

**BOARD OF TRUSTEES
UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE**

A meeting of the Board of Trustees of the University of Vermont and State Agricultural College was held on Saturday, October 26, 2024, at 9:00 a.m. in the Silver Maple Ballroom (401), Dudley H. Davis Center.

MEMBERS PRESENT: Chair Ron Lumbra, Vice Chair Cynthia Barnhart, Secretary Catherine Toll¹, Susan Brengle, Kevin “Coach” Christie², Frank Cioffi, Matt Devost, John Dineen, R. Stanton Dodge, Carolyn Dwyer, Katelynn Giroux, Jodi Goldstein, Jennifer Ha, Stephanie Jerome, Donald McCree, Carol Ode, Ed Pagano, Kristina Pisanelli³, Interim President Patricia Prelock, Lucy Rogers, Shap Smith, Tristan Toleno, and Samuel Young

MEMBERS ABSENT: Monique Priestley and Governor Phil Scott

ALSO PARTICIPATING: Acting Provost Linda Schadler, Vice President for Finance & Administration Richard Cate, Vice President for Legal Affairs & General Counsel Sharon Reich Paulsen, Chief of Staff to the President Jonathan D’Amore, and Isaacson, Miller consultants: Vijay Saraswat⁴ and Greg Esposito⁴

¹Joined the meeting at 9:06 a.m.

²Participated in the meeting remotely.

³Departed the meeting at 10:20 a.m.

⁴Joined the meeting remotely at 10:48 a.m.

Chair Ron Lumbra called the meeting to order at 9:01 a.m.

Approval of previous minutes

A motion was made, seconded and it was voted to approve the minutes from the September 25, 2024, meeting as presented.

Public comment

Chair Lumbra opened the public comment period by reviewing the process. He then invited the following persons to address the Board:

Susan Comerford, a faculty member in the department of Social Work and President of United Academics, shared that faculty members are unhappy with negotiations for faculty salary and benefits and suggested there be a course correction.

Caroline Beer, a member of the UVM faculty for 25 years and John G. McCullough Professor of Political Science, shared her desire for more faculty input in the decision-making process and advocated for faculty members to serve on the Board of Trustees.

Ellen Kaye, a cataloger at the Howe Library and Co-President of UVM Staff United, reported the union has been negotiating for livable wages for 10 months and have reached impasse. She shared her disappointment and frustration that progress has not been made and that the administration continues to negotiate for what the union perceives as below inflation wages.

Claire Whitehouse, a research specialist in the Center for Rural Studies and Co-President of UVM Staff United, advocated for livable wages and for finding an alternative solution to cover health insurance increases rather than shifting costs to employees.

Erica Andrus, a senior lecturer in the Religion Department, advocated for equitable pay for teaching faculty and requested the contract with United Academics reflect livable wages. For the sake of students, she opined it is essential the administration show faculty and staff the respect they deserve and provide livable wages.

Committee reports

Audit Committee

Chair Shap Smith reported that the committee met on September 16, 2024, and conducted its annual review of the Audit Committee charge and charter. In addition to recognizing cybersecurity as relevant to the scope of the committee's responsibilities, the only substantive change aligned the threshold for reporting contracts for non-audit services between the Audit Committee charter and the Board of Trustees Resolution Regarding Delegation and Retention of Board Authority.

A resolution is included in the Board's consent agenda seeking approval of the proposed revisions to the Audit Committee charge and charter as recommended by the committee.

The committee also received a brief status report from KPMG, the external auditors, on the FY 2024 financial statement and uniform guidance audits as well as their information technology (IT) review. At the time, there were no issues to report.

Chief Internal Auditor Bill Harrison provided a summary of current internal audit projects and discussed the audit recommendation follow-up process along with the aged and open IT recommendations. He also provided a summary of FY 2024

Presidential housing expenditures as required by the President's Official Residence University Operating Procedure. There were no unusual expenditures to report. Director of Compliance Services and Chief Privacy Officer Tessa Lucey and Interim Chief Information Officer Darcy Pientka offered an update on the information security risk. Ms. Pientka and Information Security Officer Scott Carbee provided their annual cyber security report as required under the Gramm-Leach-Bliley Act.

