



Middle Tennessee State University Audit and Compliance Committee

2:00pm CDT
Wednesday
May 17, 2017

President's Conference Room
Cope Administration Building
1301 East Main St.
Murfreesboro, Tennessee 37132



Middle Tennessee State University Audit and Compliance Committee

Wednesday, May 17, 2017 – 2:00 pm

ORDER OF BUSINESS

Call to Order

Roll Call

Remarks by Board Chairperson / President

Information and Discussion Items

1. TN Laws Pertaining to Audit Committees and Internal Audit Tab 1
2. *International Standards for the Professional Practice of Internal Auditing (Standards)*..... Tab 2

Action items

1. Approval of Audit Charter for Office of Audit and Consulting Services . Tab 3
2. Recommendation for Approval of Policies Tab 4
3. Approval of 2018 Audit Plan Tab 5

Other Business

Adjourn – Public Session of Audit and Compliance Committee

Non-Public Executive Session



**Middle Tennessee State University
Audit and Compliance Committee**

Wednesday, May 17, 2017 – 2:00pm

Tab 1

**TN Laws Pertaining to
Audit Committees and Internal Audit**



**Middle Tennessee State University
Board of Trustees**

MEETING: Audit and Compliance Committee

SUBJECT: [TN Laws Pertaining to Audit
Committees and Internal Audit](#)

DATE: May 17, 2017

PRESENTER: Brenda Burkhart

BACKGROUND INFORMATION:

Tennessee laws pertaining to audit committees and the internal audit activities are the Tennessee Higher Education Accountability Act of 2004 and the Tennessee Audit Committee Act of 2005 which are provided for your information.

The Tennessee Higher Education Accountability Act of 2004 required the two systems of higher education in Tennessee to create an audit committee. With the passage of the FOCUS Act in 2016, the Tennessee Higher Education Accountability Act of 2004 was amended to include the governing boards for the six universities. The sections of this law pertaining to Middle Tennessee State University are identified with italic print. TCA 49-14-102(b) of this law concerning the hiring of a chief internal auditor was addressed by the Board of Trustees at the April 10, 2017 board meeting. The annual report on the audit work will be presented to the Audit and Compliance Committee at the meeting following the June 30 year-end. Section (c) of this law also requires compliance with the Tennessee Audit Committee Act of 2005.

The requirements of the Tennessee Audit Committee Act of 2005 were included in either the Bylaws of the Board of Trustees, the Board of Trustees Policies or the Audit and Compliance Committee Charter.

These laws establish the authority, organization and responsibilities of the audit committee and the internal audit activities of the university. They also influence several University policies including the Internal Audit policy and the policy for Preventing and Reporting Fraud, Waste and Abuse.

Title 49 Education
Chapter 14 Higher Education Accountability Act of 2004

Tenn. Code Ann. § 49-14-101 – 49-14-106 (2017)

49-14-101. Short title.

This chapter shall be known and may be cited as the "Higher Education Accountability Act of 2004."

49-14-102. Creation of audit committee – Employment of internal auditor.

In 2017, Tennessee Code Annotated, Section 49-14-102, was amended by deleting the original section in its entirety and substituting instead the following language:

(a) The board of regents and each state university board created under chapter 8, part 2 of this title and the University of Tennessee board of trustees created under chapter 9, part 2 of this title shall each create an audit committee. *Each board is authorized to select one (1) or more certified public accountants or other qualified citizens who are not members of such board to serve on the audit committee.*

(b) *Each audit committee shall employ a person qualified by training and experience to serve as the chief internal auditor. The chief internal auditor shall report directly to the audit committee and respective board and shall be removable only for cause by a majority vote of the respective board. The internal auditor shall file a report on the audit work with the audit committee at least annually.*

(c) *An audit committee created pursuant to this chapter shall also be subject to the State of Tennessee Audit Committee Act of 2005, compiled in title 4, chapter 35.*

49-14-103. Establishment of process for confidentially reporting misconduct.

(a) *The internal auditor shall establish a process by which students, employees, taxpayers or other citizens may confidentially report suspected illegal, improper, wasteful or fraudulent activity. The detailed information received pursuant to such a report of illegal, improper, wasteful or fraudulent activity or any ongoing investigation of the activity shall be considered working papers of the internal auditor and shall be confidential under title 10, chapter 7. Each year the internal auditor shall include within the auditor's annual report a summary of all completed audit activities pursuant to this chapter.*

In 2017, Tennessee Code Annotated, Section 49-14-103, was amended by deleting subsection (b) in its entirety and substituting instead the following language:

(b) *Section 8-50-116 shall apply to all higher education employees. In addition, no higher education employee shall suffer any of the actions specified in § 8-50-116 for reporting to or cooperating with auditors or for reporting any facts to the governing boards of public institutions of higher education or to the audit committees of those boards. It is a Class A misdemeanor to knowingly and willingly retaliate or take adverse action of any kind against any person for reporting alleged wrongdoing pursuant to this chapter.*

49-14-104. Reports – Legislative intent.

In 2017, Tennessee Code Annotated, Section 49-14-104, is amended by deleting the section in its entirety and substituting instead the following language:

The governing boards of all public institutions of higher education shall establish a policy requiring that annual reports detailing expenditures made by, at the direction of, or for the benefit of a system head or chief executive of an institution are to be filed with their respective boards. It is the legislative intent that the policy require the report of discretionary expenditures, which shall include, but not be limited to, unrestricted gifts, foundation funds, athletic funds, sponsorship fees, licenses and royalty funds, and other such funds that would not be included in the operating budget for the system head's or chief executive's office. System heads or chief executives shall not have the authority to grant themselves an exception to fiscal, spending, or travel policies established by their boards or by statute.

49-14-105. Removal of governing board members for neglect of duty.

Members of any governing board of public higher education shall be subject to removal from the board for neglect of duty. The governor may petition for a board member's removal due to neglect of duty and the removal shall be effective upon a majority vote of the voting board members.

49-14-106. Hiring of internal auditors – Termination of employment.

In 2017, Tennessee Code Annotated, Section 49-14-106, is amended by deleting the section in its entirety and substituting instead the following language:

(a) The hiring of community college internal auditors shall be done upon the recommendation of the institutional presidents with the approval of the chancellor or designee of the board of regents system. Termination of employment of community college internal auditors shall require prior approval by the chancellor of the board of regents system and the board's audit committee.

(b) The hiring of campus internal auditors of the University of Tennessee shall be done with the approval of the University of Tennessee president or designee. Termination of employment of University of Tennessee internal auditors shall require prior approval by the University of Tennessee president and the board audit committee.

(c) *Annual or other periodic audits of chief executives shall be performed by an internal auditor or auditors who are not employees of the institution of the chief executive being audited.*

Title 4 State Government
Chapter 35 State of Tennessee Audit Committee Act of 2005

Tenn. Code Ann. § 4-35-101 (2016)

4-35-101. Short title.

This chapter shall be known and may be cited as the "State of Tennessee Audit Committee Act of 2005."

4-35-102. Creation of audit committees.

(a) A state governing board, council, commission, or equivalent body that has the authority to hire and terminate its employees shall create an audit committee, subject to subsection (c).

(b) A state governing board, council, commission, or equivalent body that is responsible for the preparation of financial statements, whether included in the financial statements of other entities or free standing, shall create an audit committee, subject to subsection (c).

(c) A state governing board, council, commission, or equivalent body subject to subsections (a) and (b) may be excepted from the requirement to form an audit committee only upon the approval of the comptroller of the treasury.

4-35-103. Development of charter -- Guidelines for and review of charter -- Approval.

(a) An audit committee created pursuant to this chapter shall develop a written charter addressing the audit committee's purpose, powers, duties, and mission.

(b) The comptroller of the treasury shall establish guidelines for creation of an audit committee charter and shall review the proposed charter to determine whether the charter contains the minimum necessary requirements.

(c) The charter, and any subsequent amendments, shall be presented to the full state governing board, council, commission, or equivalent body, and the comptroller of the treasury for approval.

4-35-104. Standing committee -- Members -- Meetings.

(a) The audit committee shall be a standing committee of the state governing board, council, commission, or equivalent body.

(b) An audit committee created pursuant to this chapter shall have at a minimum three (3) members, chosen as prescribed in the audit committee charter.

(c) (1) The audit committee's charter shall provide for the frequency of and procedures relative to conducting meetings.

(2) The audit committee shall meet upon the request of the comptroller of the treasury.

4-35-105. Responsibilities of audit committee.

The responsibilities of an audit committee created pursuant to this chapter include, but are not limited to:

- (1) Overseeing the financial reporting and related disclosures, especially when financial statements are issued;
- (2) Evaluating management's assessment of the body's system of internal controls;
- (3) Formally reiterating, on a regular basis, to the state governing board, council, commission, equivalent body, or management and staff of the agency to which the audit committee is attached, the responsibility of the state governing board, council, commission, equivalent body, or management and staff of the agency for preventing, detecting, and reporting fraud, waste, and abuse;
- (4) Serving as a facilitator of any audits or investigations of the body to which the audit committee is attached, including advising auditors and investigators of any information the audit committee may receive pertinent to audit or investigative matters;
- (5) Informing the comptroller of the treasury of the results of assessment and controls to reduce the risk of fraud; and
- (6) Promptly notifying the comptroller of the treasury of any indications of fraud.

4-35-106. Powers and duties.

An audit committee created pursuant to this chapter shall have the power and duty to take whatever actions the audit committee deems necessary in carrying out its responsibilities in this chapter, including, but not limited to:

- (1) Seeking information the audit committee requires from employees or external parties;
- (2) Meeting with agency management, board, council, commission, or equivalent body members, external and internal auditors, legal counsel, or others as necessary; and
- (3) Requiring internal auditors to report directly to the audit committee.

4-35-107. Establishment of confidential reporting of illegal, improper, wasteful or fraudulent activity.

(a) An audit committee created pursuant to this chapter shall establish a process by which employees, taxpayers, or other citizens may confidentially report suspected illegal, improper, wasteful, or fraudulent activity. If the information provided causes the chair of the audit committee to believe that illegal, improper, wasteful, or fraudulent activity may have occurred, then the chair of the audit committee shall report the information to the office of the comptroller of the treasury. The comptroller of the treasury shall have the power to prescribe the method of making the report by the chair of the audit committee. The detailed information received and generated pursuant to a report of suspected illegal, improper, wasteful, or fraudulent activity shall be considered audit working papers and is therefore not an open record pursuant to title 10, chapter 7.

(b) Section 8-50-116 shall apply to all state governing board, council, commission or equivalent body employees. In addition, no state governing board, council, commission or equivalent body's employees shall suffer any of the prohibited retaliatory actions specified in § 8-50-116 for reporting or cooperating with the audit committee, internal auditors, or auditors from, or approved by, the comptroller of the treasury, or for reporting any facts to the state governmental body to which the audit committee is attached. Any person who knowingly and willingly retaliates or takes adverse action of any kind against any person for reporting alleged wrongdoing pursuant to this chapter commits a Class A misdemeanor.

4-35-108. Notice of meetings -- Open meetings -- Exceptions.

(a) Except as provided in subsection (b), all meetings of an audit committee created pursuant to this chapter shall abide by the notice requirements adhered to by the state governing board, council, commission, or equivalent body to which the audit committee is attached.

(b) All meetings of an audit committee created pursuant to this chapter shall be subject to the open meetings provisions of title 8, chapter 44, except that the audit committee may hold confidential, nonpublic executive sessions to discuss:

(1) Items deemed not subject to public inspection under §§ 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 § 4-35-107(a), where the informant has requested anonymity.

(c) No business, other than that described under subdivisions (b)(1)-(5), shall be considered during a confidential, nonpublic executive session by the audit committee.

(d) For purposes of providing notice of a confidential, nonpublic executive session, the agenda must disclose the general nature of discussion as described under subdivisions (b)(1)-(5).

(e) A meeting at which both subject matter open to the public and confidential subject matter will be discussed shall be conducted as follows:

(1) All business relating to subject matter that is public in nature shall be conducted first; and

(2) At the conclusion of the meeting relating to subject matter that is public in nature, the chair shall announce that the public portion of the meeting is adjourned and that the remainder of the meeting will concern matters that are confidential under subdivisions (b)(1)-(5). When everyone at the meeting who is not authorized to attend the confidential portion of the meeting has departed, the confidential portion of the meeting shall commence.

(f) This chapter is not intended to prevent the full state governing board, commission, council, or equivalent body from going into confidential, nonpublic executive session for the purpose of further discussing those matters as described under subdivisions (b)(1)-(5). All portions of

meetings of the full state governing board, commission, council, or equivalent body, where matters described under subdivisions (b)(1)-(5) will be discussed, shall be exempt from title 8, chapter 44; provided, that the full state governing board, commission, council or equivalent body shall abide by the notice requirements of subsections (c)-(e).



**Middle Tennessee State University
Audit and Compliance Committee**

Wednesday, May 17, 2017 – 2:00pm

Tab 2

*International Standards for the Professional
Practice of Internal Auditing (Standards)*



**Middle Tennessee State University
Board of Trustees**

MEETING: Audit and Compliance Committee

SUBJECT: *International Standards for the
Professional Practice of Internal
Auditing (Standards)*

DATE: May 17, 2017

PRESENTER: Brenda Burkhart

BACKGROUND INFORMATION:

Tennessee Code Annotated 4-3-304 (9) states that the department of audit has the power and is required to “establish minimum standards for the performance of audits by the internal audit staffs of local governments, special taxing districts, utility districts, political subdivisions, state departments, boards, commissions, institutions, agencies, authorities or other entities of the state. These standards, which shall be established by the comptroller of the treasury, shall include "Standards for the Professional Practice of Internal Auditing" published by the Institute of Internal Auditors, Inc., or such other standards as may be approved by the comptroller of the treasury. All audit reports issued by such internal audit staffs shall include a statement that the audit was conducted pursuant to these standards. Notwithstanding any law to the contrary, working papers created, obtained or compiled by an internal audit staff are confidential and are therefore not an open record pursuant to title 10, chapter 7. "Working papers" includes, but is not limited to, auditee records, intra-agency and interagency communications, draft reports, schedules, notes, memoranda and all other records relating to an audit or investigation by internal audit staff.”

Since state law requires compliance with the Institute of Internal Auditors (IIA), “*International Standards for the Professional Practice of Internal Auditing (Standards)*”, the introduction to the *Standards* is provided for information along with a summary list of the specific topics of the *Standards*. Along with state law, the *Standards* provide guidance for the professional practice of internal auditing.

