

THE UNIVERSITY OF TENNESSEE  
BOARD OF TRUSTEES

MINUTES OF THE AUDIT AND COMPLIANCE COMMITTEE

August 30, 2016  
Nashville, Tennessee

The Audit and Compliance Committee of The University of Tennessee Board of Trustees met at 10:30 a.m. CDT on August 30, 2016, 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. Raja Jubran  
Mr. Brad Lampley  
Ms. Sharon Pryse  
Mr. Tommy Whittaker

Ms. Jansen announced the presence of a quorum of the Committee. Members of State Audit and the UT administrative staff were also present.

III. APPROVAL OF MINUTES FROM LAST MEETING

Chair Gallimore asked for any corrections to the May 9, 2016, minutes. Hearing none, Trustee Pryse moved approval of the minutes as presented and Trustee Whittaker seconded. The motion carried unanimously.

IV. INSTITUTIONAL COMPLIANCE OVERVIEW

Mr. Bill Moles, Director of Compliance, provided an overview of the Institutional Compliance Program (Exhibit 1). He discussed the organizational structure of the

program and the basic process of the risk assessment. Chair Gallimore inquired whether information is shared among campuses and whether peer reviews are provided. Trustee Jubran followed up by asking about peer reviews. Mr. Moles commented that certain areas coordinate more than others and that areas such as safety conduct peer reviews. Mr. Moles added that the system institutional compliance office also shares risks and solutions among campuses and institutes whenever possible.

Trustee Pryse questioned whether the compliance committees include athletics. Mr. Moles responded that athletics is in the scope and includes NCAA compliance, personal health information held by trainers, and other reporting requirements.

Chair Gallimore asked Mr. Moles about the risks he is most concerned about. Mr. Moles commented that the University faces a big challenge in keeping more than 550 departments up to speed on their compliance responsibilities. As an institution, UT relies on departments to enforce compliance and steps should be taken to make these responsibilities easier for departments, such as providing checklists and calendars.

## V. UNIVERSITY SUCCESSION PLANNING

Dr. Ron Tredway, Executive Director of Employee and Organizational Development, presented the University's development of a succession planning model (Exhibit 2).

Chair Gallimore asked for a description of the profiles included in the model. Dr. Tredway described some of the positions being reviewed on the President's staff and the competencies needed.

Mr. Hickman inquired about the selection process and whether the current work on competencies is being used during the searches for the current open positions. Ms. Linda Harig, Vice President of Human Resources, explained that interviews have just been completed and, once she receives results, she will incorporate the work.

Trustee Jubran asked about the UT succession planning approach being called best practice. He questioned what research was used to ensure it was best practice. Dr. Tredway explained that the approach to use an outside consulting firm was to take advantage of its current research and practices and to compliment internal resources. While actual research by the firm was not available for this meeting, information could be collected for subsequent reporting.

Trustee Lampley asked how the process will work if an internal candidate is identified for a position. There was discussion that the individual would be encouraged to engage in the active search to be considered an applicant.

Trustee Jubran questioned how the most critical positions will be identified. Dr. Tredway said they have not yet reached that stage; however, they started with 16 leadership positions. Based on responses to certain position assessment items, critical positions will be determined.

Trustee Jubran also asked about cross-training. Dr. Tredway commented that cross-training is available for many of the key leadership competencies and that more specific development activities would be determined following the readiness assessment of each potential successor identified.

Trustees Pryse and Jubran stated they hope UT focuses on career development and considers functions that are across the System at various campuses. They added that it should not take consulting firms to inform UT there are good people in place and there is a need to have a career development program. Ms. Harig commented that she has implemented these programs at both Duke and Vanderbilt and that succession planning impacts both internal and external candidates.

Chair Gallimore said he was glad to see this work in progress. Trustee Jubran noted that UT should manage expectations of those who may be considered successors and that this program should be more about career development.

#### VI. 2016 AUDIT PLAN UPDATE

Ms. Sandy Jansen presented the Office of Audit and Compliance audit plan (Exhibit 3).

#### VII. AUDIT AND COMPLIANCE STAFFING

Ms. Jansen provided an update on plans to recruit an auditor in Martin. She also shared a letter from an audit client thanking an audit staff member on his assistance.

#### VIII. EXTERNAL AUDIT REPORTS

Reports for UT Regional One Physicians, Inc. (Exhibit 4) and Methodist Le Bonheur Healthcare and Affiliates (Exhibit 5) were included in the materials.

IX. TRAVEL EXCEPTION REPORT

Mr. Ron Maples, Interim Treasurer and Chief Financial Officer, submitted a written report of travel exceptions (Exhibit 6). No exceptions were noted.

X. DISCRETIONARY SPENDING REPORT

Mr. Ron Maples, Interim Treasurer and Chief Financial Officer, submitted a written report of discretionary spending (Exhibit 7). The report includes fiscal year 2016.

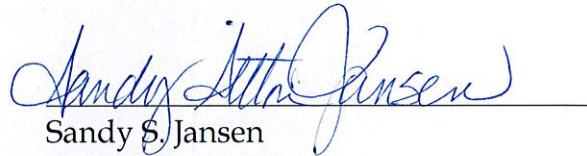
XI. OTHER BUSINESS

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