



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,

A handwritten signature in cursive script, reading "Judith A. Burns", is written over a horizontal line.

Judith A. Burns
Interim Chief Audit and Compliance Officer