Budget, Finance and Investment Committee (BFI)

Chair Don McCree reported that following yesterday's discussion at the Committee of the Whole meeting, the committee endorsed, and is referring to the Board for approval, the following tuition rates for FY 2026:

- In-state tuition \$16,606 per year (increase of 2% over FY 2025)
- Out-of-state tuition \$44,646 per year (increase of 4.5% over FY 2025)

As part of a continued emphasis on affordability for Vermont students, Chair McCree highlighted the expansion of the UVM Promise program for Fall 2025 that the Board was informed of yesterday, noting it will allow students from Vermont households with a combined annual income of up to \$100,000 to attend UVM tuition free.

The committee revisited the budget process presented at the Committee of the Whole and Chair McCree recognized that the administration will be busy through the end of the calendar year setting overall targets for FY 2026, 2027 and 2028 budget and conducting budget hearings with support center unit leaders. In February, the committee will receive a budget update including a multi-year strategy and budget hearings with academic units will be held. Budget reduction strategies will be initiated in March and the committee will have an opportunity to review the budget in April in advance of the administration presenting the budget for adoption by the Board in May.

The committee also endorsed a series of student and program fees, a 3.5% increase in room and board rates, and summer session 2025 tuition. All resolutions are included on today's consent agenda for approval.

Chair McCree next reported that the market value of the endowment as of September 30, 2024, was \$892 million. He reminded everyone that 95% of the endowment is restricted and purpose driven. He acknowledged that the University of Vermont Investment Company (UVIMCO) has been up and running for a year and is functioning well. UVIMCO is led by David Daigle, a past UVM trustee and former Board Chair. Membership includes three appointments by the UVM Board, and four members appointed by the Foundation Board of Directors. UVIMCO is in the initial stages of developing a dashboard.

Lastly, the committee received updates on the following:

- External audit – KPMG is completing the FY 2024 financial statement audit and the Controller expects to deliver an unqualified letter with no material weaknesses or significant deficiencies to the November 4, 2024, Audit Committee meeting. Chair McCree commended university leaders on the 14th consecutive clean audit.
- Dual enrollment – in FY 2024 the university provided support for 305 high school students who took classes at UVM through the Dual Enrollment Voucher Program. An additional 124 high school students were enrolled outside the Dual Enrollment Voucher Program.

Educational Policy and Institutional Resources Committee (EPIR)

Chair Carolyn Dwyer reported that Acting Provost Linda Schadler provided updates from her written report beginning with the newest class of Catamounts which includes 2,808 new first year students and more than 300 transfer students. She introduced Dr. Mandar Dewoolkar, Acting Dean of the College of Engineering and Mathematical Sciences, and Dr. Peter Newman, new Dean of the Rubenstein School of Environment and Natural Resources. She thanked Dr. Leslie Parise for her service as Dean of the College of Agriculture and Life Sciences, who will be retiring at the end of the academic year and announced the search for a new dean has commenced.

Provost Schadler shared the Planetary Health Initiative launch that took place on October 17, 2024, and the keynote speaker underscored the urgency of the health and environmental challenges we face, but also provided a message of hope. The work of the Initiative is underway, its Seed Grant program has four finalists, and the winner will be chosen in January. Additionally, two postdoctoral fellowships for Planetary Health were recently awarded through a competitive internal process. Provost Schadler noted that as part of building a positive campus climate this year, there is a focus on civil discourse programming including the Our Common Ground Symposium which focused on the Israel/Palestine conflict and the President's Lecture Series which is focusing on free speech. The new Howard Hughes Medical Institute grant will also enhance campus climate with programming around building cultural competency, appreciative advising, and inclusive teaching. Dean Schader reported that she is visiting offices across campus and sharing her priorities which include:

1. Building graduate enrollment, graduate programs, and ensuring appropriate support for the graduate college
2. Opportunities for administrative units and academic units to collaborate in support of furthering student success
3. Digitalizing administrative forms/processes to improve efficiency, and
4. Supporting campus climate through shared governance, respecting our labor processes, and levity and light-hearted fun

