



Middle Tennessee State University Board of Trustees Audit and Compliance Committee

Tuesday, March 17, 2020
1:00 p.m.

MEC Meeting Room – 2nd Floor
Miller Education Center
503 East Bell Street
Murfreesboro, Tennessee 37132



**Middle Tennessee State University
Board of Trustees
Audit and Compliance Committee**

Tuesday, March 17, 2020
1:00 p.m.

AGENDA

Call to Order and Opening Remarks

Roll Call

Approval of Minutes (Action)Tab 1

Report of Conflict of Interest Disclosures in 2019 (Information)Tab 2

Review of President’s Statement of Disclosure of Interests for 2020 (Information)Tab 3

Report on Compliance with Public Records Policy (Information)Tab 4

Results of External Reviews (Information)Tab 5

1. Comptroller’s Report – Agreed-Upon Procedures for Athletic Statement
of Revenue & Expenses, January 13, 2020
2. TN Department of Transportation, Grants Monitoring Section Desk
Review of Contracts with MTSU, February 13, 2020

Quarterly Report – Results of Internal Audit Reports (Information)Tab 6

Follow-up Items from Prior Discussions of Audits (Information)

1. Update of Corrective Actions - Comptroller’s Audit of AthleticsTab 7
2. Review of the Draft Report of the Audit of the Office of the President.....Tab 8

Closing Remarks

Adjourn Public Session

Non-Public Executive Session – Audits/Investigations (Information)

Adjourn Non-Public Executive Session



**Middle Tennessee State University
Board of Trustees**

Audit and Compliance Committee

Action Item

DATE: March 17, 2020

SUBJECT: **Approval of Minutes**

PRESENTER: Pete DeLay
Committee Chair

BACKGROUND INFORMATION:

The Audit and Compliance Committee met on November 12, 2019. Minutes from the meeting are provided for review and approval.

**MIDDLE TENNESSEE STATE UNIVERSITY
BOARD OF TRUSTEES**

**AUDIT AND COMPLIANCE COMMITTEE
MINUTES**

The Audit and Compliance Committee met on Tuesday, November 12, 2019, in the MEC Meeting Room in the Miller Education Center at Middle Tennessee State University.

Call to Order and Opening Remarks

Committee Chair Christine Karbowskiak called the meeting to order at 9:27 a.m. and welcomed everyone in attendance.

Roll Call

The following Committee members were in attendance: Tom Boyd, Christine Karbowskiak, Mary Martin, and Steve Smith. A quorum was declared present. Also present were Trustees J.B. Baker, Pete DeLay, and Samantha Eisenberg. Alan Thomas, Vice President for Business and Finance; Mark Byrnes, University Provost; Joe Bales, Vice President for University Advancement; Andrew Oppmann, Vice President for Marketing and Communications; Deb Sells, Vice President for Student Affairs and Vice Provost for Enrollment and Academic Services; Brenda Burkhart, Chief Audit Executive; Heidi Zimmerman, University Counsel and Board Secretary; and, Kim Edgar, Assistant to the President and Chief of Staff were also in attendance.

Approval of Minutes - Action

The first agenda item was approval of the minutes from the August 20, 2019 Audit and Compliance Committee meeting. Trustee Smith moved to approve the minutes from the August 20, 2019 meeting and Trustee Karbowskiak seconded the motion. A roll call vote was taken and, with all Committee members voting "Aye," the motion to approve the minutes from the August 20, 2019 meeting of the Audit and Compliance Committee carried.

Policy Revisions, Policy 10 Ethics and Code of Conduct - Action

Revisions to Policy 10 Ethics and Code of Conduct were presented by Ms. Gené Stephens, Assistant Vice-President, Office of Compliance and Enterprise Risk Management. The proposed revisions added Sections IV. Investigatory Process and V. Appeals to the policy. Discussion regarding a timeline for the investigatory process followed after Trustee Martin commented there was not a timeline included for the investigation process. A motion was made by Trustee Martin to amend and approve the policy with additional language added as Section IV. F. to state, "The Office of Compliance and Enterprise Risk Management will conduct an adequate, reliable, and impartial investigation in a reasonable and timely manner." Trustee Boyd seconded the motion. A roll call vote was taken and, with all Committee members voting "Aye," the motion to amend and approve the policy with the additional language added as Section IV.F. carried.

