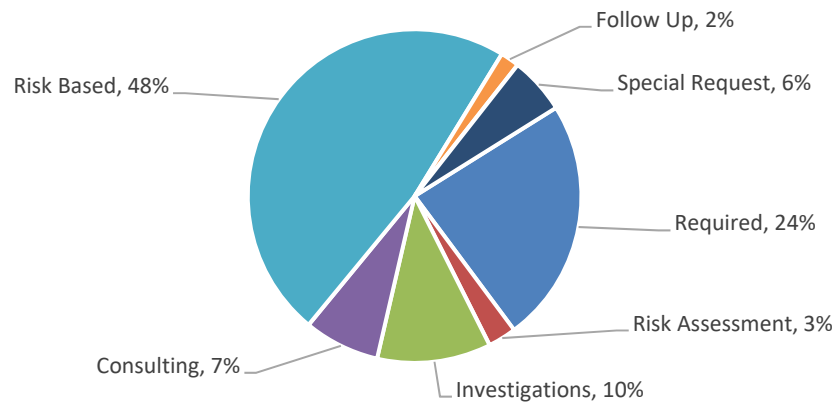
Functional Areas:
 AD - Advancement
 AT - Athletics
 FM - Financial Management
 IA - Instruction & Academic Support
 IS - Institutional Support
 IT - Information Technology
 SS - Student Services

Note: The audit universe includes 96 programs, departments or processes.

Internal Audit Plan
FY2024
Audit Time By Area



Internal Audit Plan
FY2024
Audit Time by Audit Type



Austin Peay State University
Review of Dining Services Contract
Internal Audit Report
April 14, 2023

Key Staff: Assistant Vice President for Student Affairs	Auditor: Blayne M. Clements CIA, CFE, CRMA
Introduction: Effective July 1, 2022, the university entered into a 15 year contract with a third party for dining services. The dining services vender operates ten dining locations, two convenience stores and is the primary caterer for on-campus events. Except for students living in Emerald Hills Apartments and Two Rivers Apartments, all students living on campus must purchase a meal plan. In addition, students living off campus, faculty and staff can purchase individual meals or meal plans. In fall 2022, 1,196 meal plans were sold and over 74,400 meals were served in the cafeteria.	
Objectives: To determine compliance with significant portions of the dining services contract. The clauses examined, included but were not limited to: <ul style="list-style-type: none">• Financial issues• Insurance requirements• Health inspections• Data security clauses• Capital improvements• Gifts in kind• Scholarship allowance	
Scope: July 2022 through January 2023	
Field Work: The audit included interviewing key staff, reviewing a variety of documents and reviewing significant controls.	
Results: <ol style="list-style-type: none">1. Gift in kind catering services should be accounted for in the university accounting system. <p>The vendor is contractually obligated to provide gift in kind catering services each year (\$85,000 in fiscal year 2023). Historically, the university has deemed this dollar amount immaterial and did not record the related revenue or expenses in the accounting system. However, with this being the first year of a new contract and new leadership in the finance area, the Associate Vice President for Budget and Finance stated they would prefer to start recording the information in the accounting system.</p> <p>Recommendation: The Assistant Vice President for Student Affairs and Associate Vice President for Budget and Finance should collaborate to ensure gift in kind catering revenue and expenses are recorded in the accounting system.</p> <p>Management’s Response: We concur. The Assistant Vice President for Student Affairs and Associate Vice President for Budget and Finance have developed a process to ensure gift in kind catering</p>	

transactions are recorded in the accounting system. The transactions should be recorded by June 30, 2023 and will retroactively include transactions since the beginning of the contract period.

Based on audit tests performed, adequate controls are in place to ensure compliance with significant clauses of the dining services contract, except as noted in the recommendation above.

