



Middle Tennessee State University Audit and Compliance Committee

10:30am CDT
Wednesday
November 29, 2017

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



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

Wednesday, November 29, 2017 – 10:30am

ORDER OF BUSINESS

- I. Call to Order
- II. Roll Call
- III. Remarks by Committee Chairperson / President
- IV. Approval of the Minutes
 - September 12, 2017 Meeting (Action) Tab 1
- V. Compliance and Enterprise Risk Management (Information)
 - a) Power point presentation of the Office of Compliance and Enterprise Risk Management’s activities with examples of the resources provided by the Office Tab 2
 - b) Examples of how the University addresses each of the seven elements of an effective corporate compliance program as described in the United States Sentencing Guidelines..... Tab 3
 - c) Examples of how the University addresses the “Filip Factors” used by the Department of Justice..... Tab 4
- VI. Other Business
- VII. Adjourn Public Session
- VIII. Non-Public Executive Session – Audits and Investigations (Information)
- IX. Adjourn Non-Public Executive Session



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

Wednesday, November 29, 2017

Tab 1

Approval of Minutes



**Middle Tennessee State University
Board of Trustees**

MEETING: Audit and Compliance Committee
SUBJECT: *Minutes of September 12, 2017 Audit
and Compliance Committee Meeting*
DATE: November 29, 2017
PRESENTER: Brenda Burkhart
ACTION: Voice Vote
STAFF RECOMMENDATION: Approval

BACKGROUND INFORMATION:

The Audit and Compliance Committee met on September 12, 2017.
Attached for your review and approval are the minutes from the meeting.

Report From The Audit And Compliance Committee

The Audit and Compliance Committee met on Tuesday, September 12, 2017 at Middle Tennessee State University. Trustee Christine Karbowskiak, Audit and Compliance Committee Chair, called the meeting to order at 10:15 a.m. (CDT). A quorum was present with the following Committee members in attendance: Chairwoman Christine Karbowskiak, Andy Adams, Tony Johnston, and Board Chairman Steve Smith. Trustees J.B. Baker, Pete Delay, Darrell Freeman Sr., Pam Wright, and Lindsey Weaver were also present. Also present were President Sidney A. McPhee; Brenda Burkhart, Chief Audit Executive; Gené Stephens, Assistant Vice President for Compliance and Enterprise Risk Management; Alan Thomas, Vice President for Business and Finance; Deb Sells, Vice President for Student Affairs; Andrew Oppmann, Vice President for Marketing and Communications; Mark Byrnes, University Provost; Joe Bales, Vice President for University Advancement; Bruce Petryshak, Vice President Information Technology; Heidi Zimmerman, University Counsel and Board Secretary; Kim Edgar, Chief of Staff.

The first item on the agenda for action concerned revisions to the Audit Charter for the Audit and Compliance Committee. The Comptroller directed revisions of Section V and Section VI of the charter approved by the Board of Trustees on April 10, 2017, to reflect the specific terminology reflected in the “Comptroller’s Guidelines for Audit Committee Charters”. The Audit Charter was also revised to reflect the change in title of the Director of Audit and Consulting Services to Chief Audit Executive. Chairwoman Karbowskiak noted these were administrative rather than substantive changes. Trustee Adams made the motion to approve the revised charter. The Motion was seconded by Trustee Smith. A voice

vote was taken and the Motion to approve the revised Charter carried.

The next two items on the agenda were informational items presented by Ms. Burkhart. The results of state audit reports for the past 15 years were presented along with the Audit and Consulting Services Annual Report for Fiscal Year 2017. Chairwoman Karbowski requested the annual report include an executive summary in the future to indicate emerging issues, trends, and areas of particular interest that should be brought before the Audit Committee.