Results of External Reviews - Information

Ms. Burkhart presented the results of two external reviews. The Office of the Comptroller of the Treasury released the investigative report, MTSU Athletic Department, on August 29, 2019. The report concluded an associate athletic director made a questionable purchase of \$3,500 with his university purchasing card and department staff used university purchase credit from a sports and fitness company to provide at least \$34,084 in shoes and apparel to family and friends. The report also included an internal control deficiency of inadequate oversight of use of sponsorship trade. The report concluded that management of the Athletic Department indicated they were establishing new practices and procedures to correct the findings and the internal control deficiency disclosed in the report. An update of corrective actions addressing the findings and internal control deficiency was requested for the next Audit and Compliance Committee meeting.

The Tennessee Department of Finance and Administration, Office of Criminal Justice Programs conducted a financial desk review on October 17, 2019 of the STOP (Services, Training, Officers, Prosecutions) funding for the fiscal year ending June 30, 2020. There were no findings of noncompliance.

Quarterly Report – Results of Internal Audit Reports – Information

Ms. Burkhart presented the results of Internal Audit Reports. Two audit projects were completed since the last meeting of the Audit and Compliance Committee: Cash Counts at June 30, 2019, with no reportable issues; and, the Audit of Inventories for Fiscal Year Ended June 30, 2019, which concluded the year-end inventory counts were accurate and in compliance with the inventory procedures, but also included a recommendation for Printing Services to include valuation procedures in the inventory procedures. The current status of the Internal Audit Plan for Fiscal Year Ended June 30, 2020 was included for the Committee's review.

Adjournment

The Committee adjourned the public session at 9:53 a.m. and entered non-public executive session at 9:55 a.m. to discuss audits and investigations. The non-public executive session adjourned at 10:49 a.m.

Respectfully submitted,
Audit and Compliance Committee



**Middle Tennessee State University
Board of Trustees**

Audit and Compliance Committee

Information Item

DATE: March 17, 2020

SUBJECT: **Report of Conflict of Interest
Disclosures in 2019**

PRESENTER: Gené Stephens
Assistant Vice-President,
Office of Compliance and Enterprise
Risk Management

BACKGROUND INFORMATION:

In the Audit and Compliance Committee (“Committee”) Charter Section IV. Responsibilities, G.4, the Committee is to ensure that all potential conflicts of interest are adequately resolved and documented.

Included in the materials is the 2019 report of the conflict of interest disclosures reviewed by the Conflict of Interest Committee.

Conflict of Interest Committee
 Middle Tennessee State University
 1301 East Main Street
 Murfreesboro, Tennessee 37132



January 14, 2020

Dr. Sidney A. McPhee, President
 Middle Tennessee State University
 1301 East Main Street
 Murfreesboro, TN 37132

Dear Dr. McPhee:

This is the 2019 calendar year report for the Conflict of Interest Committee (Committee). Per MTSU Policy 12 Conflict of Interest, the Committee is an advisory group reporting to the President’s Office. The Committee will evaluate conflict of interest (COI) disclosures and determine whether a conflict exists. For any conflict that is not a violation of federal or state law, the Committee is permitted to make the following determinations: 1) the conflict is de minimis and is permitted to continue; 2) the conflict may be managed by placing restrictions on the employee; or 3) the conflict may not be managed so the employee must eliminate the conflict.

Below is a summary of the types of conflict of interest disclosures reviewed and the Committee’s conclusions for 2019. There were no conflicts identified as violations of federal or state law.

