



THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

MINUTES OF THE AUDIT AND COMPLIANCE COMMITTEE February 29, 2024

The Audit and Compliance Committee of The University of Tennessee Board of Trustees met at 4:00 p.m. (CT) on Thursday, February 29, 2024. The meeting was held in the Warren-Wilson Hall Room in Martin Hall, located at the University of Tennessee Southern, in Pulaski, Tennessee.

Committee Members Present: Decosta E. Jenkins, Committee Chair; John C. Compton, Board Chair; Bradford D. Box; and T. Lang Wiseman.

Others in Attendance:

Trustees: Shanea A. McKinney; Christopher L. Patterson; William (Bill) C. Rhodes III; Donald J. Smith; David N. Watson; Woodi H. Woodland (Student Trustee); and Jamie R. Woodson.

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; C. Ryan Stinnett, General Counsel; Chancellor Steven R. Angle (UT Chattanooga); Chancellor Peter Buckley (UT Health Science Center); Chancellor Yancy E. Freeman (UT Martin); Interim Chancellor Linda C. Martin (UT Southern); and Chancellor Donde Plowman (UT Knoxville). In addition, other members of the University staff were present.

Ms. Moore announced the presence of a quorum. The meeting was webcast for the convenience of the University community, the general public, and the media.

Opening Remarks of the Chairperson

Committee Chair Jenkins welcomed everyone to the meeting.

Approval of the Minutes

Committee Chair Jenkins noted that the minutes of the October 13, 2023, meeting were included in the meeting materials (Tab 1). He asked for any corrections to the minutes. Hearing none, the minutes were approved.

2024 Internal Audit Plan

Prior to the presentation on the 2024 Internal Audit Plan, Brian Daniels, Chief Audit and Compliance Officer, directed the attention of the Committee members to the UT System Environmental Health & Safety/Emergency Management Annual Report, which was distributed at the meeting. A copy of the report is filed with the minutes of the meeting.

Amy Wilegus, Executive Director of Internal Audit, informed the Committee members that over the coming year, the office will be focused on developing and assigning subject matter experts aligned with management-identified risks, as well as those identified in the recent risk assessment. The office will also be introducing a data analytics program to automate testing procedures to increase efficiency, expand testing, and audit coverage. She reported that new Global Internal Audit Standards were released (January 2024) that will go into effect in early 2025. The new standards formalize and now require many former recommended processes. The office has initiated a review of the new standards. Certain updates to the internal audit charter are anticipated, which will be brought back to the Committee for its consideration.

Ms. Wilegus provided an overview of the proposed 2024 Internal Audit Plan (the “Plan”), as required by the Committee’s charter. She explained that the Plan includes: (i) risk-based audits (planned engagements based on evaluation of risk exposures); (ii) annual audits required by statute, administrative policy, or management agreements; and (iii) advisory services (consulting projects meant to add value to and improve the University’s operations, without assuming management responsibility). Ms. Wilegus also indicated that new audit software has assisted in improving efficiency and streamlining processes and reporting.

In response to questions raised by Committee Chair Jenkins, Ms. Wilegus stated that the office is reviewing whether additional staff may need to be hired to manage the contemplated number of planned audits, along with the increasing demand for advisory services.

Upon motion duly made and seconded, the Committee approved the 2024 Internal Audit Plan (as set forth in Tab 2 of the meeting materials).

2024 Institutional Compliance Plan

Dr. Sarah Pruett, Executive Director of Institutional Compliance, introduced the 2024 Institutional Compliance Plan (the “Plan”). She advised the Committee that over the coming year, the office will focus its efforts on: (i) improving communication; (ii) streamlining risk assessment processes; (iii) developing ethics and compliance training; and (iv) employing additional software tools to assist in meeting its goals.

Dr. Pruett highlighted certain activities, as well as plans for the coming year:

- Special Projects and Investigations. During 2023, 46 allegations were reported, all of which were addressed, with 20 warranting investigation.
- Research Compliance. The University is continuing its efforts to improve research compliance and will be working with campuses to review and update research policies. Additionally, the University is working on the design and implementation of Huron’s Research Suite, a cloud-based software solution, comprised of individual modules designed to serve various aspects of the research enterprise.