The committee endorsed the following curricular affair proposal for Board approval:

- Creation of a Micro-Certificate of Graduate Study in Disability Studies in the Graduate College in conjunction with the College of Education and Social Services

Following a presentation by Alexa Woodward, Executive Director of the Vermont Complex Systems Center, Peter Dodds, Director of the Vermont Complex Systems Center, and Chris Danforth, Director of the Vermont Advanced Computing Center, the committee unanimously endorsed the resolution to establish the Vermont Complex Systems Institute at the University of Vermont for referral to the Board for approval. During the presentation, the committee learned that the Complex Systems Center, located in the College of Engineering and Mathematical Sciences, dates back to 2006. It has been successful at building collaborations across UVM; establishing research and workforce partnerships with the private sector; developing robust affiliated graduate programs; and garnering federal, corporate, and foundation funding. The proposed institute structure will enhance expertise across UVM in data science, artificial intelligence and machine learning, and complex systems; it will position UVM as a global leader in complex systems and data science; and it will build robust external academic, private sector, non-profit, state, and national partnerships that produce translational science with real world impact.

The committee also received an annual update from Vice President for Research and Economic Development Kirk Dombrowski. FY 2024 was the university's fifth consecutive 'best year' in a row for external research support, which totaled \$266.4M, and more than doubled the university's 2018 research funding total. The Larner College of Medicine remains a significant contributor to the university's sponsored award funding, but the ratio has shifted as the other colleges and schools are now bringing in substantial awards as well. The sources of external funding are also diversifying. Vice President Dombrowski described the growing ecosystem of research centers and institutes at the university and their community engagement. He also described private sector partnerships supporting economic development in the state, and research facilities, expertise, and opportunities here at UVM, highlighting a new partnership with BioLabs which will create a campus bioincubator facility opening in February 2025. When asked about promising opportunities, Vice President Dombrowski expressed excitement about new ways of engaging in public and private partnerships in the tech development space that will advance economic development in Vermont and will help attract student and faculty talent.

The meeting concluded with an update on the UVM gen-AI Task Force from Vice President Dombrowski. He reported that two groups are working on the university's response to generative-AI. One is a group of faculty collaborating with external partners to think strategically about how generative-AI is changing higher education

and how we can stay ahead of it. The second group is a 45-member task force that is taking a more practical approach focusing on how we are going to engage with AI on campus right now. The group is intentionally large to promote crosstalk across campus. The group's goals are to share information on what is happening in the gen-AI space in different UVM domains; identifying related needs; discussing necessary policy and best practice statements; and suggesting collaborative and university-wide opportunities for generative-AI use at UVM. Current accomplishments and projects include developing a campus-facing AI web portal; a survey of gen-AI activity in colleges, schools, and offices across campus; several instructional programs for faculty; UVM's participation in the Microsoft Copilot trial which will allow us to have an initial free distribution of their AI program for a small group in exchange for our feedback. Another project is the use of Meta's open-source large language model code at our Vermont Advanced Computing Center. Vice President Dombrowski provided several examples of how seismic this moment is in the context of AI and higher education which was both exciting and sobering.

VT Agricultural College Board

Chair Carol Ode reported that Executive Director of Government Relations Wendy Koenig updated the Board on the 2024 legislative session. She noted for FY 2026 that UVM has asked for 3% increase to the general fund budget. Further, a \$5 million one-time request over a 5-year period for the UVM Cancer Center and a \$1 million contribution for the Vermont GaN Tech Hub effort has been made. This was in response to an Economic Development Administration conversation with Governor Scott, Senator Welch, and UVM stakeholders, highlighting the need for state investment in the Vermont GaN Tech Hub.

Executive Director Koenig noted that \$3 million in funding remains in the Green Mountain Job and Retention Program and there are over 230 applications this year. The goal is to increase the number of graduates staying in Vermont.

Lastly, Director Koenig reported on the upcoming trustee election in February noting that the Board is seeking new membership with financial acumen. Trustees were encouraged to send her potential nominees that meet the desired skill set and she will compile a list to share with this Board so outreach to interested candidates may occur.

