



# THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

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AUDIT AND COMPLIANCE COMMITTEE SPECIAL MEETING	
11:00 a.m. EDT/10:00 a.m. CDT	Teleconference Originating from the West Wing
Friday	Haslam College of Business, 1000 Volunteer Blvd
March 15, 2019	Knoxville, Tennessee

## AGENDA

- I. Call to Order
- II. Roll Call
- III. [Minutes of the Last Meeting](#) – Action/Roll-Call Vote ..... Tab 1
- IV. [Committee Chair’s Recommendation for Appointment, Compensation, and other Terms of Employment of the Chief Audit and Compliance Officer](#)—Action/Roll-Call Vote ..... Tab 2
- V. [Committee Meeting Dates in 2019 and 2020](#) – Action/Roll-Call Vote..... Tab 3
- VI. Adjournment\*  
\*No other business can be considered at this special meeting.



# THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

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## AGENDA ITEM SUMMARY

Meeting Date: March 15, 2019  
Committee: Audit and Compliance  
Item: **Minutes of the Last Meeting**  
Type: Action

Minutes of the January 10, 2019 meeting of the Audit and Compliance Committee follow this memorandum.

If no corrections to the minutes are needed, the Chair will call for a member of the Committee to make the following motion:

**I move that the reading of the minutes of the January 10, 2019 meeting of the Executive Committee be omitted and that the minutes be approved as presented in the meeting materials, provided that the Secretary be authorized to make any necessary edits to correct spelling errors, grammatical errors, format errors, or other technical errors subsequently identified.**



THE UNIVERSITY OF TENNESSEE  
BOARD OF TRUSTEES

MINUTES OF THE AUDIT AND COMPLIANCE COMMITTEE

January 10, 2019  
Knoxville, Tennessee

The Audit and Compliance Committee of The University of Tennessee Board of Trustees met at 2:00 p.m. EST on January 10, 2019, in the Andy Holt Tower in Knoxville, Tennessee.

I. CALL TO ORDER

Ms. Amy Miles, Chair, called the meeting to order.

II. ROLL CALL

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

- Ms. Amy Miles
- Mr. D. Crawford Gallimore
- Mr. Decosta Jenkins
- Mr. John Compton

Mr. Gallimore and Mr. Jenkins, participating by telephone, stated no others were present at their locations. Ms. Jansen announced the presence of a quorum. Members of the UT System administrative staff, the UT Health Science Center vice chancellor for finance and operations, the president of the UTK Faculty Senate, three representatives of the consulting firm Baker Tilly, and a member of the public were also present in Knoxville or by videoconference.

III. APPROVAL OF MINUTES FROM LAST MEETING

Chair Miles asked for any corrections to the September 27, 2018, minutes. Hearing none, she moved approval of the minutes as presented and Mr. Compton seconded. A roll call vote was taken, and the motion carried unanimously.



#### IV. INSTITUTIONAL COMPLIANCE REVIEW

Representatives of the accounting and advisory firm Baker Tilly presented the results of their review of the UT System institutional compliance function. Ms. Jansen explained that hiring an external firm was necessary because she served as the compliance officer as well as the internal auditor and, therefore, lacked independence to review the function.

Members of the review team described multiple strengths of the institutional compliance program, describing a bottoms-up approach to understanding and assessing compliance with laws and regulations that has been effective and well received across the UT System. The team praised the program for assigning responsibility for all laws and regulations to specific individuals, something they rarely see. To evolve the compliance program, the team recommended enhancing strategic compliance oversight and monitoring.

Chair Miles asked whether implementing the recommendations in the report would move UT's compliance program to Level 3 in the maturity model used to evaluate the program. Ms. Raina Rose Tagle, review team leader, agreed, explaining Level 3 was the desired minimum, though most institutions do not strive for Level 5 because it would be too costly. She stated, however, because the two areas scored at Level 2—oversight and monitoring—were core areas for an institutional compliance program, working toward achieving Level 4 in those would be appropriate.

Mr. Compton asked for one or two things UT should begin doing immediately. Mr. Tagle responded that the top opportunity was to take a strategic view by using all available information to identify and focus efforts on the top compliance risks facing the UT System and each of its entities. The Office of Institutional Compliance (OIC) could then provide System leaders with insight on compliance issues throughout the University, allowing leaders to take action where needed.