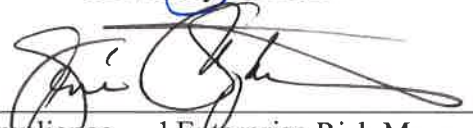
<u>Type of Disclosure</u>	<u>No COI</u>	<u>De Minimis</u>	<u>Managed</u>	<u>Eliminated</u>	<u>Referred to Academic Affairs</u>	<u>Totals</u>	<u>Prior Year Totals</u>
Educational Materials	1	-	7	-	-	8	5
Acceptance of Gifts	-	-	-	-	-	-	-
Family Relationship	1	-	1	-	-	2	2
Consensual Relationship	-	-	-	1	-	1	2
Financial/Business Interest	1	-	3	-	-	4	6
Other	1	-	1	-	-	2	1
Total Disclosures Reviewed	4	-	12	1	-	17	16

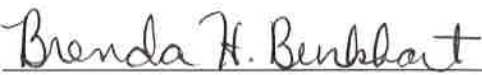
If you have any questions or need any additional information, please contact Ms. Gené Stephens, Assistant Vice-President, Compliance & Enterprise Risk Management at 615-494-8812. This report will be presented to the Audit and Compliance Committee as an informational item.

Respectfully submitted,
 Members of the COI Committee


 Office of University Counsel


 Business and Finance


 Compliance and Enterprise Risk Management


 Audit and Consulting Services

Middle Tennessee State University is an AA/EEO employer and does not discriminate on the basis of race, color, national origin, sex, disability, or age in its programs and activities. The following person has been designated to handle inquiries regarding the nondiscrimination policies: Executive Director of Institutional Equity and Compliance, 1301 E. Main Street, CAB 116, Murfreesboro, TN 37132, 615-898-2185. Additionally, the MTSU Title IX Coordinator, designated to monitor and oversee Title IX complaints, may be contacted at: Sam Ingram Building 2269 Middle Tennessee Blvd. Murfreesboro, TN 37132 615-898-5133, or via this webpage: <http://www.mtsu.edu/titleix/>.



**Middle Tennessee State University
Board of Trustees**

Audit and Compliance Committee

Information Item

DATE: March 17, 2020

SUBJECT: **Review of President's Statement of
Disclosure of Interests for 2020**

PRESENTER: Brenda Burkhart
Chief Audit Executive

BACKGROUND INFORMATION:

MTSU Policy 12 Conflict of Interest states, "The President's disclosure [Form ss8005] shall be evaluated by the Board of Trustees or a duly appointed committee thereof."

The Audit and Compliance Committee is charged with assisting the Board in exercising oversight of standards of conduct and ensuring compliance with legal and regulatory requirements. Dr. McPhee's 2020 Disclosure of Interests form is presented for the Committee's review.



Statement of Disclosure of Interests (ss-8005)

Report Year

2020

Date of Filing

2020-01-07

Filer Contact Information

SIDNEY MCPHEE [View all statements](#)
MIDDLE TENNESSEE STATE UNIVERSITY, 1301 EAST MAIN ST - CAB 204
MURFREESBORO, TENNESSEE 37132

Office Held or Sought

Incumbent
President - University governed by Board of Trustees

Sources of Income

SUN TRUST BANK BOARD MURFREESBORO, TN: Income received by Filer

SUN TRUST BANK BOARD NASHVILLE, TN: Income received by Filer

CONSULTING SERVICES FOR BAHAMAS MINISTRY OF TOURISM: Income received by Filer

CONSULTING SERVICES FOR THE COLLEGE OF THE BAHAMAS - MINISTRY OF EDUCATION AND FINANCE: Income received by Filer

Investments

TIAA CREF SUPPLEMENTAL RETIREMENT FUND: Held by Filer

AIG VALIC RETIREMENT FUND; STATE OF TN RETIREMENT: Held by Spouse

Lobbying

None

Professional Services

None

Retainer Fees

SUN TRUST BANK BOARD MURFREESBORO, TN

SUN TRUST BANK BOARD NASHVILLE, TN

Bankruptcy

None

Loans

None

Certification

I certify.