UVM Board

Chair Jodi Goldstein reported the Board approved the 2024-2025 Wilbur Trust Fund grant awards. She highlighted that an additional 22 Vermont high school students received grants over last year totaling 217 recipients and that the total amount of grants awarded is over \$1M, an increase of \$220,615 from last year.

The Board reviewed a summary of the Wilbur Trust Fund financial report as of July 31, 2024, included as attachment 3 in the meeting materials which totals over \$26M, reflecting an increase of over \$1M.

The remainder of the meeting was held in executive session to discuss trustee recruitment after which the Board unanimously voted to appoint Cynthia Barnhart to an additional six-year term effective immediately.

Approval of consent agenda

Chair Lumbra introduced the consent agenda for approval. He reminded trustees that all resolutions will be voted on as a consent agenda unless there is a request for a separate vote on a particular resolution.

Chair Lumbra presented the following consent agenda for approval:

AUDIT COMMITTEE

1. Resolution approving Audit Committee charge and charter revisions

WHEREAS, on September 16, 2024, the Audit Committee conducted its annual review of its charge and charter;

BE IT RESOLVED, that the Board of Trustees hereby approves the revisions to the Audit Committee charge and Audit Committee Charter, as recommended by the Audit Committee and included in Appendices A and B to this document.

EDUCATIONAL POLICY AND INSTITUTIONAL RESOURCES COMMITTEE

2. Resolution approving the creation of a Micro-Certificate of Graduate Study in Disability Studies in the Graduate College in conjunction with the College of Education and Social Services

BE IT RESOLVED, that the Board of Trustees approves the creation of a Micro-Certificate of Graduate Study in Disability Studies in the Graduate College in conjunction with the College of Education and Social Services as approved and advanced by the Acting Provost and Interim President on October 22, 2024.

3. Resolution approving the establishment of the Vermont Complex Systems Institute

WHEREAS, in 2006, there was a cluster hire of faculty that led to the recognition of complex systems at the University of Vermont as a Spire of Excellence; and

WHEREAS, the Vermont Complex Systems Center was established in the College of Engineering and Mathematical Sciences; and

WHEREAS, the proposed Vermont Complex Systems Institute (“Institute”) is an expansion into a University-wide Institute based in the Office of the Vice President for Research; and

WHEREAS, the Institute’s vision is to be a world-renowned leading Institute in the basic science and education for rich data complex systems with long-term, meaningful collaborations with government, community, private sector, and academic partners; and

WHEREAS, in fulfilling this vision, the proposed Institute will help advance the University’s research and land grant mission; and

WHEREAS, the Faculty Senate; Provost Patricia Prelock; and President Suresh Garimella have endorsed the creation of the Vermont Complex Systems Institute;

BE IT RESOLVED, that the Board of Trustees approves the establishment of the Vermont Complex Systems Institute at the University of Vermont.

BUDGET, FINANCE & INVESTMENT COMMITTEE

4. Resolution approving tuition rates for fiscal year 2026

BE IT RESOLVED, that the Board of Trustees hereby approves the following tuition rates effective with the 2025-2026 academic year:

In-state tuition \$16,606 per year, or \$692 per credit hour.

Out-of-state tuition \$44,646 per year, or \$1,860 per credit hour.

Medical student in-state tuition \$38,738 per year.

Medical student out-of-state tuition \$69,404 per year.

5. Resolutions setting the comprehensive fees, student government association, inter residence association fees for fiscal year 2026

BE IT RESOLVED, that the Board of Trustees hereby sets the following fee rates for undergraduate students:

Undergraduate comprehensive fee	\$2,656
Student Government Association (SGA) fee	\$252
Inter Residence Association (IRA) fee	\$30

6. Resolution setting the acceptance fee for fiscal year 2026

BE IT RESOLVED, that the Board of Trustees hereby sets the following fee rates for undergraduate students:

Acceptance fee	\$500
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7. Resolution setting program fees in the College of Nursing and Health Sciences, Grossman School of Business, and College of Engineering and Mathematical Sciences for fiscal year 2026