INTERNATIONAL STANDARDS FOR THE PROFESSIONAL PRACTICE OF INTERNAL AUDITING (STANDARDS)

Introduction to the *Standards*

Internal auditing is conducted in diverse legal and cultural environments; for organizations that vary in purpose, size, complexity, and structure; and by persons within or outside the organization. While differences may affect the practice of internal auditing in each environment, conformance with The IIA's *International Standards for the Professional Practice of Internal Auditing (Standards)* is essential in meeting the responsibilities of internal auditors and the internal audit activity.

The purpose of the *Standards* is to:

1. Guide adherence with the mandatory elements of the International Professional Practices Framework.
2. Provide a framework for performing and promoting a broad range of value-added internal auditing services.
3. Establish the basis for the evaluation of internal audit performance.
4. Foster improved organizational processes and operations.

The *Standards* are a set of principles-based, mandatory requirements consisting of:

- Statements of core requirements for the professional practice of internal auditing and for evaluating the effectiveness of performance that are internationally applicable at organizational and individual levels.
- Interpretations clarifying terms or concepts within the *Standards*.

The *Standards*, together with the Code of Ethics, encompass all mandatory elements of the International Professional Practices Framework; therefore, conformance with the Code of Ethics and the *Standards* demonstrates conformance with all mandatory elements of the International Professional Practices Framework.

The Institute of Internal Auditors
International Standards for the Professional Practice of Internal Auditing (Standards)

Summary of the Standards

1. Attribute Standards

- 1000 Purpose, Authority and Responsibility (Charter)
- 1100 Independence and Objectivity
 - 1110 Organizational Independence
 - 1111 Direct Interaction with the Board
 - 1112 Chief Audit Executive Roles Beyond Internal Auditing
 - 1120 Individual Objectivity
 - 1130 Impairments to Independence or Objectivity
- 1200 Proficiency and Due Professional Care
 - 1210 Proficiency
 - 1220 Due Professional Care
 - 1230 Continuing Professional Development
- 1300 Quality Assurance Improvement Program
 - 1310 Requirements of the Quality Assurance and Improvement Program
 - 1311 Internal Assessments
 - 1312 External Assessments
 - 1320 Reporting on the Quality Assurance and Improvement Program
 - 1321 Use of Conforms with the *Standards*
 - 1322 Disclosure of Nonconformance

2. Performance Standards

- 2000 Managing the Internal Audit Activity
 - 2010 Planning
 - 2020 Communication and Approval
 - 2030 Resource Management
 - 2040 Policies and Procedures
 - 2050 Coordination and Reliance
 - 2060 Reporting to Senior Management and the Board
 - 2070 External Service Provider and Organizational Responsibility for Internal Auditing
- 2100 Nature of Work
 - 2110 Governance
 - 2120 Risk Management
 - 2130 Control
- 2200 Engagement Planning
 - 2201 Planning Considerations
 - 2210 Engagement Objectives
 - 2220 Engagement Scope
 - 2230 Engagement Resource Allocation
 - 2240 Engagement Work Program

Summary of the *Standards*

- 2300 Performing the Engagement
 - 2310 Identifying Information
 - 2320 Analysis and Evaluation
 - 2330 Documenting Information
 - 2340 Engagement Supervision
- 2400 Communicating Results
 - 2410 Criteria for Communicating
 - 2420 Quality of Communications
 - 2421 Errors and Omissions
 - 2430 Use of Conducted in Conformance with the *Standards*
 - 2431 Engagement Disclosure of Nonconformance
 - 2440 Disseminating Results
 - 2450 Overall Opinions
- 2500 Monitoring Progress
- 2600 Communicating the Acceptance of Risks



**Middle Tennessee State University
Audit and Compliance Committee**

Wednesday, May 17, 2017 – 2:00pm

Tab 3

**Approval of Audit Charter for
Office of Audit and Consulting Services**



**Middle Tennessee State University
Board of Trustees**

MEETING: Audit and Compliance Committee

SUBJECT: [Approval of Audit Charter for
Office of Audit and Consulting
Services](#)

DATE: May 17, 2017

PRESENTER: Brenda Burkhart

BACKGROUND INFORMATION:

The International Standards for the Professional Practice of Internal Auditing (Standard 1000) requires, "The purpose, authority, and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Mission of Internal Audit and the mandatory elements of the International Professional Practices Framework (the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the Standards, and the Definition of Internal Auditing). The chief audit executive must periodically review the internal audit charter and present it to senior management and the board for approval."

The Audit Charter presented for approval was adapted from the July 2015 Audit Charter signed by the Director of Audit and Consulting Services and the President and approved by the Tennessee Board of Regents Audit Committee. This new Audit Charter reflects governance by the Middle Tennessee State University Board of Trustees and the Audit and Compliance Committee.

Introduction

Middle Tennessee State University is an institution within the Tennessee higher education community. Middle Tennessee State University is governed by the Board of Trustees, consisting of 10 members (the Board) as determined by state law. The Audit and Compliance Committee is a standing committee of the Board. In accordance with the “State of Tennessee Audit Committee Act of 2005,” the chief audit executive reports directly to the Audit and Compliance Committee of the Board and oversees the internal audit function. Middle Tennessee State University employs an audit staff of four professionals including the chief audit executive.

Purpose

Audit and Consulting Services is an independent objective assurance and consulting activity designed to add value and improve Middle Tennessee State University management systems. Audit and Consulting Services helps Middle Tennessee State University accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. Audit and Consulting Services assists Middle Tennessee 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 opinion or conclusions regarding an entity, operation, function, process, system, or other subject matters. 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.

Middle Tennessee State University's management has the primary responsibility for establishing and maintaining a sufficient system of internal controls.

Authority and Scope

Audit and Consulting Services review of operations may include the examination and evaluation of the effectiveness of all aspects of university operations at Middle Tennessee State University. In the course of its work, Audit and Consulting Services has full and complete direct access to all Middle Tennessee State University books, electronic and manual records, physical properties, and personnel information relative to the performance of duties and responsibilities. All documents and information provided to Audit and Consulting Services during their work will be handled in the same prudent manner that Middle Tennessee State University expects of the employees normally accountable for them.

Audit and Consulting Services 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 they would normally be expected to review or evaluate as part of the normal audit function.

Responsibility and Role

MTSU Policy 70, *Internal Audit*, states the role of the internal audit function is to contribute to the improvement of the University's operations by providing objective and relevant assurance regarding risk management, control and governance processes to management and the Board. Meaningful internal auditing requires cooperation among Audit and Consulting Services, Middle Tennessee State University's administration, and the department under audit. In fulfilling their responsibilities, Audit and Consulting Services 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 Audit and Compliance Committee, President and other university management who 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 university 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 T.C.A. 49-14-102 and MTSU Policy 70, *Internal Audit*, the chief audit executive reports directly to the Audit and Compliance Committee and the Board.

The internal auditing services provided by Audit and Consulting Services are reported directly to the President and the Audit and Compliance Committee. 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 and Compliance Committee and to the State of Tennessee Comptroller of the Treasury. Management is provided a discussion draft of the audit report prior to the issuance of the report. Audit and Consulting Services is responsible for the timely follow-up on audit findings and recommendations to ascertain the status of management's corrective actions.

Audit Standards and Ethics

Audit and Consulting Services adheres to The Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing (Standards)*, together with the Code of Ethics. The *Standards* consist of core requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity.

Periodic Review of Internal Audit Charter

This charter will be periodically assessed by the chief audit executive 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 senior management and the Audit and Compliance Committee.

Brenda H. Burkhart, Director
Audit and Consulting Services
Middle Tennessee State University

Date

Dr. Sidney A. McPhee, President
Middle Tennessee State University

Date

Trustee Chris Karbowski, Committee Chair
Audit and Compliance Committee
Board of Trustees
Middle Tennessee State University

Date



**Middle Tennessee State University
Audit and Compliance Committee**

Wednesday, May 17, 2017 – 2:00pm

Tab 4

Recommendation for Approval
of University Policies

Middle Tennessee State University
Audit and Compliance Committee
Policies Recommended for Board of Trustees Approval

[A copy of the following policies is included in the attached meeting materials.](#)

Policy No.	Policy Name	Purpose
10	Ethics and Code of Conduct	Best practices calls for a policy such as this which establishes the commitment to conducting business in an ethical and law-abiding manner, and maintaining a business culture that builds and promotes compliance consciousness. The policy references and links to related policies, such as Policy 12 Conflict of Interest, and Policy 71 Preventing and Reporting Fraud, Waste and Abuse. It expresses professional values and employee performance accountability; discusses appropriate use of university resources; and, provides a fiscal code of conduct.
12	Conflict of Interest	This policy sets out the legal parameters for conflicts of interest to be avoided by MTSU employees, and provides examples and explanations of possible conflict of interest situations such as acceptance of gifts, gratuities or favors. References to other related policies are given, where appropriate. The policy provides for disclosure of real or perceived conflicts, and a mechanism for review of disclosures.
20	Diversity	This policy reflects MTSU's commitment to diversity which it deems a crucial element of the educational process. Programs, policies and practices will be designed to increase and sustain diversity. The President appoints a committee with broad campus representation to develop and enhance such programs.

25	Equal Opportunity, Affirmative Action, and Nondiscrimination	This policy concerns compliance with federal and state laws prohibiting discrimination, and is applicable to all aspects of the institution. It also prohibits discrimination based on sexual orientation or gender identity or expression. It is broad in scope and so contains references and links to other policies that detail the complaint and investigation process for complaints of discrimination or retaliation. The responsibilities of the Office of Institutional Equity and Compliance are provided. It contains information about the implementation of an affirmative action plan, and for recruitment, assignment, transfer and promotion of employees, as well as, compensation and training.
30	Policy Development and Review	The policy sets out the process for creating, revising or deleting policies. The process does not apply to Board of Trustee policies which only the Board has jurisdiction over. It provides for a multistep process to enable input from the various segments and constituencies on campus.
31	Faculty and Student Participation in Development of Campus Policies and Programs	SACSCOC requires a policy to provide that faculty and students have input in the development of campus policies and programs. This is a “statement policy” and also contains reference and links to 2 other policies that provide for this input: Policy 30 Policy Development and Review, and Policy 32 University Committees.
50	Timely Reporting of a Substantive Change for Accredited Institutions of the SACSCOC	SACSCOC requires member institutions to have a policy and procedure to ensure that all substantive changes are reported to the Commission in a timely fashion. The policy sets out the procedures for compliance with these requirements.

60	Appeals and Appearances before the Board	This policy sets the parameters for which matters may be appealed to the Board or not. If a matter is appealable, the process to do so is provided. Matters which are not appealable may still be reviewed by the Board at its discretion.
70	Internal Audit	This policy reflects state law which requires the Board to have an audit committee and an internal auditor who reports directly to the Board. It also contains internal auditing standards and the internal auditor's responsibilities.
71	Preventing and Reporting Fraud, Waste, and Abuse	This policy contains information on the aspects of preventing, reporting and investigating fraud, waste and abuse. The policy prohibits discrimination or retaliation against employees for reporting allegations, provides for confidentiality in reporting, and methods for reporting.
120	Public Records-Inspecting and Copying	State statute requires a policy regarding public records, and this policy complies with the model public records policy published by the Office of Open Records Counsel. It sets out the process for requesting inspection or copies of records maintained by MTSU.
605	Reports of Expenditures by the President	State statute requires a policy to require periodic reporting of discretionary expenditures made by, at the direction of, or for the benefit of the president. Statute also requires financial audits of the office of the president by the internal auditor.
606	Assignment of Motor Vehicle to the President	This policy establishes that the president may be issued a car and provided a vehicle allowance. The terms of the allowance are provided.

607	Expenditures for University-Owned Residence of the President	The policy establishes operational and expenditure guidelines for expenditures on the University-owned resident.
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Middle Tennessee State University
Audit and Compliance Committee
Policies Recommended for President Approval

The following policies can be found at the following website:

<http://mtsu.edu/FOCUSpoliciesandstandards/pending/post-comment-policies.php>

Policy No.	Policy Name
15	Legislative Proposals
21	Equal Opportunity: Internal Audit and Reporting Systems
26	Discrimination and Harassment Based on Protected Categories Other Than Sex
27	Misconduct, Discrimination, and Harassment Based on Sex including Pregnancy, Sexual Orientation, and Gender Identity/Expression
32	University Committees
80	Export Control
102	Animals on University Property
110	Cases Heard Pursuant to the Uniform Administrative Procedures Act
121	Privacy of Information
125	Litigation Holds
129	Records Retention and Disposal of Records
140	Intellectual Property



10 Ethics and Code of Conduct

Approved by Board of Trustees

Effective Date:

Responsible Division:

Responsible Office:

Responsible Officer:

I. Purpose

Middle Tennessee State University (MTSU or University) has a fiduciary responsibility to fulfill its overall mission in compliance with applicable policies, laws, regulations and rules, contracts, grants, and donor restrictions. As the University pursues its mission, it is committed to conducting its business in an ethical and law-abiding fashion; it will maintain a business culture that builds and promotes compliance consciousness.

The University is also committed to the core values of honesty, integrity, respect for diversity, engagement in the community, and commitment to non-violence. As part of the University's core values, employees are expected to promote the best interests of students; treat others with respect and civility; conduct University business with the highest level of ethical standards and integrity; utilize University resources in a manner that avoids waste, fraud, and abuse; and maintain a culturally rich and diverse environment in which to work and learn. This policy sets forth standards of conduct to support these core values and, in so doing, to protect the reputation, credibility, financial well-being, and legal obligations of the University.

II. Scope

This policy applies to all employees of the University to include faculty and staff, whether employed full-time, part-time, or temporarily.

III. Policy

All employees of the University are expected to maintain the highest standards of honesty and integrity in the performance of their employment duties. Accordingly, the following are general standards of conduct related to an employee's duty to the University.

- A. Employees must comply with [Policy 12 Conflict of Interest](#). Employees must refrain from using their position at the University, or any privileges obtained through

employment at the University, in a manner that would unduly influence or result in a personal advantage to the employee or to the employee's immediate family members. Employees shall not have any personal interest, financial or otherwise, or directly or indirectly engage in a business transaction or professional activity that conflicts with the proper performance and responsibilities of their duties in the course of University employment, or that provides the appearance of such conflict. As provided for in the Conflict of Interest policy, employees must disclose information on the nature and extent of any financial interests in entities that do business with the University.