The next items on the agenda were informational regarding the Office of Compliance and Enterprise Risk Management presented by Ms. Stephens. The items presented provided the following background information regarding annual risk assessment reporting and compliance activities: United States Sentencing Guidelines seven elements of an effective corporate compliance program; Department of Justice “Filip Factors”; Green Book to COSO ERM Mapping; Office of Compliance and ERM Overview and Activities; the Financial Integrity Act; and State Risk Assessment Reporting. After discussion of the items, the following information was requested by the committee: (1) provide examples of how the University addresses each of the seven elements of an effective corporate compliance program (from the U.S. Sentencing Guidelines); (2) provide examples of how the University addresses the “Filip Factors” used by the Department of Justice; and (3) provide a power point presentation of the Office of Compliance and Enterprise Risk Management’s activities with examples of the resources provided by the Office.

The Committee entered non-public executive session at 10:34 a.m. (CDT) to discuss risk assessment reports, audits and investigations. The Committee

reconvened the public session at 11:23 a.m. (CDT) for the final agenda item of approval of the Risk Assessment Reports. Trustee Johnston made the motion to approve the Risk Assessment Reports. The Motion was seconded by Trustee Adams. A voice vote was taken and the Motion to approve the Risk Assessment Reports carried.

The meeting adjourned at 11:25 a.m. (CDT).

Respectfully submitted,

Audit and Compliance Committee



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

Wednesday, November 29, 2017

Tab 2

Office of Compliance and
Enterprise Risk Management

PowerPoint Presentation



**Middle Tennessee State University
Board of Trustees**

MEETING: Audit and Compliance Committee

SUBJECT: *Office of Compliance and
Enterprise Risk Management
Presentation*

DATE: November 29, 2017

PRESENTER: Gené Stephens

BACKGROUND INFORMATION:

The Office of Compliance and Enterprise Risk Management's PowerPoint presentation ("presentation") provides an overview of the projects and initiatives developed by the Office in support of the University's mission and strategic goals. The presentation additionally provides a demonstration of tools developed in support of MTSU's institutional system of internal controls.

OFFICE OF COMPLIANCE AND ENTERPRISE RISK MANAGEMENT: SUPPORTING THE MTSU MISSION

Gené Stephens, J.D., LL.M.
Assistant Vice-President
Compliance and Enterprise Risk Management
November 29, 2017



OFFICE OF COMPLIANCE AND ENTERPRISE RISK MANAGEMENT

Summary of Support Services: 11 Month Review

I. Support Service Highlights

- A. Conflict of Interest Committee
- B. Cybersecurity Compliance
- C. Records Retention Policy, Procedures, and Training
- D. Healthcare and HIPAA Compliance

II. Enterprise Risk Management (ERM) and Records Retention Tools

III. Enterprise Compliance and Risk Management Committee (Institutional Compliance Committee)

IV. Risk Management Reporting

- A. State Finance and Administration Reporting
- B. Enterprise Risk Assessment Reports
- C. Risk Assessment Consultative Report (for Executive Management)

V. Other Projects

- A. European Union General Data Protection Regulation Preparedness
- B. Revised process for the Drug-Free Schools Act Biennial Reporting
- C. Educational Sessions for Summer Camps (MTSU-sponsored and independent camps)

OFFICE OF COMPLIANCE AND ENTERPRISE RISK MANAGEMENT

I. Support Service Highlights

- A. **Conflict of Interest (COI) Committee.** The COI Committee reviews financial, employment, and academic conflict of interests. In 2017, to date, six (6) cases have been reviewed by the Committee. The decisions of the Committee are disseminated by the Office of Compliance and ERM.
- B. **Cybersecurity Compliance.** In collaboration with the Information Technology Division (ITD), the Office of Compliance and ERM plans are underway to comply with additional regulatory cybersecurity requirements. The most recent regulation includes the requirements of the European Union's General Data Protection Regulation of 2016.
- C. **Records Management and Retention.** A revised policy, as well as records retention procedures and staff training were developed. A Records Retention Database to capture electronic and physical records also was newly created and is currently in use by the University's Records Coordinators from various departments and divisions. The records retention process was revised to comply with the State's Records Management Division regulations and processes for higher education institutions (T.C.A. § 10-7-303).
- D. **Healthcare and HIPAA Compliance.** A policy and privacy practices regarding the Health Insurance Portability and Accountability Act (HIPAA), Pub. L. 104-191, were developed to ensure institutional compliance with HIPAA. The policy is applicable to Campus Pharmacy, as well as other departments for which healthcare information is externally transmitted to HIPAA covered agencies. A Healthcare and HIPAA Compliance committee will meet twice per academic year to discuss issues related to healthcare privacy and security, as well as to review the institution's HIPAA training practices for effectiveness.