BE IT RESOLVED, that the Board of Trustees hereby sets the following fee rates for undergraduate students:

Program fee	\$1,000
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8. Resolution setting the graduate comprehensive fee for fiscal year 2026

BE IT RESOLVED, that the Board of Trustees hereby sets the following fee rates for full-time graduate students:

Graduate comprehensive fee	\$2,272
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9. Resolution approving graduate student senate fee for fiscal year 2026

BE IT RESOLVED, that the Board of Trustees sets the following rates for the graduate student senate fee:

- Less than 5 credits, \$15 per semester
- 5 or more credits, \$25 per semester

10. Resolution approving continuous registration fee for graduate students for fiscal year 2026

BE IT RESOLVED, that the Board of Trustees hereby sets the following rates for the varying graduate continuous registration fee:

- Less than half-time, \$100 per semester
- Half to full-time, but not including full-time, \$200 per semester
- Full-time, \$300 per semester

11. **Resolution approving room and meal plan rates for fiscal year 2026**

BE IT RESOLVED, that the Board of Trustees hereby approves the room and meal plan rates for the 2025-2026 academic year as follows:

Room Rates Per Year

Layout	Standard	Enhanced	Premium
Traditional Single	10,760	10,970	11,284
Traditional Double	9,334	9,516	9,787
Traditional Triple	7,446	7,589	
Traditional Quad	6,303	6,427	
Suite Single	11,192	11,410	11,737
Suite Double	9,772	9,963	10,247
Suite Triple	8,170	8,328	8,566
Private Single			12,230
Private Double			10,865
Private Triple			9,007

Meal Plan Rates

Retail Points Plan	4,892
Unlimited Access Plan	4,892
Flex Plan	5,466

12. **Resolution approving summer session 2025 tuition**

BE IT RESOLVED, that the Board of Trustees hereby approves the tuition rate for summer session 2025 of \$475 per credit hour for in-state students and \$1,246 per credit hour for out-of-state students except that, with prior approval from the Provost, graduate programs may maintain summer tuition rates for 2025 in-state and out-of-state students equal to the prior fall and spring tuition rates for their program.

Chair Lumbra offered an opportunity for questions. There being none, a motion was made, seconded, and the consent agenda of resolutions was unanimously approved as presented.

Executive session

At 9:48 a.m., Chair Lumbra entertained a motion to enter into executive session to discuss confidential attorney-client communications and the appointment of a public officer or employee. He noted the session would last for approximately 1 hour 15 minutes and no action is anticipated following. Everyone was excused from the meeting except for Trustees, Vice President for Legal Affairs & General Counsel Sharon Reich Paulsen, and Chief of Staff to the President Jonathan D'Amore.

Interim President Patricia Prelock was excused following the first topic and Isaacson, Miller Consultants Vijay Saraswat and Greg Esposito were invited to join for the second topic.

The meeting re-opened to the public at 11:11 a.m.

Adjournment

There being no further business, the meeting was adjourned.

Respectfully submitted,

Ron Lumbra, Chair

UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE

BOARD OF TRUSTEES

AUDIT COMMITTEE

The Audit Committee is responsible for overseeing the quality and integrity of the University's financial statements including the selection of, and effective interaction with, the independent auditor; and promoting the development and monitoring the effectiveness of ~~institutional~~ systems ~~off~~for enterprise risk management, internal controls, accounting procedures, and compliance with laws and regulations.

The Audit Committee has full authority over the internal audit function including the appointment, evaluation, and termination of the chief internal auditor.

The Committee will review and monitor progress on annual plans for audits and related services ensuring that the plans encompass significant and material aspects of University operations; assess the quality and timeliness of management's response to audit findings and investigations; and review and make recommendations to the Board regarding institutional policies relevant to the Committee's charge, such as conflict of interest, fraudulent conduct, whistleblower protection, and documents retention.

A specification of Committee responsibilities shall be set forth in a Charter approved by the Board of Trustees. The Charter shall be revised from time to time in light of accounting industry and legal developments applicable to non-profit corporations and institutions of higher education.