You certify that all of the information you have entered is true, correct, and complete in accordance with the Conflict of Interest Disclosure Act to the best of your knowledge.

I, the undersigned, do hereby witness that the above information was entered in my presence.

Witness Name MORGAN TYGRET

[Back to Reports](#)

- [Help and FAQs](#)
- [Search Statements](#)
- [Privacy Statement](#)



**Middle Tennessee State University
Board of Trustees**

Audit and Compliance Committee

Information Item

DATE: March 17, 2020

SUBJECT: **Report on Compliance with Public
Records Policy**

PRESENTER: Heidi Zimmerman
University Counsel and Board
Secretary

BACKGROUND INFORMATION:

MTSU Policy 120 Public Records, Section III.B.3 requires the Public Records Coordinator to 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.

A summary of the number of records requests received in 2019 is provided for the Committee's review.

Records Requests Received in 2019			
	Denied	Provided	TOTAL REQUESTED
Athletics - Reports	10	19	29
Athletics - Coach Contracts	7	18	25
Procurement Services	34	15	49
Contract Office	2	1	3
Employment Records	8	4	12
Misc.	4	9	13
Police Reports	1	9	10
Student Records	12	17	29
TOTAL	78	92	170



**Middle Tennessee State University
Board of Trustees**

Audit and Compliance Committee

Information Item

DATE: March 17, 2020

SUBJECT: **Results of External Reviews**

PRESENTER: Brenda Burkhart
Chief Audit Executive

BACKGROUND INFORMATION:

1. TN Comptroller of the Treasury, Results of Agreed-Upon Procedures Applied to the Statement of Revenues & Expenses for the Athletic Programs, January 13, 2020

The Tennessee Comptroller of the Treasury released the results of the agreed-upon procedures applied to the statement of revenues and expenses of the athletics programs in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 3.2.4.15 for the year ended June 30, 2019. The auditors only noted one “significant differences between the amounts in the athletic statements based on general ledger accounts and changes in the NCAA reporting requirements.” The statements were revised to reflect the changes in the reporting requirements.

2. TN Department of Transportation, Grants Monitoring Section Desk Review of Contracts with MTSU, February 13, 2020

The Tennessee Department of Transportation, Grants Monitoring Section,

conducted a desk monitoring review of two contracts with MTSU. The desk review was “to determine if costs and service are allowable and eligible and to verify contractual compliance.” There were no findings of noncompliance.



**Middle Tennessee State University
Board of Trustees**

Audit and Compliance Committee

Information Item

DATE: March 17, 2020

SUBJECT: **Quarterly Report – Results of
Internal Audit Reports**

PRESENTER: Brenda Burkhart
Chief Audit Executive

BACKGROUND INFORMATION:

MTSU Policy 70 Internal Audit section IX.F requires significant results of internal audit reports be presented to the Audit and Compliance Committee quarterly.

Since the last meeting of the Audit and Compliance Committee, the following three audit projects have been completed:

1. Audit of the Office of the President for Fiscal Year 2019 is an annual audit required by state law. There were no reportable issues.
2. Audit of Football Ticket Sales and Paid Attendance for Fall 2019 concluded compliance with NCAA criteria. The football average paid attendance of 15,493 exceeded the requirement of 15,000.
3. Review of the Use of the MTSU Owned Aircraft for the Period July 1, 2017 – November 30, 2018 which was requested by the Committee. The report included the following two recommendations:

- Written Procedures Needed for University Plane
- Improvement Needed with Flight Log Documentation

Management is implementing the recommendations. Management has drafted a policy “Operation and Use of University Aircraft” which is currently out for review and comment with the University community. The comment deadline is March 23, 2020. A copy of the proposed policy is attached for your information.

The current status of the Internal Audit Plan for Fiscal Year 2020 is included for the Committee’s review.