The committee also discussed the need for executive-level involvement to ensure risks are managed appropriately, the need to integrate compliance risks with the University's enterprise risk management efforts, and the need to involve the entire Board in discussions of risk.



## V. 2019 INSTITUTIONAL COMPLIANCE WORK PLAN

Mr. Bill Moles, OIC director, presented the 2019 work plan for the committee's approval. Mr. Moles described how most areas of focus for 2019 addressed the recommendations in the Baker Tilly report.

Chair Miles asked whether the compliance hotline and the Code of Conduct were widely known. Mr. Moles stated that, based on his conversations with campus compliance officials, the awareness level of both has increased over time, estimating a majority of officials were aware of the hotline and all were aware of the Code.

Mr. Compton asked whether Code of Conduct training was required for all employees across the UT System. Mr. Moles explained that historically such training has not been required. Dr. Tonja Johnson, Executive Vice President and Chief Operating Officer, explained that while there is no policy requiring Code of Conduct training, some entities, such as UT System Administration and UT Knoxville, have notified employees that they are expected to complete the training. The other campuses and institutes are considering similar approaches.

Chair Miles then moved approval of the proposed 2019 institutional work plan, and Mr. Compton seconded. A roll call vote followed with all approving.

## VI. UT SYSTEM TITLE IX

Dr. Ashley Blamey, Title IX Coordinator, presented an overview of the University's approach to Title IX. She described two events that significantly affected this area: 1) the 2011 guidance from the Office on Civil Rights that outlined new expectations for investigating and adjudicating sexual assault and 2) a 2017 report from the Title IX Commission appointed by the UT president, which led to the creation of system-wide coordination of Title IX activities.

Mr. Compton asked about the reporting relationship of the Title IX coordinator for the Knoxville campus Athletics department. Dr. Blamey explained that she worked with this coordinator on Title IX issues, though the coordinator reports administratively to the Director of Athletics. Dr. Blamey explained she reported to the chief audit and compliance officer for her System responsibilities (25 percent of her effort) and to the Knoxville chancellor for the remainder. She noted the deputy coordinator works for only the UT System and stated that each campus Title IX coordinator has additional roles.



## VII. 2019 INTERNAL AUDIT PLAN

Ms. Judith Burns, Associate Director in the Office of Audit and Compliance (OAC), and Ms. Amy Wilegus, OAC Director, presented the 2019 Audit Plan for the committee's approval. Ms. Burns explained OAC's methodology for developing the annual plan, focusing on the risk assessment process required by professional standards. She and Ms. Wilegus then highlighted the objectives of key projects on the plan.

Chair Miles asked whether the 2019 allocation of effort had changed from the past couple of years. Ms. Burns explained that the percentage of time devoted to prior-year projects was higher this year because of a large project that did not start until December.

Mr. Compton asked for clarification about the percentage of effort devoted to projects on the Knoxville campus, which appeared lower than expected. Ms. Burns noted that a portion of some of the projects labeled as UT System projects encompass operations at the Knoxville campus.

Chair Miles moved to approve the proposed 2019 internal audit plan; Mr. Jenkins seconded. A roll call vote followed with all voting to approve.

## VIII. CHIEF AUDIT AND COMPLIANCE OFFICER SEARCH PROCESS

Because of time constraints, no update was provided.

## IX. 2018 INTERNAL AUDIT PLAN UPDATE

Chair Miles asked for questions on the written report submitted by Ms. Jansen on the status of the 2018 audit plan. Hearing none, she continued to the next item.

## X. OUTSTANDING AUDIT ISSUES

Chair Miles asked for questions on the written report submitted by Ms. Jansen on the report of outstanding issues. Hearing none, she continued to the next item.

## XI. TRAVEL EXCEPTION REPORT



Chair Miles asked for questions on the written report of travel exceptions submitted by Mr. David Miller, Chief Financial Officer. Hearing none, she continued to the next item.

XII. OTHER BUSINESS

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

XIII. ADJOURNMENT

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

Respectfully Submitted,

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Judith A. Burns  
Interim Chief Audit and Compliance Officer



# THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

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## AGENDA ITEM SUMMARY

Meeting Date: March 15, 2019

Committee: Audit and Compliance

Item: **Committee Chair's Recommendation for Appointment, Compensation, and other Terms of Employment of the Chief Audit and Compliance Officer**

Type: Action

Presenter: Amy Miles, Committee Chair

In the following memorandum, Committee Chair Amy Miles recommends appointment of Brian J. Daniels as Chief Audit and Compliance Officer for the University. The recommended compensation and other terms of employment are included in the accompanying offer letter, which has been accepted by Mr. Daniels. Mr. Daniels' resume is also included in the meeting materials.