OFFICE OF COMPLIANCE AND ENTERPRISE RISK MANAGEMENT

II. Enterprise Risk Management and Records Retention Tools

A. Risk Dashboard (New)

The Risk Dashboard is a new tool designed to provide an executive management overview of current risk levels. The top five (5) to ten (10) risks are listed together with risk management actions; risk direction; and risk performance measures. A demo of the dashboard will be provided.

B. Records Retention Database (New)

The Records Retention Database (database) allows the University to capture the number and category of original records maintained by the institution. Tennessee's Record Management Division (RMD) requires all State agencies to submit a Records Holding Report (Report). State universities are required to submit the Report beginning June 30, 2018. In addition, the RMD's new processes and procedures requires a review of records management systems and processes beginning in July 2018. In addition to the new database, University's Records Retention Policy was updated to more directly address: (1) records disposal procedures; (2) use of the State's records classification numbers; and (3) the appointment of a University Records Officer in compliance with State RMD requirements. [Reference: Policy 129 – Records Retention and Disposal of Records.]

C. Regulatory Reporting Database (New)

A Regulatory Reporting Database was designed to capture all annual, quarterly, and/or monthly reports to external regulatory and accrediting agencies in one place, rather than in multiple calendars. The Regulatory Reporting Database will be sent to University divisions on an annual basis to review the reporting dates and agencies listed for accuracy. Future enhancements to the Regulatory Reporting database will include auto-generated reminders for upcoming report due dates.

OFFICE OF COMPLIANCE AND ENTERPRISE RISK MANAGEMENT

III. Enterprise Compliance and Risk Management Committee (Institutional Compliance Committee)

The Enterprise Compliance and Risk Management Committee (ECRMC or Institutional Compliance Committee) was developed to support institutional compliance activities, as well as to address current and future risks among all divisions. The ECRMC is also charged with:

- Reviewing the institutional compliance plan.
- Providing feedback to enhance student programming, operational processes, and staff training on compliance topics.
- Considering an innovative practices to help the institution detect and prevent fraud, waste, and abuse of financial and physical assets.

The Institutional Compliance Committee will, from time to time, have subcommittees to address specific topics and policies. Each subcommittee aligns with, and is informed by, institutional policy. Currently, MTSU has the following subcommittees:

- Healthcare and HIPAA Compliance
- Ethics, Privacy, and Confidentiality

OFFICE OF COMPLIANCE AND ENTERPRISE RISK MANAGEMENT

IV. Risk Management Reporting

A. State Finance and Administration Reporting

The State's Finance and Administration (F&A) Department annually requires a letter of assurance regarding the establishment, maintenance and assessment of the University's overall internal control system related to the adequacy and effectiveness of its program objectives; operational efficiency; financial reporting; compliance with laws, regulations, rules, contracts, and grant agreements; and fraud, waste, and abuse detection and prevention. A letter has been drafted and is currently under review for delivery to F&A before December 1, 2017.

B. Risk Assessment Reporting

Upon approval of the University's Risk Assessment Reporting by this Audit and Compliance Committee and the Board of Trustees at its meetings on September 12, 2017, the University's Risk Assessment Reports were transmitted to the State Auditor in the Office of the Comptroller on September 18, 2017. The reports were additionally transmitted to the Chief Audit Executive of the Tennessee Board of Regents on September 21, 2017.

C. Risk Management Consultative Report

An internal, risk management consultative report was submitted to senior management in February 2017 and revised in August 2017. The consultative report provides risk and compliance ratings for operational and divisional areas, as well as provides recommendations, when applicable, regarding internal control enhancements and institutional strategies. The report will be periodically updated to allow senior management to make appropriate operational decisions.

