



# *State of Tennessee*

## **PUBLIC CHAPTER NO. 28**

**SENATE BILL NO. 994**

**By Tracy**

Substituted for: House Bill No. 1004

By Williams, Ragan

AN ACT to amend Tennessee Code Annotated, Title 49, Chapter 14; Section 49-7-118 and Title 49, Chapter 7, Part 30, relative to the board of regents and state university boards.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 49-7-118, is amended by deleting subsections (a), (b), (c), and (d) in their entirety and substituting instead the following language:

(a) The governing boards of public institutions of higher education are authorized to establish policies pursuant to which a suitable number of persons may be employed or commissioned, or both, as police officers, public safety officers, and security officers by institutions and schools governed by the respective boards.

(b) In addition to the minimum requirements under regulation by the peace officer standards and training (POST) commission, each board or institution may establish additional qualifying factors, training standards, and policies for employees holding a police officer's commission.

(c) The governing boards of public institutions of higher education are authorized to establish such other minimum qualifications for employment as security officers as they deem appropriate; however, the qualifications for security officers permitted to carry firearms or other arms while on duty shall be at least equivalent to the certification requirements of the POST commission.

(d) When properly commissioned and qualified in accordance with the policies of the governing boards of public institutions of higher education, the police officers shall have all the police powers necessary to enforce all state laws as well as rules and regulations of the institutions. The authority granted extends to all facilities or property owned, leased, or operated by the governing boards of the public institutions of higher education, including any public roads or rights-of-way that are contiguous to, within the perimeter of, or connect between the facilities, property, or interests of a particular institution.

SECTION 2. Tennessee Code Annotated, Section 49-7-3001, is amended by deleting subsection (b) in its entirety and substituting instead the following language:

The board of regents shall require risk-based internal financial audits of the offices of the chancellor and the presidents and directors of the institutions governed by the board; provided, that at least thirty percent (30%) of such offices shall be audited in any given year. The audits shall be reviewed by the board of regents and the comptroller of the treasury.

SECTION 3. Tennessee Code Annotated, Section 49-7-3001, is amended by redesignating subsection (c) as subsection (d) and inserting the following language as a new subsection (c):

Each state university board shall require an annual internal financial audit of the office of the president of the institution. The audit shall be reviewed by the institution's governing board and the comptroller of the treasury.

SECTION 4. Tennessee Code Annotated, Section 49-7-3002, is amended by deleting the section in its entirety and substituting instead the following:

A flight log shall be maintained for each state-owned airplane used by officers or employees of the University of Tennessee system or its institutions or the state university and community college system, including its universities, for travel related to a system or institution. The log shall show the reason for each flight, the date and final destination of each flight, the time of departure, time of arrival, all stops made prior to reaching the final destination, the length of time of each portion of a flight and the name of any person traveling on any portion of a flight, and the position the person holds with the system or institution. If a person who is not an officer or employee of the system or institution is a passenger on any portion of a flight, then the log shall clearly identify the person, the portion of the flight on which the person is a passenger and show the reason the person is a passenger.

SECTION 5. Tennessee Code Annotated, Section 49-7-3003, is amended by deleting the section in its entirety and substituting instead the following language:

Public institutions of higher education shall not purchase alcoholic beverages, beer, or wine with funds derived from state taxes, tuition, or student fees that are appropriated or reappropriated by the general assembly.

SECTION 6. Tennessee Code Annotated, Section 49-14-102, is amended by deleting the 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.

SECTION 7. Tennessee Code Annotated, Section 49-14-103, is 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.

SECTION 8. 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.

SECTION 9. 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 shall be done upon the recommendation of the institutional presidents with the approval of the chancellor or the University of Tennessee

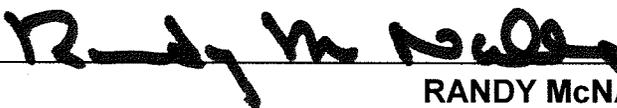
president or designee as applicable. Termination of employment of campus internal auditors shall require prior approval by the chancellor or University of Tennessee president as applicable and the board audit committee. Annual or other periodic audits of chief executives shall be performed by an internal auditor or auditors who do not report to the chief executive being audited.

(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. Notwithstanding the foregoing, internal auditors or auditors who report to the board audit committee may perform annual or other periodic audits of the chancellor of the board of regents system or the University of Tennessee president.

SECTION 10. This act shall take effect upon becoming a law, the public welfare requiring it.

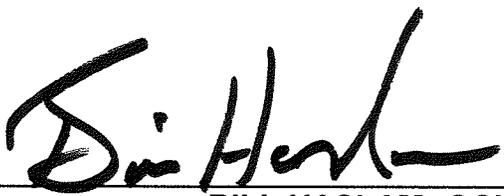
SENATE BILL NO. 994

PASSED: March 16, 2017

  
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RANDY McNALLY  
SPEAKER OF THE SENATE

  
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BETH HARWELL, SPEAKER  
HOUSE OF REPRESENTATIVES

APPROVED this 29<sup>th</sup> day of March 2017

  
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BILL HASLAM, GOVERNOR