The Committee Chair will call for the following motion:

**I move that the Committee recommend adoption of the following Resolution by the Board of Trustees:**

**Resolved: The Board of Trustees approves the appointment of Brian J. Daniels as the Chief Audit and Compliance Officer, effective June 1, 2019, or such other date agreed to by the Chair of the Audit and Compliance Committee, with the compensation and other terms of employment presented in the meeting materials.**



 THE UNIVERSITY OF TENNESSEE

March 6, 2019

Dear Trustees,

Following a national search, I recommend the election of Brian J. Daniels as the Chief Audit and Compliance Officer, effective June 1, 2019 with the following compensation:

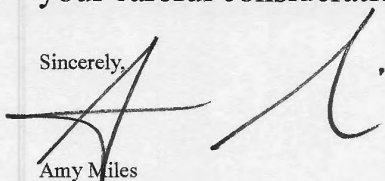
Base Salary: **\$20,833.34** per month (annualized salary of \$250,000.00)

Copies of the offer letter and Mr. Daniels's resume' are attached.

Mr. Daniels is an accomplished professional with substantial senior-level experience. He currently serves as the Director of Internal Audit at Virginia Tech University since 2017. Prior to joining Virginia Tech, Mr. Daniels served at the University of Virginia as Assistant Director of IT Audit. He began his career as the Auditor of Public Accounts conducting external audits of state entities, including colleges and universities for the Commonwealth of Virginia. He received his bachelor's degree from Virginia Tech and an MBA from James Madison University. He is a Certified Internal Auditor (CIA), a Certified Information Systems Auditor (CISA), and a Certified Forensic Analyst (GCFA).

Mr. Daniels is an experienced leader with over 15 years of success as an audit professional and I am enthusiastic about the value he can add to the University of Tennessee. Thank you for your careful consideration of this outstanding candidate.

Sincerely,



Amy Miles

Chair, Audit and Compliance Committee  
University of Tennessee Board of Trustees

cc: Catherine Mizell, Secretary, Chief of Staff, and Special Counsel

800 Andy Holt Tower • Knoxville, TN 37996-0180 • Phone:  
865-[974-2241](tel:865-974-2241) • Fax 865-[974-3753](tel:865-974-3753)



 THE UNIVERSITY OF TENNESSEE

## OFFICE OF THE CHIEF FINANCIAL OFFICER

David L. Miller  
Chief Financial Officer

March 6, 2019

Brian Daniels  
2235 Plank Drive  
Blacksburg, VA 24060

Dear Brian,

It is my pleasure to offer you the position of Chief Audit and Compliance Officer at the University of Tennessee, effective June 1, 2019, subject to the terms and conditions outlined in this letter and subject to approval by the University of Tennessee Board of Trustees upon the recommendation of the Audit and Compliance Committee of the Board of Trustees. This position reports directly to the Audit and Compliance Committee of the Board of Trustees with respect to all audit and compliance activities and findings but reports administratively to the Chief Financial Officer of the University. Your service in this position will be without tenure, without a definite term, and subject to the pleasure of the Board of Trustees.

The rate of pay for this position is \$20,833.34 per month (\$250,000 annualized.) As a full-time employee, you are also eligible for various benefits. For benefits information, please visit <https://hr.tennessee.edu/benefits>. Additional information will be provided during your orientation session scheduled for Monday, June 3, 2019 from 8:00 AM to 11:30 AM at the UT Visitors Center, 2712 Neyland Drive, Knoxville, TN 37996.

To assist you with relocation, the University will provide a one-time moving allowance of \$15,000 consistent with Fiscal Policy FI0450. This allowance will be reported as taxable income and included on your W-2 statement. The IRS requires that applicable taxes be withheld and reported.

The University conducts a criminal background check on all new employees and reserves the right to terminate any employee whose background check includes criminal history that the University deems to be disqualifying. This offer is also contingent upon documentation of citizenship and/ or work authorization as required by the immigration Reform and Control Act of 1986. You will receive the required *Employment Eligibility Verification* form (I-9) and a list of acceptable documents. You *must* complete the I-9 form and provide the necessary documentation to the Human Resources Office on or before your first day of work.