OFFICE OF COMPLIANCE AND ENTERPRISE RISK MANAGEMENT

V. Other Projects

A. European Union General Data Protection Regulation (EU GDPR or Regulation) Preparedness

The EU GDPR aims to protect EU citizens from privacy and data breaches. The Regulation applies to all entities and companies who process individually identifiable data (personal data) irrespective of an entity's physical presence or non-presence in the EU. The Regulation takes effect on May 25, 2018. The institution is in current preparations to comply with the Regulation through:

- Policy documentation
- Data privacy notice provisions on employment and admissions applications and University webpages
- The selection of a Data Protection Officer

B. Revised process for the Drug-Free Schools Act Biennial Reporting

The Drug-Free School and Communities Act (Act) of 1989 (EDGAR, Part 86) requires institutions of higher education to document, and biennially review, the effectiveness of its campus prevention alcohol and drug programs. The University's process for the Biennial Report has been revised to ensure compliance with the Act, as well as to ensure a process for management review of the report.

C. Educational Sessions for Summer Camps (MTSU-sponsored and independent camps)

A series of educational sessions is planned for Spring 2018 to remind Summer camps hosting minors on campus of MTSU's environmental health, safety and security resources. The sessions also will provide a review of the University's Policy regarding Minors on Campus (Policy 101), as well as best practices related to camp operations and camp crisis events.



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

Wednesday, November 29, 2017

Tab 3

**United States Sentencing Guidelines
Effective Compliance and Ethics Programs**



**Middle Tennessee State University
Board of Trustees**

MEETING: Audit and Compliance Committee

SUBJECT: *United States Sentencing
Guidelines – Effective Compliance
and Ethics Programs*

DATE: November 29, 2017

PRESENTER: Gené Stephens

ACTION: Information

BACKGROUND INFORMATION:

In 1991, the United States Sentencing Commission (“Commission”) implemented guidelines to help companies detect and prevent criminal activity as a way of mitigating fines and sanctions. The guidelines outlined seven (7) elements for developing and maintaining an effective corporate compliance and ethics program (U.S. Sentencing Commission Guidelines Manual § 8D1.4). The following summarizes the Commission’s guidelines for designing and maintaining an effective compliance and ethics program (“the program”):

1. Establish standards and procedures.
2. Ensure oversight and accountability of the program by the organization’s governing authority (i.e. the Board of Trustees).
3. Perform due diligence in hiring and promoting individuals to ensure they have not engaged in prior illegal activities or conduct inconsistent with the organization’s standards.
4. Provide training and communication regarding the program.
5. Monitor, audit, and report compliance and ethics issues
6. Enforce discipline and provide appropriate incentives for following standards.
7. Respond to, and prevent, criminal conduct.

In 2015, an additional, eighth element was added to the above guidelines to incorporate the use of periodic risk assessments.

As requested by the Audit and Compliance Committee at its September 12, 2017 meeting, the University’s compliance with the Commission’s guidelines are provided for your review. These compliance activities are utilized by the University to further develop and strengthen the institution’s corporate compliance and risk management program.



MIDDLE TENNESSEE STATE UNIVERSITY

Examples of University Compliance with the Seven Elements of an Effective Compliance Program – U.S. Sentencing Guidelines

The following are examples of how Middle Tennessee State University (“MTSU” or “University”) demonstrates the seven elements of an effective corporate/institutional compliance program, as provided by the U.S. Sentencing Guidelines (U.S. Sentencing Commission Guidelines Manual § 8D1.4)).

1. **Standards and Procedures.** Establish standards and procedures to prevent and detect criminal conduct (U.S. Sentencing Comm’n Guidelines Manual § 8D1.4(b)(1).