- B. Employees must comply with [Policy 71 Preventing and Reporting Fraud, Waste and Abuse](#), and should become familiar with the reporting process.
- C. Employees must comply with [Policy 814 Outside Employment, Extra Compensation and Dual Services Agreements](#) as concerns employment outside of, and in addition to, the employee's responsibilities at the University.
- D. Employees shall not accept any compensation for their service as University employees from any source other than the University, except as may be otherwise provided in other policies such as [Policy 814 Outside Employment, Extra Compensation and Dual Services Agreements](#).
- E. An employee shall not disclose the confidential information of the University obtained during the course of his/her employment, except as required by law, statute, a valid subpoena, or request by a government entity for educational or investigatory purposes. An employee shall not use such information for his/her personal gain or benefit. Such confidential information includes, but is not limited to, student educational records under the Family Educational Rights and Privacy Act (20 U.S.C. § 1232g; 34 CFR Part 99); pharmacy records, treatment records, medical records, and other protected health information; University business and financial records; and University patents, licenses, inventions, research, or other University intellectual property.
- F. An employee shall not engage in conduct or actions that could provide the appearance or impression that improper influence over him/her could favorably affect the outcome of any University contract, award, rank, position, grant, or University-owned asset.
- G. Employees must comply with [Policy 816 Nepotism](#). An employee may not be in a direct supervisory line with his/her relative, nor may the employee participate in the process of review, recommendation, and/or decision making in any manner concerning hiring, opportunity, promotion, salary, retention, or termination of a relative.
- H. Professional Values. Employees should demonstrate the following behaviors in carrying out fiscal and other professional transactions by:
 - 1. According respect to self and others;

2. Exhibiting commitment to both the university and organizational unit;
3. Accepting responsibility; and
4. Striving to enhance one's own capabilities, and provide the highest quality of performance and counsel.

I. Employees shall, in the performance of their duties, be accountable for:

1. Knowing, supporting, and implementing the University's and functional area's operational plans;
2. Exercising prudence and integrity in the management of resources in their custody and in all fiscal transactions in which they participate;
3. Acting in a competent manner and in compliance with applicable policies, laws, regulations, and rules, and contracts, grants, and donor restrictions;
4. Not knowingly being a party to or condoning fiscal misconduct;
5. Reporting fiscal misconduct as required by University policy;
6. Not knowingly signing, subscribing to, or permitting the issuance of any financial statement or report that contains any material misstatement or that omits any material fact;
7. Knowing and fulfilling the fiscal responsibilities set forth in University policy;
8. Preparing or presenting financial information as required by University policies;
9. Protecting privileged or confidential information to which they have access by virtue of their position.

J. Appropriate Use of University Resources

University resources are an important part of the successful delivery of both academic and support services to MTSU's students and community constituents. All employees of the University are entrusted with the responsibility of preserving University resources and using those resources in a prudent manner for their designated purposes and are entrusted with fiscal responsibility for their functional area of responsibility. Accordingly, University resources should only be used in furtherance of the University's mission and operations. Inappropriate use of University resources includes:

1. Faculty or Staff utilizing students or other University employees to advance the faculty or staff member's personal, monetary, or political interests.
2. Granting external entities access to University services, information, technology, or resources for personal gain.

K. Fiscal Code of Conduct

1. All Banner Finance users, HRBanner users, Procurement Card users, and other specified employees shall demonstrate their awareness of and compliance with the

University's Fiscal Code of Ethics through the Acknowledgement Process that follows.

2. Acknowledgment Process. The applicable Fiscal Code of Ethics statement must be signed (as monitored by the responsible party identified in parentheses):
 - a. By employees upon signing their letter of offer for employment with the University (the respective department or college);
 - b. By individuals requesting access to the University's Finance System/MTSource as Finance System Users prior to receiving such access (the appropriate campus Finance System Access Security Coordinator);
 - c. By individuals requesting access to the University's HRBanner and by HRBanner users prior to receiving such access (the appropriate campus HRBanner Access Security Coordinator);
 - d. By individuals asking for authority as a Procurement Card user prior to receiving such authority (Procurement Services);
 - e. By all the Principal Investigators, Project Directors, and everyone associated with a grant, as may be required by the terms of the grant or relevant laws, regulations, or policies; and
 - f. By other employees as required by his/her vice president.
3. If an individual fails to sign the statement as required, the respective Finance System, HRBanner, or Procurement Card access will not be provided. If the individual already has access, then the access will be withdrawn. The failure to sign will be reported to the relevant supervisor for appropriate action. Employees who fail to sign as required will be deemed to have failed to meet a condition of their appointment/employment.

IV. Enforcement

Violations of this policy shall be reported to the Assistant Vice President for Human Resources and/or to the Office of Audit and Consulting Services for the University. An investigation of the allegations will be conducted and recommendations made concerning such disciplinary action as may be appropriate.

Forms: none.

Revisions: none.

References: Policy 12 Conflict of Interest; 71 Preventing and Reporting Fraud, Waste and Abuse; 814 Outside Employment, Extra Compensation and Dual Services Agreements; 816 Nepotism.



12 Conflict of Interest

Approved by Board of Trustees

Effective Date:

Responsible Division:

Responsible Office:

Responsible Officer:

I. Purpose

All employees of Middle Tennessee State University (MTSU or University) serve the interests of the State of Tennessee and its citizens and have a duty to avoid activities and situations that, either actually or potentially, put personal interests ahead of the professional obligations that they owe to the University. All employees serve a public interest role and thus have a clear obligation to conduct all affairs of the University in a manner consistent with this concept.

This policy is intended to (1) define the general principles that guide the actions of MTSU employees, (2) offer illustrations of activities that potentially constitute a conflict of interest, (3) make employees aware of disclosure requirements related to conflicts of interest, (4) provide a means of managing and resolving conflicts of interest, and describe the process by which those disclosures shall be evaluated and decisions rendered, and (5) describe the appeals process regarding such decisions.

II. Scope

This policy applies to all persons employed (either as full-time, part-time, or temporary employees) by MTSU.

III. Definitions

- A. **Conflict of Interest.** A conflict of interest occurs when the personal interests, financial or otherwise, of a person who owes a duty to MTSU actually or potentially diverge from the person's professional obligations to, and the best interests of, MTSU. For the purposes of this policy, a conflict of interest with a vendor or contractor also creates a conflict of interest with any sub-vendor or sub-contractor of the vendor or contractor.

- B. Conflict of Commitment. A conflict of commitment occurs when the personal or other non-University related activities of an employee impair the ability of that employee to meet his/her commitments of time and energy to the University.
- C. Family Member. The spouse and children (both dependent and non-dependent) of a person covered by this policy.

IV. Pertinent Laws

The following lists are intended to indicate sources of information that may provide additional guidance regarding conflict of interest situations. This policy is intended to be consistent with all pertinent federal and state laws, regulations, and policies, as well as, with MTSU policies. To the extent that conflicts arise, federal and state laws, regulations, and policies shall take precedence. The lists are not intended to be exhaustive, and additional laws, regulations, and policies may be implicated in a given conflict of interest situation.

- A. Federal regulations related to research. For information and guidance related to federal funded research and applicable federal regulations, see [Policy 404 Conflict of Interest for Externally Funded Projects](#).
- B. 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).
- C. Tennessee state laws. Various state statutes are pertinent to the issue of conflicts of interest at MTSU including, but not limited to, the statutes listed below. It is significant to note that violation of some of these statutes may lead to criminal penalties.
 1. T.C.A. § 8-50-501, Disclosure statement of conflicts of interest by the President of MTSU.
 2. T.C.A. § 12-2-208, Purchase by officer unlawful Penalty for violation.
 3. T.C.A. §§ 12-2-415 – 417, State surplus property disposition.
 4. T.C.A. § 12-4-106, Prohibition against receiving rebates, gifts, money, or anything of value – Conflict of interest.
 5. T.C.A. § 12-4-101 – 104, Personal interest of officers or employees prohibited; bidding prohibited.

V. Other Relevant Policies. The following non-exclusive list of policies and procedures deal with issues that implicate conflict of interest situations:

- A. Policies and procedures related to purchasing, including, but not limited to:
 - 1. [Policy 632 Purchasing Card \(P-Card\) Program](#)
 - 2. [Policy 637 Cash Purchases and Petty Cash Funds](#)

- B. Policies and procedures related to disposition of state property, including, but not limited to:
 - 1. [Policy 140 Intellectual Property](#)
 - 2. [Policy 404 Conflict of Interest for Externally Funded Projects](#)
 - 3. [Policy 685 Disposal of Surplus Property](#)
 - 4. [Policy 814 Outside Employment, Extra Compensation and Dual Services Agreements](#)
 - 5. [Policy 816 Nepotism](#)

VI. Conflict of Interest

- A. Employees should avoid situations where the self-interests of the employee diverge from the best interests of the University (conflicts of interests).

- B. The mere existence of either a potential or actual conflict of interest does not mean that such conflict must necessarily be eliminated. All actual and potential conflicts of interest must be disclosed and evaluated by the Conflicts Review Committee.

- C. In the following situations and activities, there is at least the appearance, and possibly the actuality, of an employee allowing his/her personal interests, and not the best interests of MTSU, to affect that employee's judgment. This list is illustrative rather than exhaustive.
 - 1. Self-dealing. Situations in which an 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. Examples of self-dealing activities are numerous and include those listed below.
 - a. Purchase of state-owned property by an employee absent fair and open bidding. It is unlawful for any state employee to purchase surplus state-owned property

absent a fair and open bidding process (T.C.A. § 12-2-208 and § 12-2-412; [Policy 685 Disposal of Surplus Property.](#))

- b. Institutional purchases from businesses in which an employee has a financial interest (T.C.A. § 12-4-103). Employees are prohibited from bidding on, selling, or offering to sell, any merchandise, equipment, material, or similar commodity to the State of Tennessee during their employment, or for six (6) months thereafter, or to have any interest in the selling of the same to the state. Violation of this provision is considered a Class E felony.
 - c. Certain bids on state contracts (T.C.A. § 12-4-106(b)). It is a conflict of interest for any employee or any company with whom such employee is an officer, director, or equity owner with more than 1% interest to bid on any public contract for products or services for the University if that person or his/her spouse, dependent children or stepchildren, or relatives related by blood or marriage is responsible for approving such contract for the University.
 - d. Use of educational materials from which a faculty member derives financial benefit. Any faculty member who wishes to use in his/her teaching activities educational materials (e.g. a textbook) that he/she has authored, or in which he/she otherwise stands to benefit financially from such use, has a conflict of interest that must be managed. The faculty member shall make a conflict of interest disclosure to the faculty member's department chair. The disclosure must adequately indicate the facts and circumstances that would support the particular textbook being used. Whether the use of such materials shall be permitted shall be evaluated by the chair along with the department text book committee. 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.
2. Acceptance of gifts, gratuities, or favors.
- a. No employee shall knowingly solicit or accept, directly or indirectly, on behalf of himself/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 employees.

- b. Exceptions. The prohibition on accepting gifts in this section does not apply to:
- (1) A gift with a non-business purpose motivated by a close personal friendship and not by the employee's position with the University;
 - (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 that the value of the gift may not be reduced below the monetary limit by dividing the cost of the gift among two or more persons or entities. The measure is the value of the gift received by each individual person;
 - (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/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 his/her 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 provide sponsorships; or
 - (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 from whom the employee would normally be prohibited from accepting a gift.

3. Inappropriate use of students or support staff. Employees shall ensure that the activities of students or support staff are not exploited for the benefit of any non-University related activity of the faculty or staff member. Prior to assigning any such non-MTSU related task or a task not directly related to the employee's job duties (which is more than incidental or de minimis in nature) to a student or member of the support staff, an employee shall disclose such proposed activities and obtain approval through his/her supervisor and the Office of Human Resource Services. Under no circumstances shall students and support staff be used to perform personal activities for the faculty or staff member while the student's or support staff's time is being paid by the University.
4. Inappropriate use of state or MTSU owned resources. Employees may not make significant use of state or MTSU facilities, equipment, materials, or other resources, not otherwise available to the public, in the course of activities that are not related to MTSU, without prior disclosure and approval. Employees making more than incidental or de minimis use of MTSU owned resources must reimburse MTSU for such use at a fair market rental rate to be established by the Business Office at the time of the request or discovery of such use.
5. Failure to disclose intellectual property. [Policy 140 Intellectual Property](#) governs the rights and responsibilities which persons affiliated with MTSU have regarding intellectual property developed during the term of their affiliation with MTSU. Among the responsibilities enumerated in that policy is disclosure of inventions and those copyrightable works that they have jointly or solely developed or created during their affiliation with MTSU. The author/inventor has the responsibility to provide disclosures pursuant to both [Policy 140 Intellectual Property](#) and this policy.

VII. Conflict of Interest Disclosure Requirements

- A. Allowing a conflict of interest to exist without being addressed in an appropriate manner is a serious violation of an employee's duty to the University and can be a violation of state or federal law. Some conflicts of interests are even punishable as criminal offenses under state law.
- B. Unless a different procedure is specified by state statute or in this policy:
 1. New employees must read this policy and sign an acknowledgement that they have done so. The acknowledgement shall be maintained in the employee's personnel file.
 2. All employees will annually receive a Conflict of Interest Disclosure form. Employees must disclose the facts and circumstances surrounding a situation that might involve a conflict of interest, to include the nature and extent of their financial interest(s) in any entity that does business with MTSU.

3. Employees must submit the completed Conflict of Interest Disclosure form by the prescribed deadline, if they are, or believe they might be, in a conflict of interest position.
 4. At any time throughout the year, if an employee feels that a potential conflict of interest has developed since the annual report, the employee is responsible for completing and submitting an updated Conflict of Interest Disclosure form.
- C. Investigators seeking federal funding must make written disclosures as indicated in [Policy 404 Conflict of Interest for Externally Funded Projects](#) and related procedures. Disclosure of financial interests made pursuant to [Policy 404 Conflict of Interest for Externally Funded Projects](#) and related procedures notwithstanding, such disclosure does not eliminate the responsibility for making disclosures under this policy when specific conflict of interest situations arise.
- D. Special disclosure requirements for the President
1. The President is required to file a financial disclosure form within one month of his/her initial appointment and annually thereafter in January. Disclosure of financial interests made pursuant to this provision notwithstanding, such disclosure does not eliminate the responsibility for making disclosures when specific conflict of interest situations arise. In such cases, the President must make an appropriate disclosure to the University Counsel.
 2. The President's disclosure shall be in the form prescribed by and submitted as directed by the Tennessee Ethics Commission.
 3. Presidents Emeriti must submit any potential conflict of interest to the University Counsel.
- E. Review of Disclosures
1. The President's disclosure shall be evaluated by the Board of Trustees or a duly appointed committee thereof.
 2. Employee made disclosures shall be evaluated by MTSU's Conflict of Interest Committee.
- F. Conflict of Interest Committee
1. The Conflict of Interest Committee (Committee) is an advisory committee and resides under the President's Office. The primary members of the Committee shall

be representatives from the Offices of the University Counsel, Internal Audit, Compliance and Enterprise Risk Management, and Business and Finance. Other areas of the University, such as Human Resource Services, Academic Affairs, Student Affairs, etc., may be brought in to assist the Committee to provide additional insight and expertise depending on the nature of the disclosure submitted.

