

## **Tennessee Higher Education Accountability Act**

### **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**

- (a) The board of regents 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 an internal auditor. The 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.

### **49-14-103 Establishment of process for confidentiality 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 on-going investigation thereof shall be considered working papers of the internal auditor and shall be confidential under the provisions of 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.
- (b) The provisions of 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 state board of regents or the University of Tennessee board of trustees or the audit committees of either board. Any 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 chapter commits a Class A misdemeanor.

### **49-14-104 Quarterly reports – Legislative intent**

The board of regents 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 establish a

policy for quarterly reports by their respective system president or chancellor, presidents or chancellor detailing expenditures made by, at the direction of or for the benefit of the chancellor or president. It is the legislative intent that such 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 chancellor's or the president's office. Chancellors or presidents shall not have the authority to grant themselves an exception to fiscal, spending or travel policies established by the board or by statute.

**4-14-105      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 such removal shall be effective upon a majority vote of the voting board members.

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

The hiring of campus internal auditors shall be done upon the recommendation of the institutional presidents with the approval of the chancellor or the University of Tennessee president or designee as applicable. Termination of employment of campus internal auditors shall require prior approval by the chancellor or University of Tennessee president as applicable and the board audit committee. 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.