MTSU Examples

A. **University Policy.** The University maintains operational and financial policies and procedures to both detect and prevent fraud, waste, and abuse of State financial and physical assets. The following University policies contain procedures that align with the first U.S. Sentencing compliance element:

- i. Policy 10 – Ethics and Code of Conduct
- ii. Policy 12 – Conflict of Interest
- iii. Policy 70 – Internal Audit
- iv. Policy 71 – Preventing and Reporting Fraud, Waste, and Abuse
- v. Policies 100 to 199 – General (regarding certain campus operations)
- vi. Policies 600 to 699 – Business and Finance

B. **Internal Control Procedures.** In addition to its established policies, the University maintains mechanisms and procedures to ensure financial and operational transparency, efficiency, and accuracy as part of its internal control system through:

- i. Monthly reporting and review of budget expenditures and transactions.
- ii. Financial audit reviews by the Office of Audit and Consulting Services.
- iii. Institutional risk management reviews.
- iv. Conflict of Interests (“COI”) Committee review of COI disclosures and potential COI arrangements.

2. **Organizational Leadership and Culture.** Ensure oversight and accountability of the compliance program by the organization’s governing authority and institutional leadership (U.S. Sentencing Comm’n Guidelines Manual § 8D1.4(b)(2)(A)(B)).

MTSU Examples

A. **Financial and Risk Management Reporting.** The University’s senior leadership team provides oversight of monthly financials; annual financial reporting to the State Comptroller; audit and investigations; capital expenditures and campus planning; and risk management reporting to the State’s Finance and Administration Division. In addition, the University’s President provides management review and oversight of:

- i. Submission of the annual, institutional letter of compliance with the Financial Integrity Act of 1983 (T.C.A. § 9-18-102 and § 9-18-104).
- ii. Monthly Executive review of MTSU finances and institutional reserves.
- iii. Audit and investigatory items.

B. **Academic Integrity and Accreditation.** Senior leadership of the University provides support and oversight in institutional re-accreditation activities, as well as in Substantive Change reviews by MTSU’s regional accreditor – the Southern Association of Colleges and Schools Commission on Colleges (“SACSCOC”). Most recently, MTSU’s President, Provost, and Executive leadership team provided oversight and review of the institution’s preparedness for:

- i. MTSU’s reaccreditation review in 2016, for which MTSU received full reaccreditation in December 2016 for another ten years.
- ii. A Substantive Change visit by SACSCOC in September 2017, regarding the University’s governance change.

3. **Due Diligence.** An organization shall perform due diligence in hiring and promoting individuals to ensure they have not engaged in prior illegal activities or conduct inconsistent with the organization’s standards (U.S. Sentencing Comm’n Guidelines Manual § 8D1.4(b)(3)).

MTSU Examples

A. **Employment Practices.** The University’s employment practices provide appropriate safeguards regarding the hiring of new employees. In addition, an annual performance review system allows management review of existing employee performance and promotion. Due diligence in this area is additionally performed through:

- i. Employee background checks (applicable to new employees).
- ii. Internal auditing of employee and Faculty travel expenditures and reimbursements.
- iii. Financial auditing of employee and Faculty purchasing card transactions.

- iv. Drug screens (applicable to specific Divisions/Departments involving work with Facilities equipment).
- v. Mandatory research compliance conflict of interest disclosures for principle investigators of State and federal grants (Policy 404 – Conflict of Interest for Externally Funded Projects).
- vi. Mandatory disclosure of employee outside employment or compensation (Policy 814 – Outside Employment, Extra Compensation, and Dual Services Agreements).

4. Training and Communication. An organization shall take reasonable steps to communicate periodically, and in a practical manner, its standards and procedures, and other aspects of the compliance and ethics program (U.S. Sentencing Comm’n Guidelines Manual § 8D1.4(b)(4)(A)(B)).