2. Consistent with this policy, the Committee will evaluate conflict of interest disclosures and situations, determine whether a conflict of interest exists, and advise on what actions may be required to manage, reduce, or eliminate an employee's conflict of interest.
3. If the Committee determines that an employee has a conflict of interest, the employee shall receive notice of the Committee's evaluation and be given an opportunity to appear before that Committee, before the Committee forwards its decision to the President.
4. Any disclosure that indicates an actual violation of law shall be forwarded to the President along with the Committee's findings.
5. The President will determine the appropriate action(s) to be taken.
6. For any conflict that is not a violation of federal or state law, the Committee is permitted: to make a determination that the conflict is de minimus and is permitted to continue; to place restrictions on the employee to manage the conflict; or, to instruct the employee to eliminate the conflict. The Committee will provide the employee its decision in writing.

G. Appeal

1. An employee may file an appeal with the President within ten (10) business days, absent good cause, of receipt of the Committee's decision.
2. The President shall notify the employee in writing of his/her decision within ten (10) business days, absent good cause.
3. The President's decision shall be final and binding.

H. Sanctions

1. Failure to follow any law or MTSU policy relating to conflicts of interest, including 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 action, including but not limited to, termination.

2. The Committee will refer violations to the appropriate Vice President or Provost for appropriate action, if any.

VIII. Conflict of Commitment

The primary work-related commitment of an employee's time and energy should be to the University. Employees should avoid external commitments that significantly interfere with his/her performance of, or impair his/her independence of judgment in the performance of, the employee's duties to MTSU. See [Policy 814 Outside Employment, Extra Compensation and Dual Services Agreements](#). Disclosures of conflicts of commitment shall be made as required in that policy and be evaluated as indicated in that policy.

IX. Interpretation

The President or designee has the final authority to interpret the terms of this policy.

Forms: none.

Revisions: none.

References: Policies 140 Intellectual Property; 404 Conflict of Interest for Externally Funded Projects; 632 Cash Purchases and Petty Cash Funds; 632 Purchasing Card (P-Card) Program; 685 Disposal of Surplus Property; 814 Outside Employment, Extra Compensation and Dual Services Agreements; 816 Nepotism.



20 Diversity

Approved by Board of Trustees

Effective Date:

Responsible Division:

Responsible Office:

Responsible Officer:

I. Purpose

This policy defines and promotes diversity at Middle Tennessee State University (MTSU or University).

II. Introduction

- A. It is the intent of MTSU that it will model and promote diversity at all levels and in all sectors and, as a result of that diversity, will foster environments of equity and inclusive excellence.
- B. Diversity can be broadly defined as differences. When applied within the context of education and the educational community, diversity represents the inclusion and support of groups of people with a variety of human characteristics that go beyond the legally protected classes of race, color, religion, creed, ethnic or national origin, sex (including pregnancy), sexual orientation, gender identity/expression, disability, age (as applicable), status as a protected veteran, and genetic information, to include, but not be limited to, other categories such as socio-economic status, first generation college status, urban or rural upbringing, and other personal characteristics that shape an individual's identity and life experience in a substantive way.

III. Statement of Policy

- A. MTSU specifically finds that diversity of students, faculty, administrators, and staff is a crucial element of the educational process and reaffirms its commitment to enhancing education through affirmative actions to increase diversity at all levels.
- B. The creation and cultivation of programs, policies, and practices designed to increase and sustain diversity is essential in order to be responsive to:

1. Shifting demographics;
2. The need to prepare students to succeed in a global and interconnected world;
3. The need to utilize the talents, experiences, and ideas of a broad group of people in order to achieve excellence;
4. The needs of the corporate, civic, and educational environs for culturally competent individuals, and;
5. The unique mission and vision of the University.

IV. Administrative Responsibility

Duties of the President

- A. The President is responsible for the development and implementation of the diversity program at MTSU.
- B. In carrying out this responsibility, the President shall comply with the following:
 1. Provide positive and assertive leadership in the development and implementation of the campus diversity plan and ensure that appropriate attention is devoted to the plan and initiatives in staff and faculty meetings.
 2. Ensure that campus diversity plans are reviewed annually and progress towards meeting the goals and objectives is assessed.
 3. Appoint a campus committee with broad campus representation.
- C. The charge of the committee should include, but not be limited to:
 1. Gathering and reporting data.
 2. Recommending diversity related initiatives.
 3. Reviewing and assessing progress of diversity initiatives.

Forms: none.

Revisions: none.

References: none.



25 Equal Opportunity, Affirmative Action, and Nondiscrimination

Approved by Board of Trustees

Effective Date:

Responsible Division:

Responsible Office:

Responsible Officer:

I. Statement of Nondiscrimination

It is the intent of Middle Tennessee State University (MTSU or University) to fully comply with the applicable provisions of federal and state civil rights laws, including but not limited to, Executive Order 11246, as amended; the Rehabilitation Act of 1973, as amended; the Americans with Disabilities Act of 1990, as amended; the Vietnam Era Veterans Readjustment Act of 1974, as amended; the Equal Pay Act of 1963, as amended; Titles VI and VII of the Civil Rights Act of 1964, as amended; Title IX of the Educational Amendments of 1972, as amended; the Age Discrimination in Employment Act of 1967; the Age Discrimination Act of 1975; the Pregnancy Discrimination Act; the Genetic Information Nondiscrimination Act of 2008; Section 485(f) of the HEA, as amended by Section 304 of the Violence Against Women Reauthorization Act of 2013, the regulations implementing these Acts found at 34 CFR § 668.41, §668.46, and Appendix A to Subpart D of Part 668 and regulations promulgated pursuant thereto.

MTSU will promote equal opportunity for all persons without regard to race, color, religion, creed, ethnic or national origin, sex (including pregnancy), sexual orientation, gender identity/expression, disability, age (as applicable), status as a protected veteran, genetic information, and any other legally protected class. In doing so, MTSU affirms that it will not tolerate discrimination against any employee or applicant for employment and will not subject any student to discrimination or harassment under any educational program and no student shall be discriminatorily excluded from participation nor denied the benefits of any educational program on the basis of any of the protected categories listed above.

II. Procedures to Address Claims of Discrimination or Harassment

Because different legal requirements apply to claims of discrimination and harassment depending on the protected category claimed to have been violated, separate policies describe the different procedures applicable to claims based on particular protected categories.

- A. Allegations of discrimination and harassment based on sex (including pregnancy) and sexual orientation, gender identity/expression, and sexual misconduct will be addressed pursuant to the procedures set forth in [Policy 27 Misconduct, Discrimination and Harassment Based on Sex Including Pregnancy, Sexual Orientation, and Gender Identity/Expression](#).
- B. Allegations of discrimination and harassment based on categories other than sex, sexual orientation, and gender identity/expression (for example, harassment based on race or disability status) will be addressed pursuant to the procedures set forth in [Policy 26 Discrimination and Harassment based on Protected Categories other than Sex](#).

Complaints may be filed by any current or former student, applicant for employment, or current or former employee who believes he or she has been subjected to prohibited discrimination or harassment, or who believes he or she has observed such activities taking place. Complaints against students alleging discrimination or harassment under either of these policies shall be addressed by the Office of Judicial Affairs and Mediation Services pursuant to the procedures outlined in the applicable policy. Complaints against administrators, faculty, staff, contractors, or third parties alleging discrimination or harassment under either of these policies shall be addressed by the Office of Institutional Equity and Compliance pursuant to the procedures set forth in the applicable policy.

Complaints filed with any external agency, such as the Equal Employment Opportunity Commission, the Office for Civil Rights, or the Tennessee Human Rights Commission, must be forwarded to the Office of the University Counsel once received. This office will coordinate and submit a response on behalf of the University.

III. Statement of Policy

In accordance with the statement of nondiscrimination and letter of commitment from the President, set forth in Section II of the Affirmative Action Plan, MTSU shall not engage in practices which would discriminate against any individual or group for reasons of race, sex, sexual orientation, gender identity/expression, age (as applicable), color, religion, creed, ethnic or national origin, disability, status as a covered veteran, or genetic information. MTSU specifically finds that diversity of students, faculty, administrators, and staff is a crucial element of the educational process and reaffirms its commitment to enhancing education through affirmative action to increase diversity at all levels.

MTSU will take affirmative action to ensure that applicants for employment and employees are treated in a nondiscriminatory manner. Such action shall include, but not be limited to:

- A. Making employment decisions which further the principle of equal opportunity and affirmative action;

- B. Recruiting, hiring, training, and promoting persons in all job titles without regard to any of the foregoing prohibited factors;
- C. Ensuring that promotion decisions are in accord with principles of equal opportunity and affirmative action by imposing only valid requirements for job, educational, and other opportunities; and,
- D. Ensuring that all employment decisions are implemented without prohibited discrimination.

Similarly, in compliance with Title IX of the Educational Amendments of 1972, as amended, MTSU shall not, on the basis of sex, subject any student to discrimination under any educational program. No student shall be discriminatorily excluded from participation in or denied the benefits of any educational program on the basis of a protected status.

IV. Implementation

A. Administrative Responsibility

The President of MTSU has appointed the Office of Institutional Equity and Compliance (IE&C) as the area responsible for developing and implementing the University's Equal Opportunity and Affirmative Action Program and for ensuring fair practices in employment and education.

Pursuant to this appointment, IE&C shall:

1. Ensure that plans are prepared and administered effectively within the time frame established.
2. Promote the Equal Opportunity Program and Affirmative Action Plan and ensure compliance with federal, state, and local laws and statutes, and University policies.
3. Receive and investigate complaints alleging violation of federal, state or local statutes, or University policies that provide protection from discrimination, harassment, and retaliation on the bases of race, color, religion, creed, ethnic or national origin, sex (including pregnancy), sexual orientation, gender identity/expression, disability, age (as applicable), status as a protected veteran, genetic information, and any other legally protected class.
4. Assess the effectiveness of the program and recommend improvements.
5. Ensure that affirmative action plans are developed annually and implemented as a means of aggressively pursuing the principles of equal employment opportunity.

6. Ensure that affirmative action goals and timetables are developed to correct problem areas and situations contributing to the underutilization, underrepresentation, or inequitable treatment of protected class employees.
 7. Provide positive leadership in the implementation of affirmative action programs on the campus and ensure that appropriate attention is devoted to the program in staff and faculty meetings. This shall include informing all supervisors that their performance evaluation will include an assessment of the effectiveness of their participation in the equal opportunity programs and affirmative action plan in compliance with [Policy 810 Staff Performance Evaluations](#).
 8. Gather and report data related to the equal opportunity program and affirmative action plan.
 9. Ensure that policies and procedures are implemented to address all forms of harassment, including a procedure to receive and investigate complaints and recommend necessary action to the President.
 10. Develop and implement educational programs regarding all types of harassment.
- B. Supervisory Responsibility. Each Vice President and other supervisory personnel shall:
1. Disseminate this policy to the employees in the offices and operations for which he or she has immediate responsibility.
 2. Discuss this and other related policies directly with employees -- to answer questions about them, to support them, and to urge support and cooperation by employees.
 3. Seek the assistance of IE&C as necessary.

V. Plan for Affirmative Action

The Affirmative Action Plan is designed to promote and ensure equal opportunity at MTSU. Its goal is to ensure additional efforts to recruit, employ, and promote qualified members of groups and persons formerly excluded, even where exclusion cannot be traced to particular discriminatory actions on the part of the employer. Further, it is the intent of the Affirmative Action Plan to overcome the effects of systematic institutional forms of exclusion and discrimination, which in practice tend to perpetuate the status quo. This plan requires that MTSU determine the underutilization of minorities and women, set goals and timetables for remedy of underutilization of same, and describe plans and procedures for correcting said underutilization of minorities and women. Minorities are defined for this purpose by the Department of Labor as Native American, Asian, Black or African American, and Pacific Islander

or two or more races. In addition, for data collection purposes, provision shall be made to report the number of respondents who are Hispanic or Latino.

Underutilization, for the purpose of this plan, is defined as "having fewer women or minorities in a particular job than would reasonably be expected by their availability." Goals will be established considering availability and the results of the utilization analysis. The University shall adopt the straight parity or any difference measure in compliance with regulations of the Office of Federal Contract Compliance Programs (OFCCP). Specifically, percentage goals will be established by EEO-6 category and job group. Goals and objectives by organizational unit shall be established to correct identifiable deficiencies. Goals by organizational unit shall refer to action-oriented efforts rather than percentage goals. Where problem areas are identified by organizational units, the Affirmative Action Plan shall include a description of the efforts which the University has taken or will take to correct those problem areas in accordance with OFCCP requirement 41 CFR 60-2.13(d).

Underrepresentation, for purposes of this plan, is defined as having fewer minorities or females in a particular section of the contractor's work force, (e.g., Department, Job Title, etc.) than would be expected in terms of their overall representation in the contractor's work force or relevant sector of that work force.

Utilization Analyses

- A. An analysis of the utilization of minorities and women will be performed. This analysis will include, but not be limited to the following:
 1. Ensuring that the EEO-6 Report is completed for all categories of employees (executive/administrative/managerial, faculty, professional/non-faculty, clerical, technical/paraprofessional, skilled crafts, service maintenance).
 2. Considering the number of women and minorities employed by EEO-6 category and job group and the reasons for any underutilization.
 3. Comparing as necessary, the salaries and wages of men and women by job classification.

- B. The following factors must be considered in establishing goals:
 1. The percentage of minorities or women with requisite skills in the reasonable recruitment area, where "reasonable recruitment area" refers to the geographical area from which the contractor usually seeks or reasonably could seek workers to fill the positions in question; and
 2. The percentage of minorities or women among those promotable, transferable, and trainable within the contractor's organization, where "trainable" refers to

- employees who could, with appropriate training, become promotable or transferable within the AAP year.
- C. In compliance with Title 41, Chapter 60 of the Code of Federal Regulations, MTSU will undertake one or both of the following steps:
 1. Determine which job groups are "feeder pools" for the job group in question. The feeder pools are job groups from which individuals are promoted.
 2. Ascertain which employees could be promoted or transferred with appropriate training.
 - D. Distribution of Affirmative Action Plan. Copies of the Affirmative Action Plan shall be distributed to all major organizational units. These units shall ensure distribution to all personnel within the appropriate units who have responsibility for the implementation thereof. The Affirmative Action Plan shall also be made available upon request to any employee, applicant, recruitment source, minority and women's organizations, and equal employment opportunity monitoring authorities.