180 Operation and Use of University Aircraft

Approved by President

Sidney A. McPhee, President

Effective Date: _____, 2020

Responsible Division: Academic Affairs

Responsible Office: Aerospace

Responsible Officer: Chair, Aerospace Department

I. Purpose

This policy provides specific guidelines on the use and operation of university-owned transportation aircraft. It is the intent of this policy that University (MTSU or University) that such aircraft will be used to conduct official university business in an efficient manner, available for the widest practicable use by the appropriate and designated persons.

II. General Provisions

- A. University-owned aircraft may be used only to conduct official university business in accordance with the University's travel policy (see [Policy 658 Travel](#)). Personal use, including recreational use and/or commuting, is strictly prohibited.
- B. University aircraft may be used only when official business cannot be conducted more economically through the use of regularly scheduled commercial aircraft. Specifically, it is appropriate to use University aircraft when the destination is not served by commercial carriers; the time required to use such a carrier interferes with other University obligations; or the number of officials and employees traveling makes the use of University aircraft cost-effective. While convenience is a consideration in selecting this mode of travel, it is not the primary factor and must be considered along with cost, the nature of the business to be conducted, and other relevant factors.
- C. Travel on University aircraft is authorized for University employees or prospective employees, students or prospective students, donors or prospective donors, speakers at University events, official guests of the University, officials of the University and their spouses (including trustees) provided such persons are engaged in, or supporting, an official business function of the University. Travel is also authorized for individuals of other state agencies when such persons are engaged in official business of the State of Tennessee.

- D. When a flight has been scheduled for official purposes and unassigned seats remain on the aircraft, persons other than those for whom the flight was scheduled may be accommodated on a space-available basis when their travel is deemed in the University's best interest. These include, but are not limited to, employees, persons conducting business on behalf of the University, and spouses accompanying staff on official University business. The University will determine the taxability of such flights on a case-by-case basis.

III. Scheduling Flights

- A. All flights on the University aircraft are scheduled through the University pilot, also known as the pilot-in-command. Every effort will be made to accommodate all requests consistent with the most economical and efficient use of the aircraft and flight crews.
- B. Procedures for requesting and obtaining approval for a flight are located at <https://www.mtsu.edu/aerospace/KingAir.php>.
- C. As outlined in the procedures, initial requests for aircraft availability should be made by email or text to the pilot-in-command followed up with an electronic request that will be routed for approval through the Aerospace Department and the President's Office.
- D. The pilot-in-command is responsible for ensuring that a proposed passenger list containing the following information is completed for safety purposes and to document the purpose of each passenger's trip. The proposed passenger list will be emailed to the Flight Operations Manager prior to each flight.
 1. Departure/return time, date, time of arrival, and place;
 2. Name of each passenger, title, department or agency charged;
 3. Destination(s), including intermediate stops; and
 4. Business purpose of trip for each passenger.
- E. The pilot-in-command is additionally responsible for ensuring that the University aircraft is airworthy and has the required Federal Aviation Agency (FAA) operating certifications and documentation aboard the aircraft.

IV. Charges for Using University Aircraft

- A. The per-mile rate for using University aircraft will be set at a level sufficient to recover the cost of maintaining and operating the plane. Rates are approved by the University President, as well as periodically reviewed and revised as needed. Information on

current rates is available at <https://www.mtsu.edu/aerospace/KingAir.php>. Before scheduling flights on the University's aircraft, departments should consider the availability and cost of commercial flights and compare the cost of such service with the cost of using the University's aircraft.

- B. Aircraft users will be billed monthly by the pilot-in-command with a copy of each invoice sent to the Flight Operations Program Management Office and the Office of Business and Finance for recording in the University's accounting system. Charges will be calculated by multiplying the actual flight miles by the approved per-mile rate for use of the plane. If persons from more than one department/agency are on the same flight, the charges will be prorated among the departments/agencies involved.