MTSU Examples

- A. **Communication.** The University provides communications on the following topics related to institutional compliance:
 - i. Monthly announcements regarding the Americans with Disabilities Act (“ADA,” 42 U.S.C. § 1201) accommodation requirements, as well as helpful tips to promote ADA accessibility on campus from the Office of Institutional Equity and Compliance.
 - ii. Monthly Compliance tips from the Office of Compliance and Enterprise Risk Management on topics related to risk management; conflict of interests; and the Office’s resources.
 - iii. Weekly Executive Police Summaries to management members.
 - iv. Public safety announcement and safety tips from the University Police.
 - v. Compliance Newsletter (New) from the Office of Compliance Enterprise Risk Management on higher education regulatory.
 - vi. Communications from the President’s Office reminding employees of MTSU’s community values and mission.
 - vii. Bi-annual Leadership Council meetings by the President to discuss current campus events, accomplishments, and/or concerns.
 - viii. Annual Presidential State of the University Address.
 - ix. Health promotions information related to the institution’s alcohol and drug abuse and prevention programming.
 - x. Annual notices regarding institutional policies, resources, and complaint procedures regarding sexual assault, harassment, dating violence, and domestic violence reporting.
 - xi. Annual notification of the institution’s alcohol and drug-free campus policy and eligibility for federal student financial aid.

- B. **Training.** The University disseminates information on the following types of training related to institutional and financial compliance:
- i. Mandatory, annual Title IX, Title VI, and Sexual Assault Prevention training by the Office of Institutional Equity and Compliance.
 - ii. Data Security training by the Information Technology Division.
 - iii. Purchasing Card Training by the Finance and Accounting Department.
 - iv. Training presentations on Ethics; HIPAA Compliance; Privacy and Confidentiality; and Fraud, Waste, and Abuse (available on the Human Resources Department webpage and the Office of Compliance and Enterprise Risk Management webpage).
 - v. Family Educational Rights and Privacy Act (“FERPA,” 20 U.S.C. § 1232(g); 34 CFR Part 99) training by the Office of University Counsel.
 - vi. Minors on Campus training by the Office of University Counsel.
 - vii. Electronic Personnel Action Form (“EPAF”) by the Human Resources Department regarding the hiring or re-hire of employees.
5. **Monitoring, Auditing, Evaluation of Compliance Program Effectiveness.** Ensure the organization’s compliance and ethics program includes monitoring and auditing to detect criminal conduct, and provides mechanisms that allow for anonymity or confidentiality to allow employees to report, or seek guidance regarding, criminal conduct without fear of retaliation (U.S. Sentencing Comm’n Guidelines Manual § 8D1.4(b)(5)(A)).

MTSU Examples

- A. **Financial Auditing.** The University’s system of financial control and internal audit are among the primary mechanisms for ensuring institutional efficiency, financial integrity, and deterrence and prevention of fraud, waste, and abuse. Employees also are provided with the following options by the Office of Audit and Consulting Services to anonymously report instances of institutional fraud, waste, and abuse:
- i. By email – reportfraud@mtsu.edu.
 - ii. By phone – Audit and Consulting Services: (615) 898-2914.
 - iii. By utilizing the State’s Hotline: (800) 232-5454.
- B. **Institutional Compliance Committee.** An Institutional Compliance Committee was recently developed by the Office of Compliance and Enterprise Risk Management to:
- i. Review institutional risk controls.
 - ii. Develop an institutional compliance plan (currently under review by the Committee).
 - iii. Review training and policy regarding Healthcare compliance and healthcare privacy practices.

- iv. Develop staff education regarding ethics, privacy, confidentiality, and conflict of interests.

C. **Risk Management Process and Reporting.** The institution's risk assessment reporting allows for regular, management and staff evaluation of internal controls, as well as review of the effectiveness of such internal controls.

6. **Promote Appropriate Incentives and Enforce Disciplinary Measures.** Provide appropriate incentives to comply with the organization's compliance and ethics program, and enforce disciplinary measures to prevent criminal conduct, including making any necessary modifications to the compliance and ethics program (U.S. Sentencing Comm'n Guidelines Manual § 8D1.4(b)(6)(A)(B)).

MTSU Examples

A. **Enforcement.** Noncompliance with University policies and procedures may result in employment suspension; dismissal; contract nonrenewal; or, in the case of students, suspension or expulsion. The University's financial and auditing policies and procedures provide employees, Faculty, and students with notice of the consequences of noncompliance with institutional controls.

B. **Policy Review.** Annually, the University reviews its policies, procedures, and financial control systems to ensure policies are relevant to the institutional mission and in alignment with state and federal laws, regulations, contracts, and grant requirements.