VI. Personnel Action, Policies and Procedures

The University will establish in reasonable detail and make available upon request the standards and procedures which govern all employment practices in the operation of the institution. Included in these standards and procedures shall be policies relating to the following:

- A. Recruitment, Assignment, Transfer, and Promotion
 1. Position announcements shall be distributed for consideration by all interested individuals. Announcements shall indicate the duties, responsibilities, and authorities of the position and the minimum qualifications needed by the applicant. Announcements shall carry a filing date, the method of filing an application, and the person to whom the application is to be made.
 2. Recruitment literature and vacancy announcements shall carry clear statements that the University is an equal opportunity/affirmative action employer and that positions are open to all applicants unless there is a bona fide occupational qualification requirement.
 3. Recruitment literature and vacancy announcements shall be sent to all recognized sources of candidates according to the type of position and in ways designed to solicit and encourage applications from qualified minority and female applicants.

4. Recruitment sources and advertising media utilized shall include relevant minority and women's organizations and community agencies. Each applicant's qualifications shall be evaluated by comparing him or her with realistic job standards developed on the basis of work requirement.
5. For professional positions such factors as education, professional experience, scholarly achievement, leadership ability, understanding of problems with which the position is to deal, demonstrated drive, tact, and initiative would be considered.
6. For non-professional positions such factors as education, experience, and demonstrated ability will be considered, and appropriate skills tests will be utilized.
7. The receipt and disposition of all applications shall be recorded, and all applicants shall be informed as to when their application will become inactive.
8. Employee qualifications shall be evaluated against position requirements. Consideration shall be given to past performance and recommendations of colleagues and others in a position to evaluate potential performance.
9. All personnel involved in recruiting, screening, selection, and promotion of employees shall be carefully selected and trained to ensure elimination of bias in all personnel actions.
10. If the use of any tests other than skills tests is contemplated in evaluating applicants or employees, they must be validated by a professional psychometrist prior to use as a screening device.

B. Compensation

1. Faculty, Administrative, and Professional Staff: Faculty salaries shall be determined by earned degrees, experience, academic rank, and other appropriate factors. Administrative and Professional staff salaries shall be determined by factors such as job responsibilities, level of training and experience, and demonstrated effectiveness.
2. Classified Staff: Job classifications and salary schedules will be established for clerical and support positions. The appropriate classifications and salaries shall be applied uniformly and equitably.
3. The average salaries of males and females within the same job classification shall be compared, and any noticeable discrepancies shall be analyzed to determine the reasons therefore. If differences cannot be accounted for in terms of relative merit and/or seniority, immediate action shall be taken to correct the discrepancy.

C. Training

1. When appropriate, training shall be provided to enable University personnel to increase their skill levels for more responsible positions. The University shall develop formal training programs to aid in the advancement of personnel.
2. The University shall consider the degree to which on-the-job training can be administered to minorities and women in job categories wherein they are underutilized, and where feasible, shall institute such training as a means of providing a greater opportunity for advancement.

D. Communication

1. Official equal opportunity signs shall be posted at appropriate places on campus and will be kept current.
2. The equal opportunity/affirmative action statement shall be placed on all appropriate university documents, including, but not limited to, stationary, bulletins, newsletters, contracts, purchase orders, advertisements, graduate and undergraduate catalogs, faculty, staff, and student handbooks, etc.
3. Recruitment sources, minority and women's organizations, community agencies, and community leaders shall be notified periodically and in writing of the University policy on equal opportunity.
4. The equal opportunity/affirmative action policy shall be distributed to all employees of the University and discussed in orientation programs.
5. Equal opportunity/affirmative action shall be a topic of regular discussion by managers at staff meetings.

E. Other Personnel Actions. All other personnel actions, i.e., discipline, discharge, layoff, demotion, etc., shall be conducted indiscriminately. The following criteria shall be applied without prohibited discrimination:

1. Establishment of testing criteria.
2. Establishment of evaluation criteria.
3. Establishment of professional qualifications (degrees, experience, etc.).
4. Establishment of criteria for promotion and tenure.

VII. Sexual Orientation and Gender Identity/Expression

It is the policy of MTSU that neither its students nor its employees be discriminated against on the basis of that individual's sexual orientation or gender identity/expression. Such a policy helps ensure that only relevant factors are considered, and that equitable and consistent standards of conduct and performance will be applied. For the purpose of this policy, sexual orientation concerns the emotional, romantic, sexual, or affectional attraction to members of the same sex, opposite sex, or both sexes. Gender identity/expression concerns how an individual perceives his or her own gender, which may or may not be consistent with his or her anatomic sex or gender role. Any individual who has a discrimination complaint based upon his or her sexual orientation or gender identity/expression should follow the procedures set forth in Section II, above.

This policy shall not be construed to (1) infringe upon the free exchange of ideas essential to the academic environment, (2) limit the freedom of religious association, or (3) establish a duty to engage in affirmative action measures on the basis of sexual orientation or gender identity/expression. Further, this policy shall not be construed to require the compliance of external government agencies, University programs governed by external government agencies, in which non-discrimination does not include sexual orientation (i.e., ROTC), or programs that discriminate as a matter of policy. Notwithstanding the language set forth in this policy, eligibility of employees for employment benefits is determined by the laws and regulations of the State of Tennessee, and is not affected by this policy.

Forms: none.

Revisions: none.

References: Executive Order 11246; Rehabilitation Act of 1973; Americans with Disabilities Act of 1990; Vietnam Era Veterans Readjustment Act of 1974; Equal Pay Act of 1963; Age Discrimination in Employment Act of 1967; Age Discrimination Act of 1975; Pregnancy Discrimination Act; Civil Rights Act of 1964; Title IX of the Education Amendments; Policies 26 Discrimination and Harassment Based on Categories Other than Sex; 27 Misconduct, Discrimination, and Harassment Based on Sex including Pregnancy, Sexual Orientation, and Gender Identity/Expression; 810 Staff Performance Evaluations.



30 Policy Development and Review

Approved by Board of Trustees

Effective Date:

Responsible Division:

Responsible Office:

Responsible Officer:

I. Purpose

This policy provides for an orderly process of creating, drafting, revising, reviewing, and adopting policies for the governance and management of the University. A policy advances our mission as an institution of higher education by providing for compliance with applicable laws, ethical norms, and accepted best practices; the promotion of operational efficiencies; the enhancement of opportunities to achieve the University's goals; and the reduction of institutional risks. Policies for Middle Tennessee State University (MTSU or University) will be classified as either Board policies or University policies.

II. Scope

The responsibility for the development and revision of Board policies, as defined below, rests solely with the Board of Trustees (Board). Therefore, this University policy and its procedures do not apply to Board policies.

III. Definitions

- A. Board of Trustees Policy (Board Policy). Board policies relate solely to the organization, administration, and responsibilities of the Board as the body that governs the University.
- B. University Policy. A statement of general principle, plan, or course of action that guides the University, its employees, and students in the management of duties and responsibilities, obligations, and expectations.
- C. Initiator. The budgetary head or University committee that creates a proposal for a new policy or changes in an existing policy. The Board or a Board committee may also be an Initiator by directing the Provost, a Vice President, or the University Counsel to draft or revise a policy.

- D. Responsible Office. The University unit responsible for developing, coordinating, and maintaining a University policy.
- E. Responsible Officer. The individual responsible for developing, coordinating, and maintaining the policy.

IV. Responsibility

The Provost and each Vice President have the overall responsibility for ensuring that policies falling within their area of responsibility are accurate and kept current. The Office of the University Counsel is similarly responsible for policies concerning governance and compliance, and general and miscellaneous policies not otherwise the responsibility of the Provost or a Vice President. The Office of the University Counsel is also responsible for maintaining the University policy website.

V. Procedure

- A. Initiating a New Policy or Policy Revision. The Initiator will initiate proposals for new policies or changes in existing policies (proposal) through the Provost, the appropriate Vice President, or the University Counsel. The Board or a Board committee may also direct that a policy be drafted or revised. Along with the draft, the Initiator should indicate the basis for, and explanation of, the proposal. Questions regarding the substance of the proposal should be directed to the Initiator through the Provost, Vice President, or the University Counsel, as appropriate.
- B. Review. It is the responsibility of the Provost, appropriate Vice President, or the University Counsel to make certain that proposals are in compliance with existing University policies and any applicable federal or state statutes. All proposals must be submitted by the Provost or appropriate Vice President to the Office of the University Counsel for initial review and proposed revision.

The draft of the proposal will then be provided to the Provost and Vice Presidents who may share the draft with other appropriate staff for review and comments. The Provost will solicit input from faculty on policies related to academic affairs by providing copies to the Faculty Senate or appropriate university committees for review. As deemed appropriate, the Vice President for Student Affairs will solicit input from the Student Government Association on policies related to student affairs. These comments will be taken into consideration during the review process.

The proposal will be revised and reviewed as needed and, once a final draft is reached, will be submitted to the Provost and the Vice Presidents for review and approval. After approval by the Provost and Vice Presidents, the proposal will be sent to the Office of the University Counsel which will then present the proposal to the campus for a thirty (30)-day comment period. Comments submitted will be considered and additional revisions

made as deemed appropriate. If additional revisions are made, the Provost and Vice Presidents will again review and approve the draft. If it is an academic affairs policy, the Provost will bring it to the attention of the Faculty Senate.

New policies or changes to existing policies may be implemented prior to the conclusion of the comment period where quick implementation is necessary. Comments submitted by the campus community will still be considered and, where needed, further revisions will be made.

- C. Review and Approval by the President. The Office of the University Counsel will prepare the final draft of the new or revised policy for review and approval by the President. If the policy relates to a responsibility that the Board has delegated to the President, the President's approval is the final step in the process. Once approved, the policy will be posted to the University policy website.
- D. Review and Approval by the Board. Certain policies will be designated by the Board to require the Board's review and approval prior to implementation. After the process provided above has been completed, the President will forward the new policy or policy revision to the appropriate Board committee for consideration and recommendation to the Board for approval.
- E. Publication. When a policy becomes final (or at a later-designated date), a notice will be provided to the campus community, and the policy will be posted to the University policy webpage.
- F. Policy Format. University policies will appear in a standardized format which will include, at a minimum: the policy name and number designation, the effective date of the policy, whether the policy requires Board approval, the Responsible Office and Responsible Officer, a list of dates the policy has been revised, a list of references found within the policy to include statutes and other University policies, and a list of any forms referenced in the policy.
- G. Exceptions
 1. Exceptions to this process may be made at the direction and discretion of the Board or the President.
 2. As stated above, new policies or changes to existing policies may be implemented prior to the conclusion of the thirty (30)-day campus comment period where quick implementation is necessary. Comments submitted by the campus community will still be considered, and, where needed, further revisions will be made to the policy.
 3. Non-substantive, editorial revisions such as correcting typographical errors, formatting changes, or updating position titles, will only require notice to the Vice

Presidents and Provost and will not require a comment period or the President's or Board's review and approval.

Forms: none.

Revisions: none.

References: none.



31 Faculty and Student Participation in Development of Campus Policies and Programs

Approved by Board of Trustees

Effective Date:

Responsible Division:

Responsible Office:

Responsible Officer:

I. Purpose

Faculty and students are vital components of the campus community, and the University embraces the concept of shared governance. This policy establishes that faculty and students be provided the means to effectively contribute to the progress and general welfare of Middle Tennessee State University (MTSU or University) concerning the formation of policies and programs relating to academic affairs and student affairs, respectively.

II. Student and Faculty Participation in Development of Campus Policies and Programs

- A. Students have a primary interest in matters of student life, including discipline and housing. Faculty have a primary interest in academic affairs, including curriculum, program changes and development, and admission and graduation requirements. Furthermore, both students and faculty have a direct interest in both student and academic affairs.
- B. The Faculty Senate serves as the principal representative body of the faculty at MTSU. It advocates for the faculty and academic policies within the University community at large.
- C. The Student Government Association serves as the official liaison between the student body and the administration of the University. It is the official channel of communication for all students. The Student Government Association is responsible for listening to the concerns of all students.
- D. [Policy 30 Policy Development and Review](#) sets out the means by which both faculty and students provide input into the creation and review of University policies.

- E. [Policy 32 University Committees](#) provides that both faculty and, as appropriate, students shall be members of committees that shape institutional culture, policy, and procedures.

Forms: none.

Revisions: none.

References: Policies 30 Policy Development and Review; 32 University Committees.



50 Timely Reporting of a Substantive Change for Accredited Institutions of the SACSCOC

Approved by Board of Trustees

Effective Date:

Responsible Division:

Responsible Office:

Responsible Officer:

I. Purpose

The Southern Association of Colleges and Schools Commission on Colleges (Commission or SACSCOC) requires its member institutions to have a policy and procedure to ensure that all substantive changes are reported to the Commission in a timely fashion. Middle Tennessee State University (MTSU or University), as an accredited member institution, adheres to the Commission's substantive change policy. This timely reporting of substantive change policy and procedure is effective _____, 2017.

II. Designated Responsibility

The MTSU SACSCOC accreditation liaison is responsible for timely reporting of a substantive change to the Commission On Colleges (COC) in accordance with the requirements of the COC. MTSU's academic (deans) and administrative (divisional vice presidents) officers are responsible for compliance with the COC substantive change policy and for informing MTSU's accreditation liaison of any institutional changes that fall under the COC's substantive change policy in a manner that ensures that the University can meet the required notification, review and approval processes of the COC. It is the responsibility of the MTSU SACSCOC accreditation liaison to keep the academic and administrative officers informed of any changes in the SACSCOC substantive change policy.

III. Procedures for Implementation

- A. An MTSU academic or administrative officer, initiating a substantive change, as defined by the SACSCOC Reporting the Various Types of Substantive Change chart must complete the Substantive Change Initiation Form. The completed form is submitted to the MTSU SACSCOC accreditation liaison to inform the liaison of an intended and/or proposed substantive change. The form must be submitted in accordance with the time-frame for contacting the COC and the COC approval process noted in the Reporting the

Various Types of Substantive Change chart.

B. The academic or administrative officer initiating the substantive change is responsible for:

1. Preparation of the substantive change letter of intent, proposal, prospectus, and/or other documentation associated with the specific type of substantive change being initiated per COC requirements, and
2. Submission of the substantive change letter of intent, proposal, prospectus, and/or other documentation associated with the specific type of substantive change being initiated per COC requirements to the MTSU SACSCOC liaison.

C. The MTSU SACSCOC accreditation liaison:

1. Tracks the timely reporting and completion of required SACSCOC notification and documentation for a substantive change upon receipt of the Substantive Change Initiation Form, and
2. Reviews the letter of intent, proposal, prospectus, and/or other documentation against SACSCOC policies and standards for completeness and appropriateness. Upon completion of this review, the liaison forwards the substantive change notification of intent, proposal, prospectus, and/or other documentation to the President for review and approval.