When you arrive, to comply with the University of Tennessee's Conflict of Interest Policy, you will be asked to complete an Outside Interest Disclosure form. The policy and form will be provided to you for completion during orientation, but if you wish to review them in advance, you may find them at <https://budget.utk.edu/fiscal-policy/conflict-interest/>.

All regular staff employees serve a six-month probationary period. At the end of the probationary period, this office will complete an initial evaluation, which will be discussed with you and will become a part of your personnel file.

We are excited to welcome you to the University of Tennessee and look forward to working with you. To indicate that you agree to these terms and will accept this appointment upon approval by the Board of Trustees, please sign below and returned the signed letter to me.

Sincerely,



David Miller  
Chief Financial Officer

cc: Amy Miles, Chair of Audit Committee, UT Board of Trustees  
cc: Matthew Scoggins, General Counsel, University of Tennessee  
cc: Human Resources

ACCEPTANCE: I accept the appointment to serve as Chief Audit and Compliance Officer under the terms and conditions outlined above and with the understanding that the offer is not binding until and unless the appointment and compensation is approved by the University of Tennessee Board of Trustees upon the recommendation of the Audit and Compliance Committee of the Board of Trustees.

  
Name

3/7/2019  
Date

## Brian J. Daniels, CIA, CISA, GCFA

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### Snapshot

- 15 years of extensive audit, risk, and control experience in higher education at Land-Grant and comprehensive Flagship universities.
- Communicated and implemented a clear vision and model for the development of an IT audit function at the university, creating the team from scratch and developing a robust and comprehensive IT audit program.
- Experience working directly with university leadership, including the university President, legal counsel, university police, and vice presidents and deans as a first point of contact to ensure provision of appropriate and timely assistance.
- Conducted annual university-wide risk assessments and developed audit plans aligned with strategic direction of the university in consultation with senior leadership.
- Collaborated significantly to establish initial ERM and Compliance program.
- Invested significant resources into fostering a collaborative environment where Internal Audit is thought of as a value-added function supporting university initiatives.
- Developed and delivered training regarding best practices for the university community in the areas of fraud prevention, financial and administrative controls, and IT security.
- Developed a fully operational data analysis team that contributes to all audit engagements and a variety of special projects on behalf of the university.
- Significant experience in developing and mentoring internal audit staff.

### Work Experience    2011 – Present        *Virginia Tech*        **Blacksburg, VA**

#### **Director of Internal Audit** (Associate Director June 2011- November 2017)

- Audit planning process includes strategic focus given to ensure broad coverage in key risk areas that include research, administrative and academic topics, and geographically disparate functions.
- Implementation of IT audit function also entailed the establishment of an IT risk assessment model and implemented a structured long-range IT audit plan mapped to international standards.
- Provide updates of audit results and recommendations as a component of departmental reporting directly to the Compliance, Audit, and Risk Committee of the Virginia Tech Board of Visitors and the university President.
- Provide leadership and direction to university divisions regarding internal accounting controls, legal liabilities, risk exposures, fraud prevention and detection, best practices, and development of policies and procedures.

**Work Experience  
(continued)**

- Developed the IT forensics program that is vital in support of reviews into allegations of fraud, waste, and abuse in consultation with law enforcement.
- Developed a fully operational data analysis team that contributes to all audit engagements and a variety of special projects on behalf of the department and the university through advisory service engagements. This function has revolutionized the means by which audits are conducted to expand analysis beyond traditional sampling methods to help ensure complete and current data to assist university senior management in decision making.
- Direct a team of 12 auditors, including audit managers, IT and traditional auditors, investigations team, and graduate assistants in the coordination and execution of audits.
- Assist in management of administrative activities and budget for the Office of Audit, Risk, and Compliance in an efficient manner.

**Acting Chief Audit Executive** (January – April 2017)

- Served in the full capacity of the Chief Audit Executive in early 2017 due to extended but temporary leave for the Chief Audit Executive.
- Reported directly to the university President and the Board of Visitors.
- Prepared and presented all materials for the quarterly board meeting during this timeframe.
- Led the day-to-day operations of the office, including report issuance and financial administration.
- Conducted the annual risk assessment and audit plan development.