7. **Response and Prevention of Criminal Conduct.** Provide reasonable steps to respond appropriately to criminal conduct and to prevent further criminal conduct (U.S. Sentencing Comm'n Guidelines Manual § 8D1.4(b)(7)).

MTSU Examples

A. **System of Internal Control.** The University's internal control system as noted in sections one through six of this document is an example of the ways MTSU prevents criminal conduct within the institution, as well as the ways in which the University detects and prevents fraud, waste, and abuse institutional assets.



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

Wednesday, November 29, 2017

Tab 4

**MTSU Examples of Compliance with the
Department of Justice Filip Factors**



**Middle Tennessee State University
Board of Trustees**

MEETING: Audit and Compliance Committee

SUBJECT: *MTSU Examples of Compliance with the
Department of Justice Filip Factors*

DATE: November 29, 2017

PRESENTER: Gené Stephens

BACKGROUND INFORMATION:

As requested by the Audit and Compliance Committee at its September 12, 2017 meeting, examples of the University's demonstration of compliance with the ten Filip Factors provided by the Department of Justice are presented for the Committee's review.



MIDDLE TENNESSEE STATE UNIVERSITY

Examples of University Compliance with the Department of Justice Filip Factors

DOJ Filip Factor Questions	MTSU Policy or Internal Control Example(s)	Comments
<p>1. Root cause analysis of misconduct and remediation.</p>	<p>A. University Audit Services B. Business and Finance Accounting Controls C. Policy D. Committee Review</p>	<p>A. Audit and Consulting Services performs regular financial audits to detect and prevent fraud, waste, and abuse of institutional assets, as well as to prevent financial misconduct.</p> <p>B. Financial and accounting internal controls allow for review and analysis of financial irregularities; travel and reimbursement expense misuse; and purchasing-card fraud or misuse.</p> <p>C. Institutional Policy includes procedural requirements to analyze and assess institutional financial, operational, and/or academic misconduct.</p> <p>D. Committee Reviews (e.g. Facilities and EHS; Business & Finance; Institutional Compliance; Conflict of Interest; President’s Cabinet; Executive Academic Cabinet) serve as an additional resource to address remediation of instances of noncompliance.</p>

DOJ Filip Factor Questions	MTSU Policy or Internal Control Example(s)	Comments
<p>2. Senior and middle management’s oversight and shared commitment to compliance.</p>	<p>A. President’s Cabinet B. Financial Integrity and Risk Management controls C. Creation of the Office of Compliance and Enterprise Risk Management</p>	<p>A. The institution’s shared commitment to compliance begins from the top down. The President’s Office reiterates the necessity of management, staff, and faculty commitment to compliance with MTSU’s: (i) academic mission; (ii) strategic goals; (iii) policies and procedures; and (iv) community values.</p> <p>B. The University’s financial procedures and controls contribute to the institution’s financial and operational integrity. Communication regarding the institution’s controls are shared at both senior and middle levels of management.</p> <p>C. The Office of Compliance and Enterprise Risk Management (“ERM”) was created in January 2017 by senior management to support the University’s risk management and institutional compliance efforts and activities.</p>
<p>3. Autonomy of the compliance role and resources provided for the role.</p>	<p>A. Office of the Vice President for Business and Finance – Creation, Funding, and Guidance</p>	<p>A. The Assistant Vice President for Compliance and ERM reports to, and was created by, the Vice President for Business and Finance. The current reporting structure provides for appropriate autonomy of the compliance role, while ensuring institutional support, resources, and senior management guidance for the role.</p>
<p>4. Design and implementation of policies and procedures.</p>	<p>A. University Counsel – Policy Review System (Design) and State Audit Findings (Implementation)</p>	<p>A. The Office of University Counsel (“OUC”) coordinates the review, dissemination, and approval of all institutional policies to ensure appropriate time for comments by the entire campus community. Policy implementation is evidenced by State audit results of zero financial-related findings in recent years.</p>