D. The President reviews the initiated substantive change, and if the President approves, the substantive change and supporting documentation is submitted to the SACSCOC by the MTSU SACSCOC accreditation liaison.

E. The MTSU SACSCOC accreditation liaison tracks SACSCOC actions related to substantive change requests submitted.

IV. Publication of SACSCOC Substantive Change Policy and Timelines

The SACSCOC Substantive Change Policy for Accredited Institutions of the Commission on Colleges Policy Statement, the SACSCOC Reporting the Various Types of Substantive Change chart, the Substantive Change Initiation Form, and a Timeline for Institutional Completion of Procedures is published on the Office of the University Provost website. The Timeline for Institutional Completion of Procedures is also published on the Selected List of Deadlines for Department Chairs maintained through the Office of the University Provost and distributed annually to department chairs and deans. The Office of the University Provost electronically distributes the Substantive Change for Accredited Institutions of the Southern Association of Colleges and Schools Commission on Colleges Policy to MTSU's academic and administrative officers annually at the beginning of the fall semester.

V. Annual Review of Policy

Reporting the Various Types of Substantive Change and Substantive Change Initiation Form to this policy will be reviewed and continually updated by the MTSU SACSCOC accreditation liaison to ensure continuing compliance with the Substantive Change Policy for Accredited Institutions of the Commission on Colleges Policy Statement and minimally will be reviewed and updated annually by the beginning of the fall semester.

Forms:

Reporting the Various Types of Substantive Change (Revised 11/4/15)

Substantive Change Initiation Form (Revised 5/20/15)

Timeline for Institutional Completion of Procedures (Effective 4/4/12)

Revisions: none.

References: none.



60 Appeals and Appearances before the Board

Approved by Board of Trustees

Effective Date:

Responsible Division:

Responsible Office:

Responsible Officer:

I. Purpose

This policy sets the conditions and procedures for appeals to, and appearances before, the Board of Trustees (Board).

II. Appeals to the Board

- A. Negative recommendations for tenure or promotion may be appealed to the Board. The faculty member must first have completed the appeal process set out in [Policy 206 Tenure and Promotion Appeals](#).

- B. Termination of employment due to a reduction in force resulting from a declaration of financial exigency made pursuant to [Policy 40 Financial Exigency](#) may be appealed to the Board. The employee must have exhausted the appeal process provided in [Policy 40 Financial Exigency](#).

- C. A student or employee may appeal a matter subsequent to a final adverse decision of the President in which it is alleged that the University violated state or federal law, or University policy. Any available institutional complaint and/or appeal procedure must be exhausted prior to consideration by the Board.

- D. Decisions resulting from hearings held pursuant to the Uniform Administrative Procedures Act, T.C.A. § 4-5-301, et. seq., are not appealable to the Board.

- E. Matters not appealable to the Board, absent an allegation of violation of state or federal law, shall include, but are not limited to:
 - 1. Termination of executive, administrative, professional, clerical, and support employees during, or at the end of, the initial probationary period, or pursuant to the terms of the contract of employment;

2. Non-renewal of a tenure-track faculty appointment during the first four (4) years of the probationary period;
 3. Denial of tenure unaccompanied by notice of termination in the fifth (5th) year of the probationary period;
 4. Non-renewal of a temporary faculty appointment;
 5. Salary determinations;
 6. Student academic matters such as grade appeals, failure to meet retention policies;
 7. Performance evaluations of faculty or staff; or,
 8. Residency classification of students for tuition and fee purposes.
- F. If, at any time during the pendency of the appeal, a lawsuit based on the same subject matter as the appeal is filed, the Board has the discretion to suspend consideration of the appeal or dismiss the appeal without further action. However, this discretion cannot be exercised in an appeal concerning discrimination or harassment.

Complaints from students or prospective students regarding accreditation or violation of state or federal law may be submitted for appropriate review and action, as required by 34 CFR 600.9(a)1), pursuant to this process: <http://www.mtsu.edu/stuaff/complaints.php>.

III. Appeal Process

A. Petition to Appeal

1. A student or employee who is dissatisfied with the decision of the President may petition the Board for permission to appeal that decision if the matter is appealable as specified in Section II.
2. The petition must be submitted in writing to the Secretary of the Board within twenty (20) days following the date of the President's written decision. Once received, the Secretary is responsible for coordinating the appeal process.
3. The petition for appeal must present:
 - a. The decision being appealed, the law and/or policy alleged to have been violated, and the redress desired;

- b. A brief statement of the facts relevant to the issues to be reviewed with appropriate reference to where such can be found in the record;
 - c. A statement of applicable law/policy;
 - d. A brief argument; and,
 - e. Citations of any applicable authorities such as policies, statutes, and cases.
4. The petition is limited to ten (10) pages, typed, 12 point font or larger, double spaced, on 8 1/2 X 11" paper.
 5. The appropriate standing committee of the Board shall review the petition for appeal and the decision of the President on the basis of the record submitted to the President, with any new evidence which for good cause shown was not previously considered, and determine whether the petition to appeal will be granted.
 6. The Board committee, in determining whether to grant an appeal, may consider the following:
 - a. Whether policy has been followed;
 - b. Whether or not there is material evidence to substantiate the decision appealed from; and/or,
 - c. Whether or not there has been a material error in the application of the law which prima facie results in substantial injustice;
 - d. The listing in a. - c. above is not exhaustive and, in the discretion of the Board committee, other considerations may be taken into account.

B. Hearing the Appeal

1. If the petition to appeal is granted, the committee shall hear the appeal at a subsequent regularly scheduled meeting of the committee and may request the person appealing to appear and present arguments on his/her behalf.
2. The committee shall recommend action on the appeal to the Board. The decision of the Board shall be final and binding for all purposes.

C. Record

1. The record on an appeal shall consist of all relevant documents, statements, and other materials submitted by the person appealing and by the President.

2. In the event that the person appealing does not submit sufficient information to allow review of the decision being appealed, the Board may require the person appealing to furnish additional information.

D. Review of the Appeal

1. A decision may be remanded for further consideration upon a finding that it was not made in accordance with applicable state or federal law or University policy. However, the matter should not be remanded if there was not material to the decision and, therefore, constituted harmless error;
2. A decision may be modified or reversed only upon a finding that the decision constituted an abuse of discretion, or was made in violation of applicable state or federal law, or University policy. However, the decision will not be modified or reversed if the violation of law or policy was not material to the decision, therefore, constituting harmless error;
3. A decision should be affirmed in the absence of a finding of abuse of discretion or material violation of applicable state or federal law, or University policy.
4. Notwithstanding any provision herein to the contrary, any decision may be remanded by the Board for a resolution of the matter which is mutually acceptable to the parties or which is, in the best judgment of the Board, a fair and equitable resolution.

IV. Appearances Before the Board on Non-Appealable Issues

- A. Individuals may be allowed to address the Board concerning issues that are not appealable but which are of broad concern to the University community.
- B. Requests to appear before the Board shall be submitted in writing to the Secretary of the Board at least seven (7) days prior to the scheduled meeting of the Board. The request must include the requestor's contact information and the issue to be addressed.
- C. After consultation with the President, the Chair of the Board may authorize appearances before the Board on any matter deemed appropriate for Board consideration. As directed by the Chair of the Board, the Secretary of the Board will either place the requested item on the agenda or notify the requestor in writing of the reason the request was rejected.

Forms: none.

Revisions: none.

References: T.C.A. § 4-5-301, et. seq.; Policies 40 Financial Exigency; 206 Tenure and Promotion Appeals.



70 Internal Audit

Approved by Board of Trustees

Effective Date:

Responsible Division:

Responsible Office:

Responsible Officer:

I. Purpose

This policy addresses responsibilities of the internal audit function, staffing, audit planning, and reporting on internal audit activities at Middle Tennessee State University (MTSU or University).

II. Definitions

- A. **Internal Auditing.** 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.

- B. **Risk.** The possibility of an event occurring that will have an impact on the achievement of University goals and objectives. Risk is measured in terms of the impact an event may have and the likelihood that the event will occur. To optimize the achievement of the University's goals and objectives, the Board of Trustees (Board) and management act to minimize the related risks by implementing reasonable procedures to control and monitor the risks.

- C. **Governance Processes.** The combination of processes and structures implemented by the Board to inform, direct, manage, and monitor the activities of the organization toward the achievement of its objectives. Examples of such processes include the organizational structure within the University or a department; policies, standards and procedures instituted by the Board or management to direct and control a particular activity; and preparation and review procedures for preparing reports such as annual financial statements or federal grant or financial aid reports.

III. General Statement

- A. The internal audit function at MTSU is the responsibility of the office of Audit and Consulting Services which contributes to the improvement of the University's operations

by providing objective and relevant assurance regarding risk management, control, and governance processes to management and the Board.

- B. Management is responsible for evaluating the University's risks and establishing and maintaining adequate controls and processes.
- C. To provide relevant information, Audit and Consulting Services will consider the goals of the University, management's risk assessments, and other input from management in determining its risk-based audit activities.

IV. Internal Audit Standards

Audit and Consulting Services adheres 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 International Standards for the Professional Practice of Internal Auditing and Code of Ethics into one document.

- A. The IPPF includes attribute standards, which address the expected characteristics of organizations and individuals performing internal audit activities, and performance standards, which describe the nature of internal audit activities and establish criteria to evaluate the performance of internal audit activities.
- B. To assure compliance with the IIA Standards, Audit and Consulting Services 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 (5) years by a qualified, independent reviewer.
 - 3. Results of quality assurance reviews will be communicated to the University President and the Audit and Compliance Committee of the Board.

V. Internal Audit Personnel

- A. Internal audit staff must possess the professional credentials, knowledge, skills, and other competencies needed to perform their individual responsibilities.
- B. The internal audit function collectively must possess or obtain the knowledge, skills, and other competencies needed to perform its responsibilities.

- C. The Director of Audit and Consulting Services 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.
- D. Other University auditors should annually complete sufficient, relevant continuing professional education to satisfy the requirements for their related professional certification or, at a minimum, forty (40) hours of relevant continuing professional education.
- E. Appointments
 - 1. The appointment of the Director of Audit and Consulting Services is recommended by the President and approved by the Board. T.C.A. § 49-14-102.
 - 2. The Director of Audit and Consulting Services reports directly to, and shall have unrestricted access to, the Audit and Compliance Committee of the Board. T.C.A. § 49-14-102.
- F. Compensation. Compensation of the employees of the MTSU internal audit function is subject to review by the Audit and Compliance Committee of the Board.
- G. Termination or Change of Status
 - 1. The termination or change of status of the Director of Audit and Consulting Services requires the approval of the President and the Audit Committee of the Board.
 - 2. The Director of Audit and Consulting Services may be removed only for cause, which requires a majority vote of the Board. T.C.A. § 49-14-102.

VI. Internal Audit Role and Scope

- A. Reporting Structure. The Director of Audit and Consulting Services reports directly to the Audit and Compliance Committee of the Board and administratively to the University President. T.C.A. § 49-14-102. This reporting structure assures the independence of the internal audit function.
- B. The internal auditors' responsibilities include:
 - 1. Working with management to assess University 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 University 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 Audit Committee or President.
 - a. The scope of internal auditing extends to all aspects of University operations and beyond fiscal boundaries. The internal auditors shall have access to all records, personnel, and physical properties relative to the performance of duties and responsibilities.
 - b. The scope of a particular internal audit activity may be as broad or as restricted as required to meet management needs.
 - c. 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.
 - d. 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, Audit and Consulting Services will receive notices or copies of external audit reviews, program reviews, fiscally related consulting reports, cash shortages, physical property losses, and employee misconduct.

VII. Audit Plans and Activity Reports

- A. Audit and Consulting Services shall develop an annual audit plan using an approved risk assessment methodology.
- B. At the beginning of each fiscal year, after consultation with the Audit and Compliance Committee, the President, and other University management, Audit and Consulting Services 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 revisions will be reviewed by the President and approved by the Audit and Compliance Committee.
- D. At the end of each fiscal year, Audit and Consulting Services 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.

VIII. Audit Engagements

- A. Audit engagements will be planned to provide relevant results to management and the Audit and Compliance 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, 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 records subject to the Public Records Act. T.C.A. § 4-3-304(9).

IX. 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 recommendation.

- B. Audit and Consulting Services 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 Audit and Compliance Committee, will be notified at the conclusion of a follow-up audit if management has not corrected the reported finding or implemented the corrective action.
- 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 recommendation. 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 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 Director of Audit and Consulting Services and transmitted directly to the President and appropriate levels of management in a timely manner.
- F. The Director of Audit and Consulting Services will present significant results of internal audit reports to the Audit and Compliance Committee quarterly or as appropriate.
- G. The Director of Audit and Consulting Services will provide a copy of each report to the Comptroller's Office, Division of State Audit.

X. Exceptions

Any exceptions to the policy established herein shall be subject to the approval of the Audit and Compliance Committee.

Forms: none.

Revisions: none.

References: T.C.A. § 4-3-304(9); § 49-14-102.



71 Preventing and Reporting Fraud, Waste, or Abuse

Approved by Board of Trustees

Effective Date:

Responsible Division:

Responsible Office:

Responsible Officer:

I. Purpose

Middle Tennessee State University (MTSU or University) is committed to the responsible stewardship of its resources. Management is responsible for maintaining a work environment that promotes ethical and honest behavior. Additionally, it is the responsibility of management to establish and implement internal control systems and procedures to prevent and detect irregularities, including fraud, waste, and abuse. Management at all levels 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 resources entrusted to them.

II. Definitions

- A. 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:
1. 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.
 2. Improper use or assignment of any University assets or resources, including, but not limited to, personnel, services, or property.
 3. Improper handling or reporting of financial transactions, including use, acquisitions, and divestiture of state property, both real and personal.
 4. Authorization or receipt of compensation for hours not worked.
 5. 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.
 6. Forgery or unauthorized alteration of documents.
 7. Falsification of reports to management or external agencies.

8. Pursuit of a personal benefit or advantage in violation of the University's Conflict of Interest Policy.
 9. Concealment or misrepresentation of events or data.
 10. 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.
- B. 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.
- C. 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, or noncompliance with provisions of laws, regulations, contracts, or grant agreements. (U.S. Government Accountability Office, Government Auditing Standards, December 2011.)

III. 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 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. Audits or other independent reviews may be performed on various components of the internal control systems.
- D. Internal Audit
1. Audit and Consulting Services 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, Audit and Consulting Services will also perform tests designed to detect fraud, waste, or abuse that may have occurred.