**2005 – 2011*****The University of Virginia*****Charlottesville, VA****Assistant Director of IT Audits** (Senior IT Auditor 2005, IT Audit Manager 2008)

- Responsible for developing and coordinating activities related to assessing risk and performing audit engagement in the arena of information technology security and operations audits at the university and academic medical center.
- Established an IT forensic audit function to support investigative reviews, particularly in the arena of fraud, waste, and abuse.
- Conducted ongoing review and analysis of existing controls systems and processes in order to uncover and correct potential weaknesses in the campus controls environment. Identified opportunities to mitigate significant risks.
- Responsible for planning and conducting information security and IT operations audits of topical areas and campus departments within budgeted hours and timeframe.
- Determined the scope of the audit effort based on a review of internal controls and assessment of control risks to determine areas of more focused detailed test work.

**Work Experience  
(continued)**

- Researched and analyzed university policy and procedures, and evaluate audit documentation as a basis for objective opinions on the effectiveness and efficiency of operations and adequacy of internal controls.
- Participated in the investigation of fraud cases and whistleblower allegations maintaining strict confidentiality in sensitive situations.
- Supervised staff auditors on selected projects and investigations including reviewing their work and preparing performance evaluations.
- Presented findings to management at the beginning, during and conclusion of the audit assignment, including discussing deficiencies and recommendations for corrective action to improve operations and strengthen controls.
- Prepared formal written report covering the results of the engagement, presented results to management and followed up on recommendations.
- Provided consultative services to campus administrators and management involving a wide range of procedural and control issues.

**2003 – 2005*****Auditor of Public Accounts*****Richmond, VA****Information Systems Auditor (2003-2005)**

Responsible for planning, managing, organizing and completing external audits of assigned State Agencies and higher education institutions, while following Federal and State laws, policies, rules and regulations, generally accepted accounting principles and generally accepted auditing standards. Increasing responsibility and audit complexity in external audit at State Auditor's Office.

- Performed penetration testing in the arena of consulting services for a state agency.
- Promoted auditee's compliance with laws and regulations.

**Certifications**

Certified Internal Auditor (CIA)

Certified Internal Systems Auditor (CISA)

GIAC Certified Forensic Analyst (GCFA)

**Education****Virginia Tech** – B.S. Business Information Technology, 2003

Concentration in Decision Support Systems

**James Madison University** – MBA, 2008

Concentration in Information Security

**Professional Memberships and Affiliations**

The Institute of Internal Auditors (IIA)  
 Information Systems Audit and Control Association (ISACA)  
 Association of College and University Auditors (ACUA)  
 College and University Auditors of Virginia (CUAV)  
 Virginia Alliance for Secure Computing and Networking (VASCAN)  
 Southern Association of College and University Business Officers (SACUBO)

**Professional Service and Development**Professional Service

ACUA Board of Directors (elected by peers to term of 2018-21)  
 ACUA Membership Committee (2014 – Present, Chair 2018-19)  
 ACUA Audit Committee (2016 - Present)  
 VASCAN Executive Committee (2010 – Present)  
 VASCAN Awards Committee Chair (2016 – Present)  
 Performed external Quality Assessment Reviews of peer audit shops (GA, OR, SC, TX, VA)

Professional Development

Adjunct Faculty at Virginia Tech (2015, 2016, 2018) Senior-level course in Acct.  
 ACUA Annual Conferences (2011-2018) Regular national speaker on various topics  
 CUAV Annual Conferences (2005-2017) Occasional statewide speaker  
 VASCAN Annual Conference (2005-2018) Occasional statewide speaker  
 CACUBO Annual Conference Invited Speaker – San Francisco, CA  
 EDUCAUSE National Conference & SANS Training  
 Reid Technique of Interviewing and Interrogation  
 Various Other Conferences and Courses





# THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

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## AGENDA ITEM SUMMARY

Meeting Date: March 15, 2019  
Committee: Audit and Compliance  
Item: **Committee Meeting Dates in 2019 and 2020**  
Type: Action  
Presenter: Amy Miles, Committee Chair

The Committee Chair recommends the following dates for regular meetings of the Committee through 2020:

- April 17, 2019
- September 25, 2019
- January 14, 2020 (Crawford Gallimore by telephone)
- April 23, 2020
- September 23, 2020

The Committee Chair will call for a member of the Committee to make the following motion:

**I move approval of the Committee Chair's recommended dates for regular meetings of the Audit and Compliance Committee in 2019 and 2020.**