DOJ Filip Factor Questions	MTSU Policy or Internal Control Example(s)	Comments
5. Operational integration of the compliance policies and procedures.	A. Finance and Accounting Procedures	A. Business and Finance policies are integrated into all finance and accounting procedures as part of a regular review process.
6. Risk management and assessment.	<p>A. Divisional risk assessment reviews</p> <p>B. Annual risk assessment reporting – Financial Integrity</p> <p>C. Periodic risk assessment consultative reporting (for Senior management)</p>	<p>A. Each institutional division performs risk assessments on a three-year cycle. The risk assessment process requires management and staff participation and review of internal controls for effectiveness.</p> <p>B. The University’s annual risk assessment report to the State of Tennessee’s Finance and Administration Division provides an assurance of the adequacy of MTSU’s overall internal system of controls.</p> <p>C. The Office of Compliance and ERM provides a Risk Assessment Consultative report to members of senior management that includes both risk and compliance ratings for operational areas.</p>
7. Training, communication, and guidance availability.	<p>A. Office of Institutional Equity and Compliance – Title IX, Title VI, ADA, and Sexual Assault Prevention Training</p> <p>B. University Police – Campus Safety</p> <p>C. Office of Compliance and ERM</p> <p>D. President’s Office Communications</p>	<p>A. The Office of Institutional Equity and Compliance regularly provides training and campus communications on Title IX, Title VI, ADA compliance, and sexual assault prevention. Mandatory training on Title IX, VI, and sexual assault are required of all MTSU employees. The Athletics Division receives additional, annual training on Title IX.</p> <p>B. The University Police Department disseminates information to the campus community related to self-defense training; theft-prevention tips; and safety awareness.</p>

DOJ Filip Factor Questions	MTSU Policy or Internal Control Example(s)	Comments
<p>7. Training, communication, and guidance availability (<i>continued</i>).</p>	<p>B. University Police – Campus Safety C. Office of Compliance and ERM D. President’s Office Communications</p>	<p>B. The University Police management team also provides a weekly summary of policy activities for senior management team members.</p> <p>C. The Office of Compliance and ERM provides monthly compliance tips and information to the institution, and serves as a resource regarding new regulations and questions on institutional compliance and risk management controls.</p> <p>D. The President’s Office provides communications to the campus community and leadership team on milestones regarding institutional accreditation; capital projects approvals; new academic programs; academic, employment, and athletics partnerships; enrollment statistics; and a reiteration of MTSU’s community values.</p>
<p>8. Reporting and investigation.</p>	<p>A. Audit and Consulting Services B. Finance and Accounting Services C. Student Academic Misconduct and Faculty Affairs D. Risk Management Reporting</p>	<p>A. Audit and Consulting Services is the primary Unit regarding internal investigations of fraud, waste, and abuse of financial and other institutional assets.</p> <p>B. The policies, accounting controls, and review process within the Business and Finance Division’s Finance and Accounting Department provide appropriate reporting and review of financial transactions to detect and prevent misappropriation and abuse of State funds.</p>

DOJ Filip Factor Questions	MTSU Policy or Internal Control Example(s)	Comments
8. Reporting and investigation <i>(continued)</i> .	C. Student Academic Misconduct and Faculty Affairs D. Risk Assessment Process	C. The Office of the Vice Provost for Faculty Affairs includes investigations related to student academic misconduct. D. The annual risk assessment process allows each division and department to assess risk controls and to identify emerging and residual risks.
9. Incentive and disciplinary measures.	A. Performance Evaluation Process B. Communication and Training	A. The employee, performance evaluation process allows management members to provide feedback, incentives, and/or disciplinary measures related to work performance and adherence with institutional policies and procedures. B. MTSU provides systematic communication and training regarding the enforcement of policies, campus community behavior, and procedures, and provides appropriate consequences for noncompliance.
10. Continuous improvement, periodic testing, and review of high-risk areas.	A. Annual risk management review process. B. Financial Control System C. Internal Audit	A – C. The institution’s annual risk assessment process, internal system of financial controls, and internal audit functions provide review of financial and operational high-risk areas, as well as the opportunity for continuous review and improvement of MTSU procedures and policies.