Austin Peay State University
Review of Grants Administration
Internal Audit Report
May 10, 2023

Key Staff: Various	Auditor: Beth Chancellor, CFE
<p>Introduction: In recent years, the university has experienced significant growth in grant activity. In fiscal year 2022, the university had 80 non-financial aid grants, totaling over \$9.9 million dollars – about double the amount from fiscal year 2017. This review was added to the FY2023 audit plan because of the growth in grant activity, as a result of recent staff turnover and reorganization, and since the area had not been reviewed before.</p> <p>Grants Administration is managed by the Office of Research and Sponsored Programs (ORSP) in Academic Affairs. ORSP provides support for research opportunities to faculty, staff, and administrators. The services provided by ORSP include assisting with locating funding opportunities, grant development, grant workshops, pre-award compliance, and non-financial post-award services. Grants Accounting is managed by Accounting Services in the Business Office. Grants Accounting performs financial post-award services which includes the preparation of financial reports as well as assisting with regulatory and compliances issues.</p>	
<p>Objective: To ensure adequate internal controls exist over grants administration while focusing on post-award procedures. The review examined compliance with key sections of relevant university policies.</p>	
<p>Scope: Post-award procedures for grants ending between June 1, 2022 and September 30, 2022.</p>	
<p>Field Work: The audit included interviewing key staff, reviewing a variety of documents and reviewing significant controls.</p>	
<p>Audit Results:</p> <p>1. Develop process to ensure invoices are sent out timely and grants are closed out appropriately.</p> <p>The audit revealed the final invoice for a grant that ended September 30, 2022 had not been submitted within sixty (60) days of the end date as required by the grant agreement. As a result of this review, the final invoice was submitted to the Grantor State Agency and reimbursement was received on April 17, 2023 in the full amount of \$109,179.</p> <p>Recommendation: The Grants Accountant should run a fund balance report monthly in order to monitor negative cash balances on a regular basis and invoice as necessary.</p> <p>Management’s response: We concur. A fund balance report has been created and will be run monthly by the Grants Accountant starting June 2023. By running the report monthly, the Grants Accountant will complement their normal processes to monitor negative fund balances on a regular basis and invoice as necessary.</p> <p>Based on audit tests performed, adequate controls are in place to ensure compliance with key sections of relevant university policy, except as noted in the recommendation above.</p>	

APSU - Status Report on Outstanding Internal Audit Recommendations as of May11, 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
2/16/2022	<p>Payroll Office Review</p> <p>Management should ensure aid provided to international students is properly and timely considered for any potential tax considerations.</p>	<p>Assistant Vice President for Finance/ Executive Director of International Education</p>	<p>Original 8/1/2022</p> <p>Revised 1/1/2023</p>	<p>In Progress</p>	<p>NA</p>
1/30/2023	<p>Review of Inappropriate Travel Expenses Reimbursements</p> <p>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.</p>	<p>Vice President for Finance and Administration</p>	<p>5/31/2023</p>	<p>Not Yet Due</p>	<p>NA</p>
1/30/2023	<p>Review of Inappropriate Travel Expenses Reimbursements</p> <p>Management should ensure all business trips made by employees have a documented business purpose, such as itineraries, conference agendas, etc.</p>	<p>Vice President for Finance and Administration</p>	<p>5/31/2023</p>	<p>Not Yet Due</p>	<p>NA</p>
4/14/2023	<p>Review of Dining Services Contract</p> <p>Gift in Kind catering services should be accounted for and tracked in the accounting system.</p>	<p>Associate Vice President for Budget and Finance and the Assistant Vice President of Student Affairs</p>	<p>6/30/2023</p>	<p>Not Yet Due</p>	<p>NA</p>
5/10/2023	<p>Review of Grants Administration</p> <p>The Grants Accountant should run a fund balance report monthly in order to monitor negative cash balances on a regular basis and invoice as necessary.</p>	<p>Associate Vice President for Budget and Finance and the Grants Accountant</p>	<p>6/30/2023</p>	<p>Not Yet Due</p>	<p>NA</p>