V. Operation of University Aircraft

- A. University aircraft must be operated at all times in accordance with the provisions of the FAA approved flight manual and the University's flight operations procedures manual, which is in compliance with the Federal Aviation Act (as amended) and Civil Air Regulations.
- B. The pilot-in-command will submit a blanket [Travel Authorization](#) form to the Aerospace Department annually approving travel and operation of the University aircraft for the year.
- C. It is recommended that two (2) pilots be utilized for each scheduled passenger flight; however, it is acceptable to only have the pilot-in-command on board if he/she holds the proper credentials for flying the current aircraft without a co-pilot.
- D. Under FAA regulations, the pilot of any aircraft is responsible for, and is the final authority as to, the flight operation of that aircraft. All decisions concerning the flight itself will rest solely with the pilot-in-command. The pilot, however, shall keep the Aerospace Department informed of any deviations from the approved flight sequence.
- E. The pilot-in-command will complete a detailed flight manifest upon completion of each flight and submit it to the Flight Operations Manager. The flight manifest should include the following information:
 - 1. Business reason for the flight;
 - 2. Flight duration;
 - 3. Date and final destination;
 - 4. Time of departure and time of arrival;

5. Hobbs start and stop times;
 6. Destination and intermediate stops of flight;
 7. Length of time of each portion of flight;
 8. Distance flown;
 9. Names of pilots; and
 10. Name of each passenger on any portion of the flight; position within University (if applicable), and reason the person is a passenger.
- F. The Flight Operations Program Management Office will reconcile flight manifests with flight invoices, and information from Flight Aware, on a monthly basis. Any discrepancies will be reported to the Chair of the Aerospace Department.

VI. Charter Service

- A. Sometimes it will be impossible to accommodate all requests for use of University aircraft. In such cases, if commercial flights to the desired destination are not available, and if it is essential to fly at a time when there are no commercial flights, or if it is deemed most cost effective, a charter flight may be arranged and/or leased.
- B. When a charter flight is leased, the University and pilot-in-command will comply with the FAA General Technical Requirements regarding Dry Lease Agreements (dry lease agreements are for the lease of an aircraft only, and not for the lease of an aircraft and pilot), or the FAA General Technical Requirements regarding Wet Lease Agreements (when both an aircraft and pilot lease are needed).
- C. When flights are scheduled, the user department will be responsible for all costs incurred. It is customary for the charter service to assess an additional wait-time charge when the layover exceeds one hour, for the cost of a co-pilot, and for the time and expenses of the crew when overnight travel is involved. (For more information on chartering planes, see the [Policy 658 Travel](#)).

VII. Donated Aircraft and Flight Services

When an aircraft and flight services are donated for official University business, employees must ensure that the plane and flight crew meet current FAA regulations, circulars, and guidance documents, as well as maintain blanket liability insurance. Such donated aircraft by the donor shall not be in exchange for any compensation. The donor must receive zero compensation from the University for the use of the donor aircraft. For purposes of FAA regulatory compliance, compensation can be anything from monetary compensation to free

tickets to games, free parking, or any other item of value.

For additional information regarding the acceptance and use of donor aircrafts, please contact the University's [Office of Compliance and Enterprise Risk Management](#).

Forms:

[Transportation Request – King Air](#)

[Travel Authorization](#)

Revisions: none.

Last Reviewed: February 2020.

References: MTSU Policy 658 Travel; T.C.A. §§ 49-7-3002; 49-14-104; Federal Aviation Administration Reauthorization Act of 2018; 14 CFR 110.2; 14 CFR 1.1; 14 CFR Part 135; and 14 CFR 91.501(c).