E. External Audits

1. The Tennessee Department of Audit, Division of State Audit, performs periodic financial audits of public universities.
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.

IV. Reporting Fraud, Waste, or Abuse

- A. Responsibility for Reporting Fraud, Waste, or Abuse. Any official of any agency of the state 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 promote compliance with this statute, the University provides a means for University employees and others to report such matters to Audit and Consulting Services, who subsequently report these matters to the Comptroller's Office.
 1. University administration with knowledge of fraud, waste, or abuse must report such incidents immediately.
 2. 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.

3. Students, citizens, and others are also encouraged to report known or suspected acts of fraud, waste, or abuse.
4. 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.
5. Employees with knowledge of matters constituting fraud, waste, or abuse who 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. 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. Audit and Consulting Services at 615-898-2914 or reportfraud@mtsu.edu; or
 - d. the Tennessee Comptroller of the Treasury's Hotline for fraud, waste, and abuse at 1-800-232-5454.

2. If the incident involves an 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 or Vice President for Business and Finance;
 - b. Audit and Consulting Services;
 - c. University Police (when appropriate).
4. The Director of Audit and Consulting Services will notify the Comptroller of the Treasury of instances of fraud, waste, or abuse.
5. After initial notification, [Policy 610 Reporting and Resolution of Institutional Losses](#), will be reviewed for additional reporting procedures.

V. 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. Audit and Consulting Services 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 institution.
2. Actions that may be taken against University employees 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, Human Resource Services, University Counsel, and other appropriate offices shall be consulted prior to taking such action, and applicable university 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, and require advance consultation with and approval by the Vice President for Business and Finance.
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 (See [Policy 800 General Personnel](#)).

- D. Effect on Annual Leave. 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 (See [Policy 825 Leave Policies](#), T.C.A. § 8-50-807).

- E. Student Involvement. Students found to have participated in fraud, waste, or abuse as defined by this guideline will be subject to disciplinary action pursuant to [Policy 540 Student Disciplinary Rules](#).

F. Confidentiality during Investigation

1. All investigations will be conducted in as 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 offices of the President, University Counsel, Business and Finance and Audit and Consulting Services 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.

Forms: none.

Revisions: none.

References: T.C.A. § 8-19-501(a), § 8-50-116, § 8-50-807, § 49-14-103; Policies 540 Student Disciplinary Rules; 610 Reporting and Resolution of Institutional Losses; 800 General Personnel; 825 Leave Policies.



120 Public Records-Inspecting and Copying

Approved by Board of Trustees

Effective Date:

Responsible Division:

Responsible Office:

Responsible Officer:

I. Purpose

Pursuant to T.C.A. § 10-7-503(g), this policy, approved by the Middle Tennessee State University Board of Trustees (Board), establishes the process under Tennessee's Public Records Act for making and responding to requests to inspect and/or copy records, including redaction practices; the fees charged for copies of public records and the procedures for billing and payment; and, the name or title and contact information of the public records request coordinator. In accordance with T.C.A. § 10-7-503, all records made or received pursuant to law or in connection with the transaction of official Middle Tennessee State University (MTSU or University) business shall at all times during business hours be open for personal inspection by any citizen of Tennessee and those in charge of the records shall not refuse such right of inspection to any citizen, unless otherwise provided by state law. T.C.A. § 10-7-503(a)(2)(A).

Personnel of MTSU shall timely and efficiently provide access and assistance to persons requesting to view or receive copies of public records, and this policy shall not be used to hinder access to open public records. However, the integrity and organization of public records, as well as the efficient and safe operation of the University, shall be protected as provided by law. Concerns about this policy should be addressed to the Public Records Request Coordinator for MTSU or to the Tennessee Office of Open Records Counsel.

This policy shall be applied consistently within the various offices, departments and divisions of MTSU.

II. Definitions

- A. Records Custodian. The MTSU office or employee lawfully responsible for the direct custody and care of a public record. A Records Custodian is not

necessarily the original preparer or producer of the record. An entity such as MTSU has multiple Records Custodians.

- B. **Public Records.** All documents, papers, letters, maps, books, photographs, microfilms, electronic data processing files and output, electronic mail messages, films, sound recordings, or other material regardless of physical form or characteristics, made or received pursuant to law or in connection with the transaction of official University business and required to be open to inspection under the provisions of Tennessee law. It should be noted that the disclosure of student records is governed by the Family Educational Rights and Privacy Act (FERPA) and Policy 500 Access to Education Records and, therefore, such records are not subject to this policy.
- C. **Public Records Request Coordinator.** The individual responsible for ensuring that public records requests are routed to the appropriate Records Custodian and that requests are fulfilled in accordance with the Public Records Act. The University Counsel or designee is designated as the Public Records Request Coordinator and may be contacted at (615)898-2025 or in 209 Cope Administration Building, MTSU, 1301 East Main Street, Murfreesboro, Tennessee 37132.
- D. **Requestor.** A person seeking access to a public record, whether it is for inspection or duplication.
- E. **Employee Records.** All records related to current or former employees (faculty, staff, graduate assistants, etc.) or applicants to such positions, excluding that information deemed confidential by statute, that are maintained in the Human Resource Services Office, Payroll Office, Accounting Office, and any other department that may maintain records that include information on employees. Note that records pertaining to employment of student workers are confidential under FERPA.
- F. **Confidential Information.** Records or information in public records that shall not be open for public inspection under the Tennessee Public Records laws, include, but are not limited to, the following and any other information so defined by statute, T.C.A. § 10-7-504:
 - 1. **Employee Information.** The following records or information for any employee or former employee, or applicant to such position:
 - a. Home telephone and personal cell phone numbers;
 - b. Bank account information and individual health savings account, retirement account, and pension account information;

- c. Social Security number;
 - d. Residential information, including the street address, city, state, and zip code;
 - e. Driver's license information, except where driving or operating a vehicle is part of the employee's job description, job duties, or incidental to the performance of his/her job;
 - f. The information listed in items a. – e. above concerning immediate family members, whether or not the immediate family member resides with the employee or household members;
 - g. Medical information, sick leave documentation, documentation relating to the Americans with Disabilities Act, as amended, or the Family Medical Leave Act, and Employee Assistance Program (EAP) files;
 - h. Emergency contact information;
 - i. Personal, nongovernment issued, email address;
 - j. Job performance evaluations. For purposes of this policy, "job performance evaluations" includes, but is not limited to, job performance evaluations completed by supervisors, communications concerning job performance evaluations, self-evaluations of job performance prepared by employees, job performance evaluation scores, drafts, notes, memoranda, and all other records relating to job performance evaluations.
2. Confidential Sponsored Research or Service. For the purposes of T.C.A. § 49-7-120, "sponsored research or service" means any research, analysis, or service conducted pursuant to grants or contracts between the University and a person or entity. Sponsored research or service records and materials that contain such things as proprietary information, trade secrets, or patentable materials received, generated, ascertained, or discovered during the course of research or service shall not be open for public inspection. The University will, however, make available upon request, the title of a sponsored research or service project, names of the researchers, and amounts and sources of funding for the projects.
3. Audit Working Papers. Records of an audit may include paper documents and/or electronic documents. Working papers are prepared from the time auditors first launch their assignments until they write the final reports. The working papers include, but are not limited to, the records of planning and

surveys, the audit program, the results of field work, auditee records, intra-agency and interagency communications, draft reports, schedules, notes, memoranda, and all other records relating to the audit or investigation.

4. Donor Records. In accordance with T.C.A. § 49-7-140, Confidentiality of Gift Records, records and information that concern gifts to the University or the University Foundation that include name, address, telephone number, social security number, driver's license information, or any other personally identifiable information about the donor or members of the donor's family shall not be open for inspection. The University or the Foundation will, however, make available, upon request, an annual report of gifts with the amount of the gift and a general description of its use.
5. Pursuant to T.C.A. § 10-7-504(a)(11), records that are of historical research value that are donated or sold to the archives at the Albert Gore Research Center may be designated as confidential when the owner or donor of such records wishes to place restrictions on access to the records.

III. Procedures to Access Public Records

A. Generally.

1. Except for confidential records as prescribed by law, public records will be open for inspection by citizens of Tennessee in the office of record during business hours which shall be the business hours of the University's administrative offices.
2. Requests for inspection only may be made orally and cannot be required to be made in writing. Requests for copies, or requests for inspection and copies must be made in writing. The [Request to Inspect or Copy Public Records form](#) may be used, but a written request in any form or format will be acceptable. Requests may be made to the Public Records Request Coordinator, 209 Cope Administration Building, MTSU, 1301 East Main Street, Murfreesboro, Tennessee 37132, or publicrecords@mtsu.edu.
3. Persons requesting to inspect or copy records must show identification of Tennessee citizenship with a government-issued photo identification card including the person's address (i.e., driver's license, voter's registration, etc.).

B. Public Record Request Coordinator

1. The Public Record Request Coordinator or designee shall review public record requests and make an initial determination of the following:
 - a. if the requestor provided evidence of Tennessee citizenship;

- b. if the records requested are described with sufficient specificity to identify them; and
 - c. if MTSU is the custodian of the records.
2. The Coordinator shall acknowledge receipt of the request and take any of the following appropriate action(s):
- a. Advise the requestor of this policy and the determinations made regarding:
 - (1) proof of Tennessee citizenship;
 - (2) form(s) required for copies;
 - (3) fees and charges, including labor and programming costs;
 - (4) aggregation of multiple or frequent requests.
 - b. If appropriate, deny the request in writing using the [Public Records Request Response](#) which shall indicate the basis for the denial such as:
 - (1) the requestor is not, or has not presented evidence of being, a Tennessee citizen;
 - (2) the request lacks specificity;
 - (3) an exemption makes the record not subject to disclosure;
 - (4) the University is not the custodian of the requested records;
 - (5) the records do not exist.
 - c. If appropriate, contact the requestor to see if the request can be narrowed.
 - d. Forward the records request to the appropriate records custodian.
 - e. If the Coordinator knows that the requested records are in the custody of a different governmental entity, advise the requestor of the correct governmental entity and the Coordinator for that entity, if known.

3. The Coordinator shall annually report to the Board concerning the institution's compliance with the Tennessee Public Records Act and make recommendations, if any, for revisions to this policy.
- C. The University is not required to sort through files to compile information or create records or recreate records that do not exist, or compile information.
- D. Form or Format of Record to be Inspected/Copied. The public records laws require that actual records be produced or used for viewing and/or copying. The nature of certain records and applicable confidentiality requirements, however, may result in providing the requested record/information in a form or format other than the original records form or format. In such cases, the Records Custodian may coordinate with the requestor to find an alternate form or means of providing access to the same desired record or information as available under the open records laws.
- E. Redaction
1. With the exception of records which are confidential in their entirety (for example, student education records protected by FERPA) if a record contains confidential information or information that is not open for public inspection, the records custodian shall prepare a redacted copy prior to providing the records for inspection, or copies of the records.
 2. Whenever a redacted record is provided, the records custodian should provide the requestor with the basis for redaction. The basis given shall be general in nature and not disclose confidential information.
- F. Inspection of records. If the request is to inspect records, the Records Custodian will arrange a location for the requestor to do so and may, under reasonable circumstances, require an appointment for inspection. Inspection must be made in the presence of the Records Custodian. Custody of the original record is not to be relinquished.
- G. Time Required to Produce Records. The records custodian shall promptly make the requested public records available. If the record cannot be produced within seven (7) business days (e.g., time is needed to determine if the records exist; additional time is needed to search for, retrieve, or otherwise gain access to records; or it will take additional time to redact confidential information from the record), the requestor shall be advised when the record(s) will be available. All efforts will be made to provide the records within a reasonable period of time. A [Public Records Request Response](#) must be provided. If the request will be denied, a [Public Records Request Response](#) must be sent within seven (7) business days.

- H. Other Offices to be Notified. The Office of News and Media Relations should be notified when records are requested to be inspected/copied that may be deemed sensitive. This office may be required to assist in answering questions, coordinating release of any additional information, and ensuring correct understanding of the records. Further, these offices will be provided copies of inspected and/or copied records upon request or whenever the Records Custodian believes the circumstances warrant.
- I. Inspection of Employee Records.
 - 1. Personnel records of all faculty and staff, including former employees, are subject to inspection/copying under Tennessee's Public Records Law, unless designated as confidential by statute. Persons requesting to inspect/copy personnel records are requested to complete the [Request to Inspect or Copy Public Records form](#) and must show identification of Tennessee citizenship through a government-issued photo identification card. All confidential information must be redacted before inspection/copying. The current employee will be notified that such a request was made and who made the request.
 - 2. Medical records are maintained separately from personnel records and are considered to be confidential. Examples of medical records include, but are not limited to, sick leave documentation and employee assistance program (EAP) files.
- J. Question if Document is Open Record. If it cannot be readily determined whether or not the Tennessee Public Records Law covers a requested document, the Records Custodian shall refer the matter to the Office of the University Counsel.
- K. University Departments. This procedure shall not apply to University departments that request to inspect and/or receive copies of records for University business purposes or records of employees who report to that department. Notwithstanding, however, the Records Custodian may require the requesting department to certify the business purpose of the request.

IV. Copying of Public Records

- A. The Records Custodian will make copies or arrange for copies to be made as well as determine copy fees and charges, as stated below, in the most economic and efficient manner practicable. An itemized estimate of the charges to be assessed for copies and labor should be provided to the requestor using the [Request to Inspect or Copy Public Records form](#) prior to producing the requested copies. Payment of fees and charges are to be made in advance at the Cashier's Window in the Student Services and Admissions Center and the requestor shall present

the receipt to the Records Custodian. Payment will be credited to the Record Custodian's account or the account of the department responsible for preparing the records. A requestor will not be allowed to make copies of records with personal equipment.

B. Copy Format

1. Notwithstanding the form of the records, reproduction or copying of records shall be made in a form as best determined by the Records Custodian.
 2. Electronic data and documents should be copied in a printed format whenever possible. An actual reproduction of the computer tape, etc. should not be provided.
 3. No records shall be produced or copied in a form to further a commercial, business, or similar purpose - for example, mailing labels, envelopes, lists of telephone numbers, special format on computer disk, etc.
 4. If the requested records exist electronically, but not in the format requested; or a new or modified computer program or application is necessary to put the records in a readable and reproducible format; or it is necessary to access backup files, the Records Custodian shall charge the requestor the actual costs incurred in producing the records in the format requested, or in creating or modifying a computer program or application necessary to put the records in a readable and reproducible format, or in accessing backup files.
 5. Records should be produced electronically whenever feasible as a means of utilizing the most cost effective method of producing records.
 6. If electronic records are provided, they will be produced in read-only format.
- C. If a records custodian reasonably determines that production of records should be segmented because the records request is for a large volume of records, or additional time is necessary to prepare the records for access, the records custodian shall notify the requestor by using the [Public Records Request Response form](#) that production of the records will be in segments and that a records production schedule will be provided as expeditiously as practicable.
- D. If a records custodian discovers records responsive to a records request were omitted, the requestor should be contacted concerning the omission and the records produced as quickly as possible.
- E. Copies will be available for pickup at a location specified by the records custodian. At the requestor's request, and upon payment of postage, copies will be mailed to the requestor via USPS First-Class mail.

