



AUDIT COMMITTEE

Austin Peay State University

16 Browning Drive, Clarksville, TN 37040

June 7, 2024

at the conclusion of the Business and Finance Committee meeting

Stream link:

<https://youtube.com/live/CXok2OVi2Ow?feature=share>

Call to Order

Roll Call/Declaration of a Quorum

Approval of Minutes

Action Items

A. Internal Audit Plan 2025

Information Items

A. Review of Internal Audit Reports Released Between March 1, 2024 and May 9, 2024

B. Review of External Audit Reports

Adjourn





Audit Committee Minutes

Friday, March 22, 2024

416 College Street, Clarksville, TN 37040

Call to Order

Trustee Mealer, committee chair, called the meeting to order at 8:30 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 8, 2023, meeting of the Audit Committee and Audit Committee Executive Session to the committee for approval. She asked if there were any corrections or additions to the minutes. There were none.

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

Action Items

A. Revisions to Policy 1:001 Conflict of Interest

Trustee Mealer recognized Dannelle Whiteside, vice president for the Division of Legal Affairs and Organizational Strategy, for a report. Whiteside explained that the policy on conflict of interest outlines the general principles that should guide the actions of members of the Board and employees; offer illustrations of activities that 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. Revisions to Policy 1:001 clarify statutory requirements for conflicts of interest.

Trustee Roe moved to approve the revisions to Policy 1:001 Conflict of Interest. Trustee Cannata seconded the motion. A voice vote was taken, and the motion carried unanimously with five trustees voting yes.

B. Review of Fiscal Year 2024 Revised Audit Plan

Trustee Mealer recognized Blayne Clements, chief audit officer, for a report. Clements explained that 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 2024 Internal Audit Plan on June 9, 2023. 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 2024 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 Recent Audits and Review Performed by the State Comptroller's Office

Trustee Mealer recognized Tabitha Furlong, audit manager, comptroller of the treasury, to present the results of the recent annual financial and compliance audit of the university. The comptroller of the treasury, Division of State Audit, under T.C.A. 4-3-304, performs an annual financial and compliance audit of Austin Peay State University. The report for fiscal year 2023 was issued on February 29, 2024 and contained three findings. To support the university's compliance with NCAA Bylaws, the state Comptroller's Office also performs certain agreed upon procedures on the statement of revenues and expenses of the university's athletic program. The report included one exception.

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), and the Employee Code of Conduct Policy (Policy 5:043).

C. Review of Internal Audit Reports Released Between November 10, 2023 and February 29, 2024, and List of Outstanding Audit Recommendations

Trustee Mealer recognized Clements for a report. Clements discussed three audits completed between Nov. 10, 2023 and Feb. 29, 2024. Clements discussed the Review of the Police Department Evidence Room report released on November 30, 2023, the Review of Printing Services report released on January 30, 2024, and the Review of Alleged Time Theft in the Office of Admissions report released on February 29, 2024.

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 2023

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 21 key employees who had significant contact with the office in calendar year 2023 and received 11 responses. A copy of the survey and the results of the calendar year 2023 survey were included in the board materials.

Adjournment

Trustee Roe moved to adjourn the Audit Committee meeting. Trustee Cannata seconded the motion. A voice vote was taken and carried unanimously with five trustees voting yes. The meeting adjourned at 8:52 a.m.

**Austin Peay State University
Internal Audit Plan
Fiscal Year Ended June 30, 2025**

Type	Area	Audit
Required	FM	President's Expenses 2024
Required	FM	President's Expenses 2025
Follow -Up	FM	State Audit Follow-Up
Required	IS	IIA Standards Update
Follow-Up	IS	Internal Audit Follow-Up
Investigations	IS	Unscheduled Investigations
Consultations	IS	General Consultations
Management's Risk Assessment	IA	Academic Affairs
Risk Based	FM	Cash Counts
Risk Based	IA	Office of Admissions
Risk Based	IS	Outsourced Services Contracts
Risk Based	SA	Office of Disability Services/ADA/WCAG
Risk Based	SA	Counseling Services
Risk Based	IA	CCTA Funding Formula
Risk Based	FM	Travel Expenses
Risk Based	IT	Technology Access Fee

Functional Areas:

AD - Advancement

AT - Athletics

FM - Financial Management

IA - Instruction & Academic Support

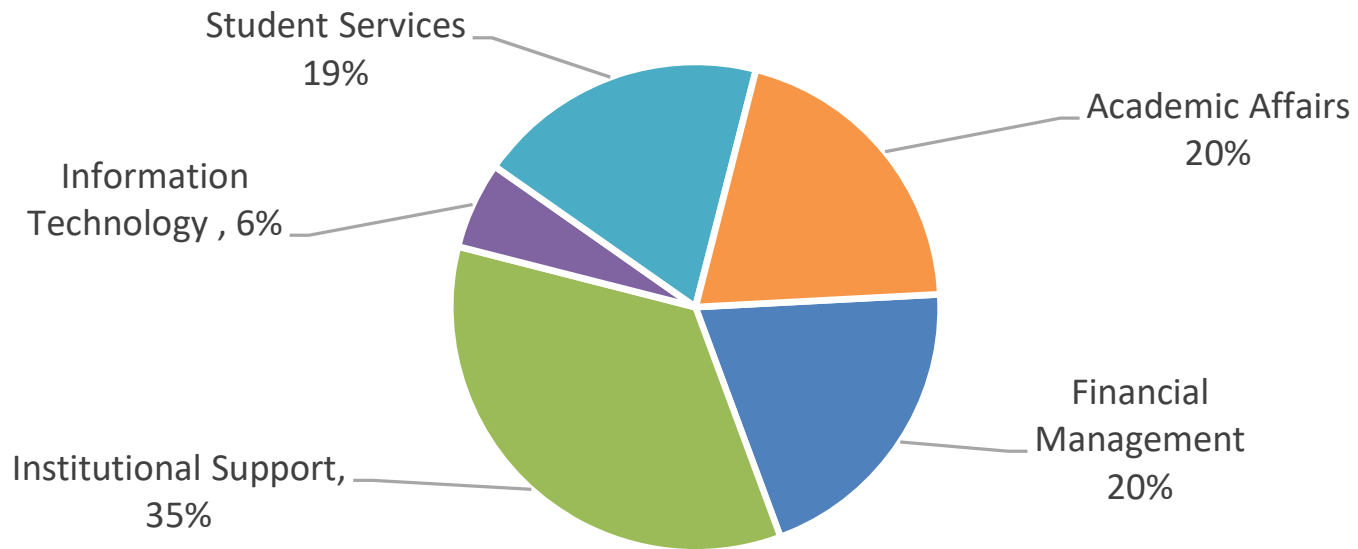
IS - Institutional Support

IT - Information Technology

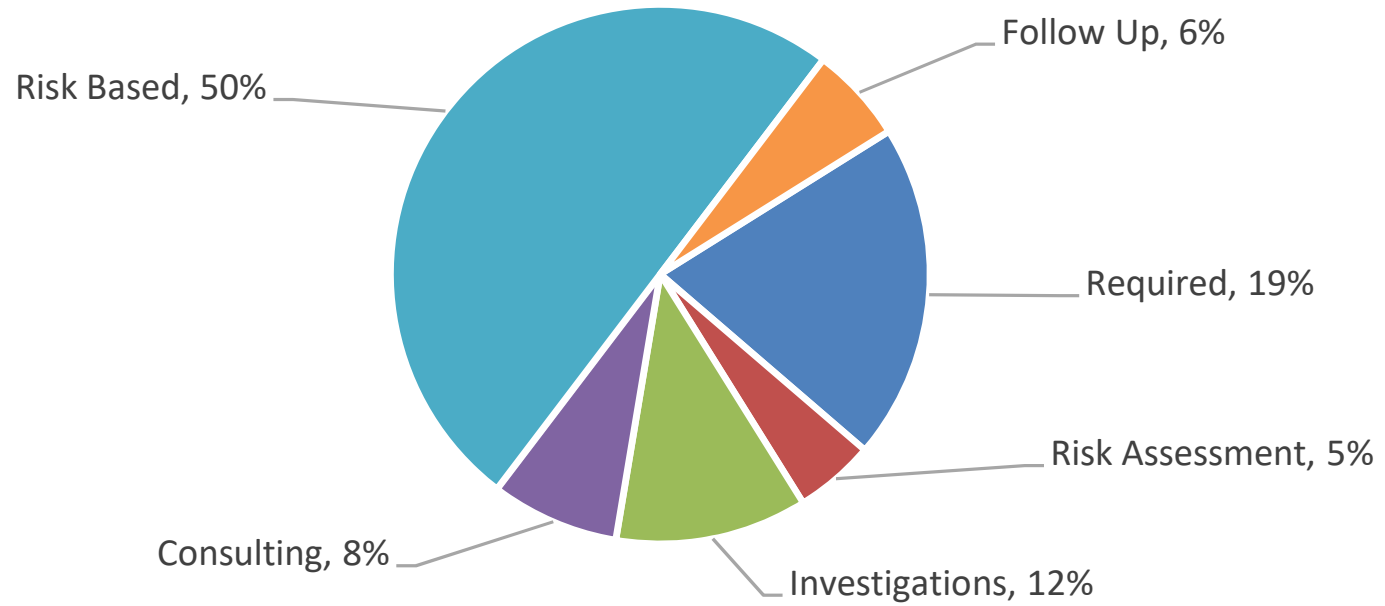
SS - Student Services

Note: The audit universe includes 62 programs, departments or processes.

Internal Audit Plan FY2025 Audit Time By Area



Internal Audit Plan
FY2025
Audit Time by Audit Type



Austin Peay State University
Review of University Corporate Cards
Internal Audit Report
April 18, 2024

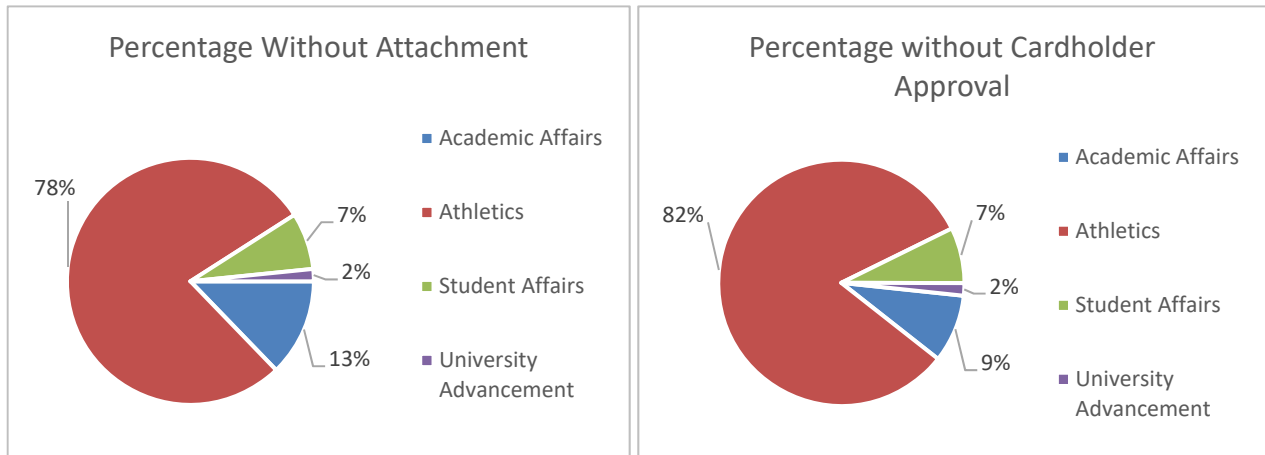
Key Staff: Procurement Services	Auditor: Beth Chancellor, CFE
<p>Introduction: The Office of Procurement Services manages the university’s corporate card program, which provides employees with a convenient means to make allowable business purchases. In order to receive a corporate card, employees complete an online application, obtain the approval of their supervisor and certify they have watched the required corporate card training video created by Procurement Services. Cardholders must follow all applicable state and university policies in order to maintain their card which includes approving transactions monthly and maintaining itemized receipts and support for each transaction.</p> <p>The fiscal year 2024 Internal Audit Plan included Corporate Cards for the following reasons:</p> <ul style="list-style-type: none">• Procurement Services has experienced turnover in recent years;• Purchasing card program and corporate (travel) card program were combined in 2023;• Corporate card program inherently has a high-risk profile; and• Although corporate card use is audited within departmental audits, a university-wide review of corporate card transactions has not been performed since 2021.	
<p>Objective: To provide assurance that management has effective controls in place to ensure corporate card transactions are compliant with university policies and procedures.</p>	
<p>Scope: The review focused on current policies and procedures related to university credit cards. Testwork was performed on transactions between July 1 – November 27, 2023.</p>	
<p>Field Work: When the review began, 351 employees had an active university credit card. During the five-month period under review,</p> <ul style="list-style-type: none">• 302 cardholders had at least one transaction;• 7,206 transactions occurred totaling over \$2.4 million dollars;• the top 20 users accounted for 50% of the total amount spent; and• the Athletics department was responsible for 50% of the total expenses for the time period under review. <p>The audit included interviews with key staff, review of various documentation, and detailed transactional testwork to determine compliance with university policies and procedures. The testwork also included performing data analytics.</p> <p>There are two main controls to ensure card use is for a business purpose and complies with policy. The first control is cardholders have seven days after the closing date for the month to attach a detailed receipt, change the billing account number and add a comment if necessary, and approve the transaction. The second control is that the supervisor reviews the transaction to ensure the transaction had a business purpose, complied with university policy and was accounted for in the correct university account.</p>	