**Middle Tennessee State University
Internal Audit Plan
Fiscal Year Ended June 30, 2020
as of February 28, 2020**

Type	Area	Audit Project	Current Status	Audit Results
R	FM	Year-End Inventory FY2019	Report Issued 10/31/2019	1 Recommendation
R	FM	Cash Counts FY2019	Memo to Management 9/26/19	No Reportable Issues
R	GV	Audit of President's Office	Report Issued 12/4/2019	No Reportable Issues
I	SS	INV1702	In Progress	
I	AA	INV1705	In Progress	
I	AA	INV1801	Draft Report	
I	AT	INV1904	In Progress	
I	FM	INV1905	Administratively Closed 12/20/19	No Reportable Issues
I	AA	INV2001	In Progress	
R	AT	Football Attendance Fall 2019	Report Issued 2/6/2020	No Reportable Issues
F	GV	State Audit Assistance/Follow-Up	Project Throughout Year	n/a
C	GV	General Consultation	Project Throughout Year	n/a
R	FM	Cash Counts FY2020	Scheduled	
R	FM	Year-End Inventory FY2020	Scheduled	
P	GV	IIA - Self Assessment & QAR	Scheduled	
S	AA	Use of Aircraft	Report Issued 2/20/2020	2 Recommendations
S	AA	Use of Mobile Production Truck	Scheduled	
A	AA	Research Services Procedural Review	Scheduled	
A	SS	Financial Aid Procedural Review	Scheduled	
A	FM	Property Management Contract Review	Scheduled	

Audit Types:

A - Risk-Based (Assessed)
C - Consulting
F - Follow-up Review
I - Investigation
M - Management's Risk Assessment
P - Project (Ongoing or Recurring)
R - Required
S - Special Request

Area = University Division

AA - Academic Affairs
AD - Advancement
AT - Athletics
FM - Financial Management
GV - Governance/Executive Office
IT - Information Technology
MC - Marketing and Communications
SS - Student Services



**Middle Tennessee State University
Board of Trustees**

Audit and Compliance Committee

Information Item

DATE: March 17, 2020

SUBJECT: **Follow-Up Item: Update of
Corrective Actions – Comptroller’s
Audit of Athletics**

PRESENTER: Brenda Burkhart
Chief Audit Executive

BACKGROUND INFORMATION:

During the Committee’s last meeting on November 12, 2019, the Committee requested an update on the corrective action taken to address the findings and internal control deficiency discussed in the Comptroller’s Audit of Athletics report. For better management of the vendor provided sports apparel allotments, the Athletic Department has developed written procedures addressing the required approvals, the allocation process and the documentation requirement for reporting an employee’s extra compensation.

Attached are the Athletic Procedures for Apparel Allotments including the form for reporting extra compensation.

MIDDLE TENNESSEE STATE UNIVERSITY

ATHLETIC PROCEDURES

PROCEDURE NO: ATH-202

DATE: 1-15-2020

SUPERSEDES PROCEDURE NO: none

DATED:

SUBJECT: Apparel allotments

APPROVED: 

Purpose

Middle Tennessee Athletics has an agreement with a vendor for sports apparel. As part of this agreement, specific athletic areas (football, men's basketball, women's basketball, and administration) have an apparel allotment for staff use. Coaches and staff are required to wear vendor products when they are representing the University at various functions, including practice and donor functions. This allotment provides additional apparel for them to wear in addition to their normal game day attire. These procedures provide instructions for the issuance and management of the vendor provided annual apparel allotments.

Procedure

The contract for sports apparel contains an annual apparel allotment for football, men's basketball, women's basketball, and administration. The Head Coach of football, men's basketball and women's basketball will provide a list of the annual allotment distribution to the Athletic Director for approval. The annual allotment for administration prepared by the Athletic Director will be submitted to the President for approval. Once approved by the President /Athletic Director, the Extra Compensation Form for Athletic Apparel Allotment will be prepared by the Athletic Business Office for each of the approved staff members included on the annual allotment distribution lists. The extra compensation form will indicate the amount of the annual allotment and indicate that the allotment amount will be taxed as extra compensation to the staff member. This form will also state that (1) the employee will be taxed on the apparel allotment, (2) apparel allotment orders will only be placed by the employee and guest accounts will not be created, and (3) the employee will comply with all NCAA rules/regulations regarding the apparel allotment. It will be incumbent upon the individual staff member to ensure that they use the entire allotment prior to expiration, as they will be taxed on the full amount prior to June 30 of each year. Any unused allotment will expire and will not carry forward to the next year. After the apparel allotment forms have been signed by the staff members, the approved allotment amounts for men's basketball, women's basketball and administration will be submitted to the sports apparel vendor to fund each individual account for the year. The approved allotment amounts for football will be provided to the MTSU athletic department employee assigned to submit the individual allotment amounts into the sports apparel vendor's on-line portal for football.

