

THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

MINUTES OF THE AUDIT AND COMPLIANCE COMMITTEE

December 15, 2016
Nashville, Tennessee

The Audit and Compliance Committee of The University of Tennessee Board of Trustees met at 10:00 a.m. CST on December 15, 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 August 30, 2016, minutes. Hearing none, Mr. Waymon Hickman moved approval of the minutes as presented and Trustee Sharon Pryse seconded. The motion carried unanimously.

IV. APPROVAL OF COMMITTEE AND INTERNAL AUDIT CHARTERS

Ms. Jansen presented the charters for approval (Exhibit 1). No changes were recommended. In addition, Ms. Jansen discussed her administrative reporting

relationship to the UT chief financial officer and noted no impacts to the objectivity or independence of the internal audit function. She reviewed upcoming changes with the professional standards, noting potential changes to the charters in 2017. Trustee Tommy Whittaker moved approval of the charters as presented and Trustee Pryse seconded. The motion carried unanimously.

V. UTK PROGRAMS FOR MINORS

Mr. Brian Browning, Executive Director of Auxiliary Services, presented management's actions to address audit recommendations for the University of Tennessee, Knoxville, programs for minors (Exhibit 2).

Dr. Joseph DiPietro, University President, inquired about the number of programs and minors involved. Mr. Browning indicated nearly 150,000 minors have visited the Knoxville campus since the program inception in January 2014.

Trustee Brad Lampley questioned whether background checks are conducted on students who work with minors for covered programs. Mr. Browning explained the process and stated any students working with minors must go through a background check.

Trustee Pryse asked what a non-covered program would be. Mr. Browning provided examples of programs that are not considered covered, including football games, Clarence Brown Theatre productions, and other activities open to the general public.

Chair Gallimore inquired whether the Freeh report was used as a model for the program. Mr. Browning, Mr. Jeff Maples, Senior Associate Vice Chancellor, and Mr. Matthew Scoggins, Deputy General Counsel, responded that the report was referenced as a model during program development.

Chair Gallimore questioned whether any incidents have been reported or identified. Mr. Browning indicated concerns have been reported, but no incidents. Mr. Scoggins added that a couple of concerns have been referred to the Department of Children's Services.

VI. UTIA PROGRAMS FOR MINORS

Dr. Tim Cross, Interim Chancellor, Ms. Whitney Fair, UTIA Interim Human Resources Officer, and Dr. Shirley Hastings, UT Extension Interim Human Resources Officer, presented management's actions to address audit

recommendations for the Institute of Agriculture's programs for minors (Exhibit 3).

Chair Gallimore asked for clarification on the designated official. Ms. Fair indicated she serves as the designated official. Chair Gallimore stressed the importance of ensuring the program does not get lost in the shuffle if there is turnover in the position. Ms. Fair explained that she is preparing procedures to hand off the program once a permanent human resources officer is identified. Chair Gallimore reiterated the importance of this issue and the program. Interim Chancellor Cross agreed and discussed the tools and procedures being implemented to ensure consistent application and monitoring.

VII. 2016 INTERNAL AUDIT PLAN STATUS

Ms. Jansen provided an update on the 2016 audit plan (Exhibit 4).

VIII. 2017 INTERNAL AUDIT PLAN AND COMPLIANCE WORK PLAN

Ms. Jansen presented the internal audit annual plan and compliance work plan for approval (Exhibit 5). She highlighted office priorities, including the change in state guidance to implement an enterprise risk management (ERM) framework.

Dr. DiPietro asked about the placement of the ERM function. Ms. Jansen responded that it would be determined in 2017. The Committee discussed the best placement of the function and that, no matter the placement of the function, reports could still be provided to the Audit and Compliance Committee.

Trustee Pryse moved approval of the plans as presented and Trustee Lampley seconded. The motion carried unanimously.

IX. OAC STAFFING

Ms. Jansen provided an overview of staffing of the internal audit and institutional compliance functions, discussing the temporary duties to allow for ERM and the open staff position in Martin.

X. INSTITUTIONAL COMPLIANCE

A written report of the Institutional Compliance progress and activities (Exhibit 6) was submitted for Committee review.

XI. UNIVERSITY'S FINANCIAL RISK ASSESSMENT

A written report of the University's financial risk assessment (Exhibit 7) was submitted for Committee review.

XII. TRAVEL EXCEPTION REPORT

A written report of travel exceptions (Exhibit 8) was submitted for Committee review.


XIII. OTHER BUSINESS

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

XIV. ADJOURNMENT

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

Respectfully Submitted,

A handwritten signature in blue ink, reading "Sandy S. Jansen", is written over a horizontal line.

Sandy S. Jansen
Executive Director
Office of Audit and Compliance