



THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

MINUTES OF THE AUDIT AND COMPLIANCE COMMITTEE February 18, 2022

The Audit and Compliance Committee of The University of Tennessee Board of Trustees met at 2:00 p.m. (EST) on Friday, February 18, 2022. The meeting was held at the Joint Institute for Advanced Materials (Executive Conference Room) located at the UT Research Park, Knoxville, Tennessee.

Committee Members Present: Amy E. Miles, Committee Chair; John C. Compton, Board Chair; and Decosta E. Jenkins.

Others in Attendance:

Trustees: Lane Gutridge (Student Trustee)

University Administration: President Randy Boyd; Brian Daniels, Chief Audit and Compliance Officer; David Miller, Senior Vice President and Chief Financial Officer; Cynthia Moore, Board Secretary and Special Counsel; Ryan Stinnett, General Counsel; Chancellor Steve Angle (UT Chattanooga); Chancellor Peter Buckley (UTHSC); Chancellor Mark La Branche (UT Southern); and Chancellor Donde Plowman (UT Knoxville). In addition, other members of University staff were present.

Ms. Moore addressed the Open Meetings Act requirements for meetings conducted with members participating electronically and announced the presence of a quorum. The meeting was webcast for the convenience of the University community, the general public, and the media.

Committee Chair Miles welcomed everyone to the meeting. She announced that Crawford Gallimore was retiring from the Audit & Compliance Committee. Mr. Gallimore was initially appointed to the Board by Governor Bredesen in 2008 and reappointed by Governor Haslam in 2014. He was a long-standing member of the Audit and Compliance Committee, having served as a Board member from 2012-2018. Ms. Miles noted that Mr. Gallimore continued to serve the Board as an external member of the Committee since 2018 and that he was very helpful to her when she assumed the role of Committee Chair. Committee Chair Miles thanked Mr. Gallimore for his many years of dedicated service to the University.

Approval of the Minutes

Committee Chair Miles noted that the minutes of the October 22, 2021 meeting were included in the meeting materials (Tab 1). She asked for any corrections to the minutes. Hearing none, the minutes were approved.

2022 Internal Audit Plan

Mr. Daniels provided an overview of the proposed 2022 Internal Audit Plan, as required by the Committee's charter. He explained that the internal audit plan encompasses the following five categories: Risk-Based and Compliance; Annual; Special Projects; Prior Year; and Advisory Service.

Mr. Daniels discussed each of the areas in detail, noting that risk-based efforts are expected to account for approximately 38% of the total effort. The presentation outlined projected effort by University entity (system, campus, and institute). Mr. Daniels highlighted the inclusion of UT Southern and the additional advisory services being provided as part of the integration of the former Martin Methodist College into the UT System. He then reviewed certain audits and projects contemplated for the year, including information technology security, capital projects, athletics, faculty conflicts of interest, physical security, and minors on campus. Mr. Daniels also explained that additional hours have been allocated to advisory services in light of the DASH (enterprise resource planning) project, along with a business impact analysis assessment. Mr. Daniels answered questions from the members of the Committee pertaining to the consistency of allocation between categories from year-to-year, the level of effort associated with each of the campuses, and the audit staffing structure at the campuses/institutes.

Upon motion duly made and seconded, a roll call vote was taken, and the Committee approved the 2022 Internal Audit Plan (as set forth in Tab 2 of the meeting materials).

2022 Institutional Compliance Workplan

Committee Chair Miles introduced William A. Moles II, Director of Institutional Compliance, and extended her gratitude to Mr. Moles, who will also be retiring this year, for 36 years of service to the University.

Mr. Moles provided an overview of the 2022 Institutional Compliance Workplan. The areas of focus contained within the workplan include:

- Compliance Risk Assessments and Risk Mitigation Plans;
- UT Southern Integration into UT Institutional Compliance Program;
- Promote an Ethical Culture; and
- Collaboration.

Mr. Moles highlighted initiatives under each of the aforementioned areas, including updates from the last report to the Committee. It was noted that there are approximately 450 regulatory areas applicable to the University and its operations that are routinely reviewed and updated as part of the overall compliance function. Mr. Daniels commented on the coordination efforts between the institutional compliance team and the government relations office. In response to questions raised regarding external reviews of the compliance function,

Mr. Daniels noted that the internal audit team cannot independently review the compliance function as both areas report to him. Mr. Moles also indicated that external benchmarking is performed, but peer reviews are not routinely performed in this area as many institutions have widely different levels of maturities and sophistication in this particular area. Mr. Daniels noted that it is time to start considering when the next external review should be performed.

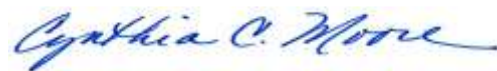
Upon motion duly made and seconded, a roll call vote was taken, and the Committee approved the 2022 Institutional Compliance Workplan (as set forth in Tab 3 of the meeting materials).

Consent Agenda

Committee Chair Miles outlined the items listed in the Consent Agenda, noting that the annual safety reports of the campuses, as required under the Clery Act, are contained in the Committee meeting materials as advance reading. The presentation will be made to the full Board at the Winter Meeting. Additionally, the NCAA agreed upon procedures will be addressed in connection with the full audit report. David Miller, Senior Vice President and Chief Financial Officer, provided an update on the status of the audit for the fiscal year ended June 30, 2021. No items were removed from the Consent Agenda for discussion. A complete list of the informational items included on the Consent Agenda appears at the end of these minutes.

With no further business to come before the Committee, the Chair adjourned the meeting.

Respectfully Submitted,



Cynthia C. Moore
Secretary and Special Counsel

Consent Agenda Items

- 2021 Audit Plan Update
- Outstanding Audit Issues
- Travel Exception Report
- Annual Safety Report Update
- NCAA Agreed Upon Procedures Report
- Tennessee Financial Integrity Act Report
- Compliance Program Update