F. Fees and Charges.

1. No fees or charges may be imposed for inspection of records, even if copies of records were required to be made to allow for redaction of confidential information.
2. An itemized estimate of the fees and charges should be provided to the requestor. Payment of this amount must occur prior to copies being made. Payment in full of the actual costs must be made prior to release of the requested copies. Both the estimated charges and the actual charges may be included on the [Request to Inspect or Copy Public Records form](#).
3. Fees.
 - a. \$0.15 per page for letter- or legal-size black and white copies.
 - b. \$0.50 per page for letter- or legal-size color copies.
 - c. The price per copy for larger documents (such as blueprints and other specialized documents) is the actual cost.
 - d. Documentation establishing the amount of the actual cost should be maintained.
 - e. If producing copies utilizing the front and back of a single piece of paper, a charge for two separate pages may be imposed for each single piece of paper.
 - f. If a record is maintained in color but can be produced in black and white, the requestor shall be given the option of receiving black and white or color copies.
 - g. If the determined format of the copy is other than paper photocopy, the requestor shall be charged a reasonable fee. Under special circumstances and depending on how best to reproduce/copy the records, the Records Custodian, with the approval of the Office of the University Counsel, may negotiate with the requestor the fee to be paid. Documentation establishing the basis of the fee should be maintained.
 - h. Actual out-of-pocket costs for flash drives or similar storage devices on which electronic copies are provided may be charged. If a record is produced in electronic form, a per page fee is allowed to be charged if the custodian was required to print or produce a paper version of the record in order to create the electronic copy; for example, if a paper copy is printed in order to redact information.

- i. Any actual delivery costs incurred by the University, such as postal fees, will be added to the final bill for records.

4. Labor Charges.

- a. A records custodian shall utilize the most cost efficient method of producing requested records. Accordingly, the records custodian should strive to utilize employees at the lowest practicable hourly wage to fulfill the records request.
 - b. Labor is the time (in hours) reasonably necessary to produce requested records and includes the time spent locating, retrieving, reviewing, redacting, and reproducing the records. Labor also includes the time reasonably necessary to extract information requested from a database.
- F. The labor threshold is the first hour of labor reasonably necessary to produce requested records. The cost of labor exceeding the labor threshold will be charged to the requestor.
- G. Labor charges must be paid by the requestor to obtain copies of the records. A receipt upon payment of the fees and charges will be provided.
- H. In calculating the labor charge, the Records Custodian shall determine the number of hours each employee spent producing a request. The hourly wage of an employee is based upon the base salary and does not include benefits. If an employee is not paid on an hourly basis, the hourly wage shall be determined by dividing the employee's annual salary by the required hours to be work per year.
- I. The records custodian should determine the total amount of labor for each employee and subtract the labor threshold from the highest paid employee spent producing the request. The records custodian should then multiply the amount of labor for each employee by each employee's hourly wage to calculate the total amount of labor charges associated with the request. The form to record and calculate the labor cost is located at [Calculation of Labor Costs](#). This form is used to tally these charges, and the totals are provided to the requestor on the [Request to Inspect or Copy Public Records form](#).
- J. If the requested records exist electronically, but not in the format requested, or a new or modified computer program or application is necessary to put the records in a readable and reproducible format, or it is necessary to access back up files, the requesting party shall be charged the actual costs incurred in producing the records in the format requested or in creating or modifying a computer program or application necessary to put the records in a readable and reproducible format or in accessing back up files.

- K. If the total amount of fees, labor/programming charges, and postage is less than \$5.00, the cost will be waived.

V. Aggregation of Frequent and Multiple Requests

- A. MTSU will aggregate record requests in accordance with the Frequent and Multiple Request Policy promulgated by the Office of Open Records Counsel when more than four (4) requests are received within a calendar month either from a single individual or a group of individuals deemed working in concert.
- B. The level at which records requests will be aggregated is by office.
- C. The Coordinator is responsible for making the determination that a group of individuals are working in concert. The Coordinator or records custodian must inform the individuals of this determination and that they have the right to appeal the decision to the Office of Open Records Counsel.

VI. Documentation of Records Requests.

The Records Custodian should maintain the following documentation regarding the request to include, as appropriate:

- A. The [Request to Inspect or Copy Public Records form](#), or other documentation used to request copies of records.
- B. Labor Cost form(s) and any documentation necessary to substantiate the charges.
- C. Copies of receipts for payment of fees and charges.
- D. Correspondence with the requestor.

Forms:

[Request to Inspect or Copy Public Records](#)

[Public Records Request Response](#)

[Calculation of Labor Cost](#)

Revisions: none.

References: T.C.A. § 10-7-503; § 10-7-504; Family Educational Rights and Privacy Act (FERPA); § 49-7-120; § 49-7-140 Confidentiality of Gift Records; Policy 500 Access to Education Records.



605 Reports of Expenditures by the President

Approved by Board of Trustees

Effective Date:

Responsible Division:

Responsible Office:

Responsible Officer:

I. Purpose

This policy is established to comply with T.C.A. § 49-14-104, which requires a policy establishing at least annual reporting of discretionary expenditures made by, at the direction of, or for the benefit of the president and T.C.A. § 49-7-3001, which requires an annual internal financial audit of the office of the President.

II. Definitions

Discretionary Expenditures. T.C.A. § 49-14-104 states that it is the legislative intent that the policy require the report of discretionary expenditures, which shall include, but not be limited to, those made from unrestricted gifts, foundation funds, athletic funds, sponsorship fees, licenses and royalty funds, and other such funds that would not be included in the operating budget for the president's office.

III. Expenditure Exceptions

The President shall not have the authority to grant himself/herself exceptions to fiscal, spending, or travel policies established by the Board or by statute.

IV. Reports of Expenditures

- A. The President shall provide a quarterly report of the expenditures made by, at the direction of, or for the benefit of the President, in a format provided by Audit and Consulting Services.
- B. The report will include expenditures from any source of funds, including but not limited to, institutional funds, foundation funds, unrestricted gifts, athletic funds, sponsorship fees, licensing revenue, royalty funds, and any third-parties.
- C. The report will be submitted following the end of each quarter to Audit and Consulting Services.

- D. An annual report of expenditures made by, at the direction of, or for the benefit of the President will be presented to the Audit and Compliance Committee of the Board of Trustees (Board).

IV. Results of Internal Financial Audit

- A. The results of the annual internal financial audit of the office of the President will be reviewed by the Audit and Compliance Committee of the Board.
- B. The results of the annual internal financial audit of the office of the President will be provided to the Comptroller of the Treasury by December 1.

Forms: none.

Revisions: none.

References: T.C.A. § 49-7-3001; § 49-14-104.



606 Assignment of Motor Pool Vehicle to the President

Approved by Board of Trustees

Effective Date:

Responsible Division: Business and Finance

Responsible Office:

Responsible Officer:

I. Purpose

This policy establishes that Middle Tennessee State University (MTSU or University) Motor Pool vehicles may be assigned to the University President for his/her official use.

II. General

- A. At the time of employment, the President may elect to receive:
 - 1. Assignment of an institutional motor vehicle for his/her use; or
 - 2. A motor vehicle allowance.
- B. This election should be made at either:
 - 1. The time of employment, or
 - 2. As assigned motor vehicles are replaced.
 - a. This replacement should occur as needed based on the useful life of the vehicle and accumulated mileage.
 - b. In no circumstances should the replacement cycle be less than three (3) years.
- C. Once the President elects to take the motor vehicle allowance, he/she cannot change to an assigned vehicle.

III. Vehicle Assignment

- A. An appropriate motor vehicle is defined as a late model (no more than five [5] years old) four (4)-door passenger sedan. Operating and maintenance costs of the assigned Motor Pool vehicle shall be the responsibility of the President's office. In recognition that use of the assigned motor vehicle may include non-business use, the President is required to maintain appropriate types and amounts of insurance to cover any non-business use of the motor vehicle.
- B. To the degree that the Motor Pool vehicle assigned is used for non-business purposes, MTSU will report on the employee's W-2 Form the value of such personal use in the employee's income as compensation subject to withholding for federal income taxes and applicable FICA taxes. Additionally, these amounts shall be considered as compensation for employee benefit purposes.

IV. Vehicle Allowance

- A. The President shall receive a monthly cash allowance from MTSU should this option be selected. In recognition of this payment, the President shall be responsible for all expenses attendant to the:
 - 1. Purchase or lease (and replacement as needed) of a motor vehicle appropriately suited for the conduct of institutional business. An appropriate motor vehicle is defined as a late model (no more than five [5] years old) four (4)-door passenger vehicle.
 - 2. Operation, insurance, maintenance, and repair cost of said motor vehicle.
- B. The monthly automobile allowance amount shall be set in the President's employment agreement. The allowance consists of two components:
 - 1. A capital component based on the estimated monthly lease value of an appropriately suited motor vehicle; and,
 - 2. An operating component that applies a mileage rate that considers only the marginal operational cost of a vehicle and assumes 12,000 business miles are driven annually.
 - a. It is the responsibility of the Business and Finance area of MTSU to initially calculate and periodically update the monthly automobile allowance amount.

- b. The monthly automobile allowance will be reviewed and adjusted periodically in conjunction with future compensation studies for the President.
- C. The monthly automobile allowance, under Internal Revenue Service (IRS) Regulations, must be included in the compensation on the employee's W-2 Form and is subject to federal withholding and applicable FICA taxes. Additionally, automobile allowance payments are considered compensation for employee benefit purposes.
- D. The President is eligible to be reimbursed for business related mileage exceeding 12,000 miles annually. If requesting such reimbursement, the President must provide MTSU with a log that documents that the vehicle, for which the allowance is paid, has been used for 12,000 business related miles. The log submitted should comply with IRS guidance for documentation of business usage of a motor vehicle. Once this annual 12,000-mile threshold is achieved, the President may submit mileage reimbursement requests for any business related miles that exceed 12,000 miles. The reimbursement rate shall equal the current approved mileage rate, less the then current IRS standard mileage rate attributed to depreciation. Mileage reimbursement paid under this item is not considered compensation for income tax purposes and is not subject to federal withholding and applicable FICA taxes.

Forms: none.

Revisions: none.

References: IRS Regulations.



607 Expenditures for University-Owned Residence of the President

Approved by Board of Trustees

Effective Date:

Responsible Division: Business and Finance

Responsible Office:

Responsible Officer:

I. Purpose

This policy establishes the operational guidelines for expenditures on the Middle Tennessee State University (MTSU or University) owned residence furnished to the President.

II. Residence

The University furnishes to the President a residence in recognition of the role he/she must play in official entertainment and other official functions in this residence.

III. Expenditures

Expenditures are required to furnish, maintain, repair, renovate, and operate this residence. The following guidelines apply to expenditures on this residence by the University for the President:

- A. The University will pay all utility bills for the residence.
- B. The University will pay for necessary repairs and maintenance to keep the residence in an acceptable state of repair and operation.
- C. The University will finance any major renovations and expansions of the residence, subject to approval by the Board of Trustees.
- D. The University will purchase and replace furniture and furnishings used in public and/or official entertainment areas in the residence. Occupants will provide furniture used in private or family areas. Carpets or rugs and wall and window coverings will be purchased through normal University purchasing procedures and will be in a cost range in keeping with the quality of the residence and for long wear and service.

- E. Occupants will be expected to purchase any furniture or furnishings which are for their own personal convenience and may take them when they or their heirs leave the residency.
- F. The University will provide the necessary grounds keeping and custodial personnel to maintain the grounds and residence at an acceptable level of cleanliness and attractiveness along with required cleaning and grounds keeping supplies and equipment.
- G. Occupants are expected to use appropriate judgment and discretion in the expenditures of money for operation, maintenance, repairs, and furnishings.

Forms: none.

Revisions: none.

References: none.



**Middle Tennessee State University
Audit and Compliance Committee**

Wednesday, May 17, 2017 – 2:00pm

Tab 5

Approval of 2018 Audit Plan



**Middle Tennessee State University
Board of Trustees**

MEETING: Audit and Compliance Committee

SUBJECT: [Approval of 2018 Audit Plan](#)

DATE: May 17, 2017

PRESENTER: Brenda Burkhart

BACKGROUND INFORMATION:

The International Standards for the Professional Practice of Internal Auditing (Standard 1110) addresses Organizational Independence. “Organizational independence is effectively achieved when the chief audit executive reports functionally to the board.” Functional reporting to the board involves the board approving the internal audit charter and the risk-based internal audit plan.

The 2018 Audit Plan is submitted for approval in order to begin fiscal year 2018 with an approved audit plan and submit an approved audit plan to State Audit in July 2017.

**Middle Tennessee State University
Internal Audit Plan
Fiscal Year Ended June 30, 2018**

Rank	Type	Audit	Estimated Hours	Cumulative Hours	Estimated Completion Date
Brought forward	I	Projects in Progress at Year-end	1000	1000	Dec. 2017
Requested by Management	R	Cash Counts FY2017	75	1075	Aug. 2017
Requested by Management	R	Year-End Inventory FY2017	150	1225	Sept. 2017
Required by State	M	Risk Assessment	75	1300	Sept. 2017
Required by State Law	R	Audit of President's Office	200	1500	Sept. 2017
Required by NCAA	R	Football Attendance Fall 2017	250	1750	Feb. 2018
	F	State Audit Assistance/Follow-Up	50	1800	June 2018
Consulting	C	General Consultation	150	1950	June 2018
Follow-up	F	Follow-up, Prior Recommendations	100	2050	June 2018
Special Request	I	Unscheduled Investigations	500	2550	June 2018
Requested by Management	R	Cash Counts FY2018	75	2625	Aug. 2018
Requested by Management	R	Year-End Inventory FY2018	100	2725	Sept. 2018
	A	Risk-based audits to be scheduled	1500	4225	June 2018

Estimated Hours Available For Audits = 4,200 (4 audit staff)

Audit Types:

R - Required

A - Risk-Based (Assessed)

S - Special Request

I - Investigation

P - Project (Ongoing or Recurring)

M - Management's Risk Assessment

C - Consultation

F - Follow-up Review