Audit Results:

The audit objective was achieved. Except as noted in the recommendation below, it appears management has adequate controls to ensure corporate card transactions are compliant with university policies and procedures and cardholders perform the required reconciliation of their corporate card account.

Recommendation: Athletics Department should take steps to ensure compliance with university policies and procedures regarding corporate card use.

During the audit period, data analytics showed that 188 transactions did not have an attachment and 246 transactions lacked the cardholder’s approval. As seen below, the Athletics department accounts for the majority of these non-compliance issues.



The dollar amount of the athletic corporate card transactions without a receipt is \$75,204.09. The dollar amount of those lacking the cardholder’s approver is \$87,449.78.

Without a proper detailed receipt, internal audit cannot determine if the expense had a business purpose or complied with university policies. Additionally, transactions that go unapproved by the cardholder are not forwarded to the supervisor and therefore have not undergone any review by management to ensure the transaction had a business purpose or complied with university policies.

The Athletics Department should take corrective action to ensure compliance with the corporate card program requirements, including but not limited to, ensuring all departmental cardholders attend an in-person training annually on proper corporate card usage.

Athletic Department Response: We concur. The Vice President and Director of Athletics will ensure all athletic cardholders receive in-person training regarding the corporate card program by August 2024. The Vice President and Director of Athletics will also stress the importance of complying with the requirements of the corporate card program at staff meetings.

Office of Internal Audit					
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>	Associate Vice President for Budget and Finance/ Director of Study Abroad and International Exchange/ Director of Payroll Services	<p>Original 8/1/2022</p> <p>Revised to 1/1/2023</p> <p>Revised to 12/31/2023</p> <p>Revised to 12/31/24</p>	Not Due	NA
1/30/2024	<p>Printing Services</p> <p>The Director of Projects and Printing should build on recent operational successes by:</p> <ol style="list-style-type: none"> 1. Establishing a budget that is reflective of the departments financial goals and needs, 2. Periodically revisiting the department pricing model to ensure rates are competitive while providing value to the university community, 3. Analyzing the department's long term equipment needs and ensuring adequate funds exist to address those needs. 	Director of Projects and Printing	7/31/2024	Not Due	NA
2/29/2024	<p>Investigation of Time Theft in the Office of Admissions</p> <p>The Assistant Provost for Enrollment Management should establish written guidance on how supervisors are to monitor remote employees, educate supervisors on that guidance and periodically ensure that guidance is being followed.</p>	Assistant Provost for Enrollment Management	6/30/2024	Not Due	NA
4/18/2024	<p>Review of University Corporate Cards</p> <p>The Athletics Department should take corrective action to ensure compliance with the corporate card program requirements, including but not limited to, ensuring all departmental cardholders attend an in-person training annually on proper corporate card usage.</p>	Vice President and Director of Athletics	8/31/2024	Not Due	NA

NOTE: Since the start of the fiscal year, the Office of Internal Audit has made 59 recommendations not deemed significant enough to be included in a formal report.