

Report on the

Athens State University

Athens, Alabama

October 1, 2015 through September 30, 2018

Filed: September 6, 2019



Department of Examiners of Public Accounts

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Rachel Laurie Riddle, Chief Examiner



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Rachel Laurie Riddle
Chief Examiner

Honorable Rachel Laurie Riddle
Chief Examiner of Public Accounts
Montgomery, Alabama 36130

Dear Madam:

Under the authority of the *Code of Alabama 1975*, Section 41-5A-19, as added by Act Number 2018-129, we submit this report on the results of the examination of Athens State University for the period October 1, 2015 through September 30, 2018.

Sworn to and subscribed before me this
the 22 day of August, 20 19.

Kelly D. Matthews
Notary Public

Sworn to and subscribed before me this
the 22 day of August, 20 19.

Kelly D. Matthews
Notary Public

Sworn to and subscribed before me this
the 22 day of August, 20 19.

Kelly D. Matthews
Notary Public

Respectfully submitted,

Peter M. Fisher
Peter Fisher
Examiner of Public Accounts

Tiffany A. Mason
Tiffany Mason
Examiner of Public Accounts

Nathaniel F. Kuykendall
Nathaniel Kuykendall
Examiner of Public Accounts

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Department of
Examiners of Public Accounts

SUMMARY

**Athens State University
October 1, 2015 through September 30, 2018**

Athens State University (the “University”) is a publicly supported state University. The University is under the direction and control of the Athens State University Board of Trustees. The University provides three baccalaureate degree options; the Bachelor of Arts degree, the Bachelor of Science degree, and the Bachelor of Science in Education degree, as well as three graduate programs; the Masters in Global Logistics and Supply Chain Management, the Masters in Religious Studies and the Masters in Career and Technical Education. Additional information on the history of the University is included in the Comments section of this report.

The firm CDPA, P.C., Certified Public Accountants conducted the financial audits for the fiscal years ended September 30, 2016, September 30, 2017, and September 30, 2018.

This report presents the results of an examination of the University and a review of compliance by the University with applicable laws and regulations of the State of Alabama in accordance with the requirements of the Department of Examiners of Public Accounts under the authority of the *Code of Alabama 1975*, Section 41-5A-12, as added by Act Number 2018-129.

There were no findings in the prior examination.

The following instance of noncompliance with state laws and regulations and other matters was found during the examination as shown on the Schedule of State Compliance and Other Findings and is summarized below.

- ◆ 2018-001 The University may not have complied with the *Code of Alabama 1975*, Sections 39-1-1(a) and (f) as well as 39-2-2 and 39-2-4, in regards to the advertising requirements for public works projects and obtaining payment and performance bonds.

The University had questionable expenditures in the amount of \$53.52 which were repaid prior to the completion of the examination.

The following officials/employees were invited to an exit conference to discuss the results of this report: Dr. Ronald Ingle, Interim President; Mr. Mike McCoy, Vice-President for Financial Affairs; and Mr. Jonathan Craft, Assistant Vice-President for Finance. The following individuals attended the exit conference: Mr. Mike McCoy, Vice-President for Financial Affairs and Mr. Jonathan Craft, Assistant Vice-President for Finance. Representing the Department of Examiners of Public Accounts were: Mr. Peter Fisher and Ms. Tiffany Mason, Examiners and Ms. Andera Anderson, Audit Manager.



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COMMENTS

**Athens State University
October 1, 2015 through September 30, 2018**

Athens State University is the oldest institution of higher education in Alabama's state educational system. Athens College was founded in 1822 by the citizens of the City of Athens who purchased five acres of land, erected a building and began Athens Female Academy. It was operated as an independent academy until 1843 when the citizens raised \$10,000 to build Founders Hall and the institution was chartered as a four-year college. The founders turned to the Tennessee Conference of the Methodist Church (Athens and all of Alabama north of the Tennessee River was in the Tennessee Conference). When the North Alabama Conference was formed (1870), Athens College became the property of that Conference.

On May 10, 1974, the Board of Trustees requested from the North Alabama Conference of the United Methodist Church that the Institution seek affiliation with the State of Alabama. In June 1974, the Conference authorized the transfer. In June 1975, the College was accepted by the Alabama State Board of Education, and later that year the legislature appropriated funds for the operation of the College to serve the graduates of state junior, community, and technical colleges/institutes. Athens held its first class as a state operated institution on December 4, 1975 with an enrollment of 837 students.

The institution's name has changed several times since its existence. Upon transfer to the Tennessee Conference of the Methodist Church in 1842, the institution became Athens Female Institute. Then in 1889, it became Athens Female College. In 1931, the College became coeducational and was known as Athens College. In 1975, upon entering the state system, it was renamed Athens State College. In March 1981, the Alabama Legislature placed Athens State College and John C. Calhoun State Community College under a single administration. In 1991, the Legislature passed a resolution to re-establish two autonomous administrations at Athens State College and Calhoun Community College. In 1998, the Legislature passed a resolution to rename Athens State College to Athens State University.