If an employee declines their approved apparel allotment, that apparel allotment may be re-assigned to another employee. The re-assignment of an apparel allotment must follow the same recommendation

and approval process as outlined in this procedure.

All approved and signed apparel allotment forms will be submitted to the Office of University Tax Compliance for processing of employee fringe benefits.



EXTRA COMPENSATION FORM FOR ATHLETIC APPAREL ALLOTMENT

Purpose

Middle Tennessee Athletics has an agreement with a vendor for sports apparel. As part of this agreement, the specific athletic areas (football, men's basketball, women's basketball, and administration) have an apparel allotment for staff use. Coaches and staff are required to wear vendor products when they are representing the university at various functions, including practice and donor functions. This allotment provides additional apparel for them to wear in addition to their normal game day attire. This form documents the annual allotment to specific athletic staff for reporting of extra compensation.

EMPLOYEE NAME	
EMPLOYEE M#	
VENDOR	
REPORTING YEAR	
ALLOTMENT AMOUNT	
ALLOTMENT EXPIRATION DATE	

I hereby acknowledge and accept the product allotment amount noted above.
I also acknowledge and agree to the following:

1. Taxes will be assessed on the full amount of the allotment prior to June 30 of each year. I understand the allotment has an expiration date of June 30. Any unused allotment expires and is not carried forward to the next year.
2. I will place all orders for this allotment and I will not set up any guest accounts.
3. I will comply with all NCAA rules and regulations regarding use of the allotment.

_____ I accept the product allotment

_____ I decline the product allotment

Signature

Date

References: Athletic Procedures for Apparel Allotments



**Middle Tennessee State University
Board of Trustees**

Audit and Compliance Committee

Information Item

DATE: March 17, 2020

SUBJECT: **Follow-Up Item: Review of the
Draft Report of the Audit of the
Office of the President**

PRESENTER: Brenda Burkhart
Chief Audit Executive

BACKGROUND INFORMATION:

During the Committee's review of the draft report of the Audit of the Office of the President, two requests for information were made. The first request was a quarterly report of the year-to-date expenses of the accounts for the operations of the Office of the President. Included in the materials is the quarterly reporting of expenses for the period July 1, 2019 to December 31, 2019.

Also requested was an example of the form used to document the guests of the President traveling with Athletic teams. The current form identifies the event, event date, names, and purpose. The approval signatures are the Athletic Director and the President. Included in the meeting materials is an example of the blank form and an example including actual descriptions obtained from the "Purpose" column of various completed forms.

Middle Tennessee State University

**Quarterly Reporting of Expenses for the Operations of the Office of the President
For the Period July 1, 2019 to December 31, 2019**

	Institutional Accounts	Foundation Account	Total Year to Date	% of Budget Amount	Total Prior Year
Budget Amounts	\$ 957,725	\$ 35,000	\$ 992,725	100%	\$ 964,926
Expenses:					
Salaries & Benefits	\$ 394,119	\$ -	\$ 394,119	40%	\$ 769,437
Travel	3,446	1,166	4,612	0%	19,734
Operating Expenses	59,013	10,910	69,923	7%	120,099
Total Expenses	<u>\$ 456,578</u>	<u>\$ 12,076</u>	<u>\$ 468,654</u>	<u>47%</u>	<u>\$ 909,270</u>
(Over)/Under Budget	<u>\$ 501,147</u>	<u>\$ 22,924</u>	<u>\$ 524,071</u>	<u>53%</u>	<u>\$ 55,656</u>

Example of Blank Form

Event:
Date:

NAME	PURPOSE	ADDITIONAL GUESTS FOR DINNER PARTY	PURPOSE

Approval Signatures: _____
 Chris Massaro, Athletic Director date

 Dr. Sidney McPhee, President date