The Board of Trustees shall annually appoint at least 5 of its members to the Audit Committee. Its members shall be independent of management and the University including its component units and affiliated organizations. Pursuant to the University Bylaws, the President shall not serve as an ex officio member of this Committee.

Approved by the Board of Trustees: September 9, 2006

Revised by the Board of Trustees: October 26, 2013

Approved by the Board of Trustees: October 18, 2014

Amended by the Audit Committee: September 16, 2024

Approved by the Board of Trustees: October 26, 2024

**UNIVERSITY OF VERMONT AND STATE AGRICULTURAL
COLLEGE BOARD OF TRUSTEES**

AUDIT COMMITTEE

Charter

This Charter sets forth the responsibilities of the University Board of Trustees Audit Committee.

I. Principal Responsibilities

The principal responsibilities of the Committee shall include:

- a. promoting the development and monitoring the effectiveness of ~~an institutional systems~~ offor enterprise risk assessment management and internal controls. At least annually, reviewing with management the University's processes for identifying, prioritizing, mitigating, and reporting institutional opportunities and risks;
- b. reviewing and, as appropriate, making recommendations to the Board, regarding institutional policies relevant to the scope of Committee responsibilities, including conflict of interest, ethical and fraudulent conduct, whistleblower protection, cybersecurity, and document retention;
- c. ensuring that audit plans encompass significant and material aspects of University operations;
- d. full authority and oversight of the internal audit function including appointment decisions, performance evaluations, and employment termination of the chief internal auditor;
- e. implementing a selection process to retain the independent auditor and making a recommendation to the Board of Trustees for approval. Recommending such additional audits as the Committee and/or the Board must approve under the Board's reserved authority;
- f. maintaining direct and effective communication with independent auditors on behalf of the Board;
- g. reviewing the results of internal and external audits (including the annually audited financial statements), and assessing the quality and timeliness of management's response and corrective actions;
- h. reviewing the effectiveness of the University's practices related to monitoring its compliance with laws and regulations;
- i. reviewing the results of management's investigation and resolution of any reported, or otherwise discovered, significant instances of noncompliance;
- j. evaluating the scope and quality of internal and independent audit services, and the degree of coordination and appropriate degree of independence between them;
- k. reporting regularly and promptly to the Board regarding matters within the scope of the Committee charge; and,
- l. periodically reviewing expense reimbursements, or summaries thereof that have been submitted by the President and reviewed and certified by the Vice President for Finance & Administration and Treasurer, who serves as the Chief Financial Officer ("CFO") of the University.

II. Membership

The University of Vermont Board of Trustees shall annually appoint at least 5 of its members to the Committee. Its members shall be independent of management and the University including its component units and affiliated organizations. For the purposes of this charter, “independence” is defined as rendering a Trustee ineligible for Committee service if ~~he or she~~ the Trustee ~~(1) is employed by the University;~~ (12) is a partner or employee of a firm retained to conduct an audit of the University; ~~(23)~~ (23) held ~~such~~ University employment or audit engagement at any time during the previous three years; or ~~(34)~~ (34) is receiving consulting, advisory, or other compensatory fees for services provided to the University. Members of the ~~Investment Subcommittee~~ Board who serve as Managers of the University of Vermont Investment Management Company, LLC -are eligible for appointment to the Audit Committee, but no such member may serve as its Chair or Vice Chair. The University President is ineligible for service as a member, ex officio or otherwise, of the Audit Committee, ~~as a University official and employee.~~

Committee members shall otherwise be subject to the Conflicts of Interest Policy in the conduct of their work.

Members of the Committee shall receive orientation appropriate to their Committee membership. All members should have a general understanding of general accounting, business and finance principles, including the ability to read and understand institutional financial statements, whether gained preceding service on this Board of Trustees or during Committee orientation. At least one member of the Committee should possess accounting or financial expertise.

III. Authority

The Committee is authorized to investigate any matter within the scope of its Charter, with full and direct access to all pertinent University records, personnel, independent auditors and consultants.

IV. Adoption of Charter

This Charter shall be effective as of the date of its approval by the Board. The Committee will annually review the Charter and recommend to the Board revisions thereto, in view of evolving accounting standards, legal developments and experience gained.