In May 2012, Section 16-60-110, *Code of Alabama 1975*, was amended to remove Athens State University from under the jurisdiction, supervision, and control of the State Board of Education and Department of Postsecondary Education; to create and provide for the governance of the University under the Board of Trustees of Athens State University, effective October 1, 2012.

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*Schedule of State Compliance
and Other Findings*

Schedule of State Compliance and Other Findings
For the Year Ended September 30, 2018

Ref. No.	Finding/Noncompliance
2018-001	<p><u>Finding:</u></p> <p>The <i>Code of Alabama 1975</i>, Section 39-2-2(a) states, “Before entering into any contract for a public works involving an amount in excess of fifty thousand dollars (\$50,000), the awarding authority shall advertise for sealed bids. If the awarding authority is the state or a county, or instrumentality thereof, it shall advertise for sealed bids at least once each week for three consecutive weeks in a newspaper of general circulation in the county or counties in which the improvement or some part thereof, is to be made.”</p> <p>The <i>Code of Alabama 1975</i>, Section 39-1-1(a) states, “Any person entering into a contract with an awarding authority in this state for the prosecution of any public works shall, before commencing the work, execute a performance bond, with penalty equal to 100 percent of the amount of the contract price. In addition, another bond, payable to the awarding authority letting the contract, shall be executed in an amount not less than 50 percent of the contract price, with the obligation that the contractor or contractors shall promptly make payments to all persons supplying labor, materials, or supplies for or in the prosecution of the work provided in the contract and for the payment of reasonable attorneys’ fees incurred by successful claimants or plaintiffs in civil actions on the bond.”</p> <p>The <i>Code of Alabama 1975</i>, Section 39-2-4(a) states, “The bidder shall be required to file with his or her bid either a cashier's check drawn on an Alabama bank or a bid bond executed by a surety company duly authorized and qualified to make such bonds in the State of Alabama, payable to the awarding authority for an amount not less than five percent of the awarding authority's estimated cost or of the contractor's bid, but in no event more than ten thousand dollars (\$10,000).”</p> <p>The <i>Code of Alabama 1975</i>, Section 39-1-1(f) states, “The contractor shall, immediately after the completion of the contract, give notice of the completion by an advertisement in a newspaper of general circulation published within the city or county in which the work has been done, for a period of four successive weeks.”</p> <p>The University failed to properly advertise, failed to obtain proper bonds, and the contractor failed to give notice of completion by an advertisement for the Carter Gym Fire Alarm public works project with a base bid of \$69,352.00 and the College Street Fire Alarm public works project with a base bid of \$55,700.</p>

Schedule of State Compliance and Other Findings
For the Year Ended September 30, 2018

Ref. No.	Finding/Noncompliance
	<p><u>Finding Continued:</u> The University may not have complied with the <i>Code of Alabama 1975</i>, Section 39-2-2(a) relating to advertising requirements; <i>Code of Alabama 1975</i>, Section 39-1-1(a) and <i>Code of Alabama 1975</i>, Section 39-2-4(a) relating to bond requirement; and <i>Code of Alabama 1975</i>, Section 39-1-1(f) relating to notice of completion.</p> <p><u>Recommendation:</u> The University should ensure compliance with the <i>Code of Alabama 1975</i>, Sections 39-2-2(a), 39-1-1(a), 39-2-4(a), and 39-1-1(f).</p>

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Additional Information

Board Members and Officials
October 1, 2015 through September 30, 2018

Board Members	Term Expires
Hon. Kay Ivey, Governor (Effective 04/10/2017)	Ex-Officio
Hon. Robert Bentley, Governor (Until 04/10/2017)	Ex-Officio
Hon. Jimmy Baker, Chancellor Alabama Community College System	Ex-Officio
Hon. Crystal Brown, Alabama Community College System Board Member	Ex-Officio
Hon. Ronnie Chronister	2022
Hon. Cathy Dickens	2017
Hon. Macke Mauldin	2022
Hon. Arthur Orr, Senator	2022
Hon. Maxine Randolph	2019
Hon. Clint Shelton	2019
Hon. Tazewell Shepard	2017
Hon. Sandra Sims de-Graffenried	2017
Hon. Missy Ming Smith	2024

Board Members and Officials
October 1, 2015 through September 30, 2018

Officials

Dr. Ronald Ingle
(Beginning 07/13/2018)

Interim President

Dr. Robert K. Glenn
(Until 07/13/2018)

President

Mr. Mike McCoy

Vice-President for
Financial Affairs