- Environmental Health and Safety/Emergency Management (EHS/EM). In 2023, the EHS/EM function for the UT System was merged into the Office of Audit and Compliance. EHS/EM will be focusing its attention on identifying additional ways to serve the entire UT System through developing emergency response training, refining internal emergency communications protocols, and initiating a systemwide review of EHS policies and procedures.

Upon motion duly made and seconded, the Committee approved the 2024 Institutional Compliance Plan (as set forth in Tab 3 of the meeting materials).

Campus Safety

Mr. Daniels explained that the campuses are required to provide statistical reporting on certain types of crimes under multiple regulations at the federal and state level, including the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (Clery Act) and the Tennessee College and University Security Information Act.

Mr. Daniels introduced Kelly Mihalik, Special Projects Investigator and Public Safety Coordinator, who provided the annual public safety update. Ms. Mihalik began her remarks by reporting on changes in law enforcement leadership at three of the University's campuses:

- UT Chattanooga – Matt Holzmacher has been appointed to serve as Interim Chief of Police;
- UT Knoxville – Sean Patterson has been promoted to serve as Chief of the Police Department; and
- UT Martin: Michael O'Neill has been named Director of the Department of Public Safety.

Ms. Mihalik provided an overview of the requirements of the Clery Act. She explained that an incident does not need to be investigated or reported to police to be included in the Clery Act data figures. Further, incidents must be disclosed regardless of investigation status, and with or without a finding of guilt or responsibility. Additionally, institutions must include statistics for all Clery Act crimes occurring on or within its Clery defined geography (on-campus property, non-campus properties, and public property). She also reviewed the crime categories as defined under the Clery Act.

Each year, by October 1, the campuses must publish an Annual Security Report (ASR) that includes crime data for the past three years. Each spring, the Tennessee Bureau of Investigation (TBI) publishes an annual Crime on Campus Report from data collected as required under the Tennessee College and University Security Information Act. TBI does not provide year-to-year analysis of the data submitted by Tennessee educational institutions.

Ms. Mihalik reviewed the Clery Act criminal and Violence Against Women Act (VAWA) offenses for each campus. She then explained some of the differences between the statistical data included in the TBI report as compared to the campuses' ASR reports. Ms. Mihalik advised that, among other things, the TBI report only reflects incidents reported to law enforcement and incidents are categorized based on definitions used by the Federal Bureau of Investigation. Ms. Mihalik concluded her remarks by reviewing a few trends identified by TBI, based on all crimes reported by higher education institutions across the state.

Responding to a question raised by Board Chair Compton, Mr. Daniels indicated that the information presented to the Board is meant to provide a greater level of detail and clarity as to safety/security on the UT campuses consistent with the recommendation provided by the Comptroller as part of the 2019 Sunset Audit. Mr. Compton asked that, for future reports to the Committee, the data include not only the actual number of incidents, but also be measured in terms of the size and growth of the student population at the respective campuses.

President Boyd reminded members of the Committee that he completed a second tour of each campus, where he was joined by Mr. Daniels, Mike Gregory (UT System EHS/EM), as well as several Trustees and state legislators. He affirmed the University's ongoing commitment to finding new opportunities to advance safety and security on its campuses. At a Special Legislative Session on public safety held in the fall, the legislature approved \$30 million in funding for safety and security enhancements at the State's higher education institutions, of which \$6 million was allocated to the University. President Boyd expressed his gratitude for the state funding, and he stated that the University will continue to advocate for additional state financial support for campus safety and security measures.

Consent Agenda

Committee Chair Jenkins called the attention of the Committee members to the information items included in the Consent Agenda (Tabs 5.1 through 5.5). 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.

Other Business and Adjournment

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

Respectfully Submitted,

/s/ Cynthia C. Moore
Cynthia C. Moore
Secretary and Special Counsel

Consent Agenda Items

- 2023 Audit Plan Update
- Outstanding Audit Issues
- Travel Exception Report
- NCAA Agreed Upon Procedures Report
- External Audit Management Letter

Attachment(s)

Copies of the following materials were shown or distributed at the meeting and are filed with the official minutes of this meeting.

- 2022-2023 UT System Environmental Health & Safety/Emergency Management Annual Report