THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

MINUTES OF THE AUDIT AND COMPLIANCE COMMITTEE

August 24, 2015
Nashville, Tennessee

The Audit and Compliance Committee of The University of Tennessee Board of
Trustees met at 10:30 a.m. CDT on August 24, 2015, in the offices of Bradley Arant Boult
Cummings in Nashville, Tennessee.

I.   CALL TO ORDER

        Mr. D. Crawford Gallimore, Chair, called the meeting to order.

II.   ROLL CALL

        Ms. Sandy S. Jansen, Executive Director, called the roll, and the following Audit
        and Compliance Committee members were present:

                Mr. D. Crawford Gallimore
                Mr. Waymon Hickman, external member

        Mr. Tommy Whittaker arrived shortly after the Roll Call. Upon his arrival, Ms.
        Jansen announced the presence of a quorum of the Committee. Members of the
        administrative staff were also present. Mr. Raja Jubran called during the
        information technology (IT) presentations but was shortly disconnected from the
        call.

III.   INFORMATION TECHNOLOGY UPDATE

        Mr. Joel Reeves, Assistant Vice Chancellor, provided an update on IT security for
        UT Knoxville (Exhibit 1). Chair Gallimore asked about antivirus and malware
        software at the campus. Mr. Reeves commented on the existing policies that
        require malware and antivirus software; however, antivirus software is not
        managed centrally. With 10,000 to 30,000 users, including students, it would be
        detrimental to the mission to manage antivirus centrally. If incidents are
        detected, machines are removed from the network immediately. When new
        machines are set up centrally, antivirus is installed and software is made
        available to everyone.

Dr. Joe DiPietro, University President, asked about the 2003 servers still in service. Mr. Reeves responded that there are plans to remediate those servers and the servers have extra controls.

Chair Gallimore asked if they had detected any intrusion since Mr. Reeves' last update to the Committee. Mr. Reeves indicated intrusions had occurred and UT is constantly pinged with outside threats; however, he is not aware of any breach.

Mr. Tom Hoover, Chief Information Officer (CIO) at UT Chattanooga, presented the IT security update (Exhibit 2). Chair Gallimore asked whether there were distinct logins for each campus. Mr. Hoover replied that UT Chattanooga established a different login system many years ago.

Mr. Terry Lewis, Interim CIO at UT Martin, presented the IT security update (Exhibit 3).

Mr. Gallimore asked Mr. Lewis if he had discussed the security initiatives with Interim Chancellor Smith. Mr. Lewis responded that he had provided him a high-level update and plans exist to discuss the initiative in the near future.

Dr. Jan J. van der Aa, Vice Chancellor for Information Technology at UT Health Science Center, presented the IT security update (Exhibit 4).

Dr. DiPietro asked about encryption. Dr. van der Aa commented on the time it takes to encrypt a disk and the risks involved if the encryption key is lost. He also commented on the focus to encrypt the data with the highest risks.

Mr. Matthew Scoggins, Deputy General Counsel, asked the CIOs to discuss university employees using private e-mails to conduct university business and the impact on information security. Dr. DiPietro commented that some employees think they are protected from the Freedom of Information Act request if they use their personal e-mail; however, that is not the case. He commented on the importance of awareness. Mr. Hoover responded that they have drafted information for campus users who route e-mails to personal accounts to better inform them. Mr. Reeves said they are migrating to Office 365 to provide more storage, which may eliminate many of the private accounts in use. He added that they continue to raise awareness. Dr. van der Aa also mentioned the challenge with faculty and staff forwarding e-mail from their UT accounts to their personal accounts. He estimated that close to 50 percent of employees forward e-mails. (After the meeting, he corrected his estimate to 15 percent.)

Mr. Gallimore asked about processes to eliminate access for employees when they leave the university. Mr. Reeves responded that employees continue to have e-mail access for up to a year after a normal departure. If it is a forced departure, access is disabled immediately. Access to transaction systems is eliminated immediately upon departure. Mr. Les Mathews, UT System IT Executive Director, responded that access to review W-2, last paycheck, and pay stub details extends up to a year. The other CIOs responded with similar processes; however, e-mail access is disabled one month after departure at the other campuses. Mr. Hoover also indicated retirees are allowed to keep their e-mail addresses.

Chair Gallimore asked each CIO to comment on the budget for IT security. Mr. Reeves stated Knoxville has been fair with the security budget. They approach budget decisions based on security risks. Mr. Hoover commented that UT Chattanooga makes security a top priority. Mr. Lewis said he was comfortable with the security level at Martin. Dr. van der Aa explained that security is a separate component of the budget and there are four full-time employees for security. He also commented on the challenges with competitive salaries in the field.

Ms. Jansen referenced the written reports for the Committee's review (Exhibits 5, 6, 7).

IV.   APPROVAL OF MINUTES FROM LAST MEETING

Chair Gallimore asked for any corrections to the December 8, 2014, minutes. Hearing none, Mr. Hickman moved approval of the minutes as presented, and Trustee Whittaker seconded, and the motion carried unanimously.

V.   INSTITUTIONAL COMPLIANCE

Mr. Scoggins presented an update on sexual assault in higher education, sexual assault on the University of Tennessee campuses, and compliance with Title IX and the Clery Act.

Mr. Tony Ferrara, Vice Chancellor for Finance and Operations at the UT Health Science Center (UTHSC), presented the campus's compliance update (Exhibit 8). Chair Gallimore asked about compliance staffing. Mr. Ferrara responded that they have hired an Institutional Compliance Officer and may hire another individual.

Mr. William Moles, Institutional Compliance Director, noted that UTHSC's institutional compliance program works well with the systemwide program. The campus takes a hands-on approach in managing policies, training, and monitoring. The system office provides oversight for the compliance program, ensures responsibilities are assigned, and coordinates the periodic risk assessments.

Ms. Jansen referenced the written reports for the Committee's review (Exhibits 9, 10).

VI.   2015 AUDIT PLAN UPDATE

Ms. Jansen presented the plan (Exhibit 11).

VII.   INTERNAL AUDIT SELF-ASSESSMENT

Ms. Jansen gave an update on the results from the self-assessment (Exhibit 12) and notified the Committee of the upcoming external review. She provided information on the members of the peer review team and an overview of the review process. The team will interview the Committee members, as well as various system and campus administrators.

VIII.   AUDIT AND COMPLIANCE STAFFING

Ms. Jansen presented an update on audit staffing.

IX.   EXTERNAL AUDIT REPORTS

Ms. Jansen presented the external audit report included in the meeting materials (Exhibit 13). The external audit report submitted received an unmodified opinion.

X.   TRAVEL EXCEPTION REPORT

A written report was submitted by Mr. Charles Peccolo, University Treasurer, regarding travel exceptions (Exhibit 14). No exceptions were noted.

XI.   OTHER BUSINESS

The Chair called for any other business to come before the Audit and Compliance Committee. There was none.

XII.   ADJOURNMENT

There being no further business to come before the Audit and Compliance Committee, the meeting was adjourned.

Respectfully Submitted,

Sandy S. Jansen
Executive Director
Office of Audit and Compliance