Audit Committee Guidelines

These Guidelines serve as an operational supplement to the Audit Committee Charter. They are intended to reflect generally accepted accounting industry standards and practices applicable to non-profit corporations and higher education institutions.

The Guidelines shall be reviewed annually by management, and management shall report annually to the Committee regarding the status of the Guidelines. The Committee shall make revisions to the Guidelines as necessary or appropriate in view of evolving accounting standards and practices, legal developments and experience gained.

I. Retention of the Independent Audit Firm

- a. The Committee shall annually authorize and direct the Committee Chair to retain the independent audit firm to conduct the mandatory annual audit of the financial statements and/or compliance audits. In conjunction with such retention, the Committee will assess the independence and objectivity of the firm by obtaining statements from the firm on relationships between the firm and the University. The Committee will review and assess any relationships disclosed that may impact auditor objectivity and independence.
- b. The Committee shall solicit requests for proposals relative to the mandatory annual audit of the financial statements and/or compliance audits from qualified independent audit firms no less than once every five years.
- c. The Committee shall ensure the proper rotation of the lead audit partner, in accordance with standards of the profession.

II. Retention of Other Audit Services

- a. The independent audit firm retained to conduct the mandatory annual audit of the financial statements and/or compliance audits generally shall not be eligible for University engagements to perform non-audit services that would violate the U.S. Government Accountability Office Independence Standard. If, due to extenuating circumstances, and in the exercise of its reasonable discretion, management deems it to be in the best interests of the University to retain the independent audit firm for non-audit services, the proposed retention is subject to review and action by the Committee where the retention will result in fees of \$25,000 or more.
- b. Contracts for non-audit services with independent audit firms not already retained by the University to conduct the mandatory annual audit of the financial statements and/or compliance audits are subject to review and recommendation by the Committee and subsequent Board consideration and action when such retentions will result in fees of ~~\$1,000,000-250,000~~ or more and notice to the committee of agreements of \$500,000 or more.

III. Oversight of Audits

The Committee will, no less than once annually, and otherwise periodically as necessary or desirable:

- a. review annual audit plans developed by the Office of Audit Services, and receive regular progress reports relative to such plans;
- b. review audit plans developed in consultation with independent audit firms, including (i) the critical accounting policies and practices to be used; (ii) all alternative treatments of financial information discussed with management, ramifications of alternative treatment and the treatment

preferred by the firm; (iii) other material communications between the firm and management; and (iv) required communications from the firm under Auditing Standards AU-C Section 250;

c. subject to subsequent Board consideration and action, review and accept the mandatory annual audit of the financial statements. Review the Uniform Guidance audit, and the financial agreed upon procedures report of institutional National Collegiate Athletic Association programs;

d. resolve disagreements between management and the independent audit firm regarding financial reporting;

e. review the independent audit firm management letter comments regarding institutional financial and information technology and security internal controls, accounting policies and procedures, and management's response to those comments;

f. review with management and the independent audit firm their respective judgments about the quality of University accounting principles; the consistency, and the degree of aggressiveness or conservatism, in the application of accounting principles; the reasonableness of significant accounting judgments; and the clarity and completeness of the financial statements and related disclosures;

g. confirm with management that the annual financial statements disclose all material off-balance sheet transactions, arrangements, obligations, and other relationships of the University with unconsolidated entities or other persons that may have a material current or future effect on institutional financial condition, and the results of operations, liquidity, capital expenditures, capital resources, or significant components of revenues or expenses;

h. receive reports from management, the Office of Audit Services and the independent audit firm, regarding new and significant accounting standards to understand their impact on institutional financial statements;

i. receive reports from the Office of Audit Services regarding any findings of fraud which, in single incident or aggregate, results in an institutional uninsured or insured loss in excess of \$10,000, or potentially significant reputational damage to the university;

j. review the organizational structure, qualifications, independence, scope of services inclusive of office charter, and adequacy of resources of the University's Office of Audit Services;

k. annually review the appointment, evaluate the performance and set the salary of the chief internal auditor;

l. identify and document specific administrative responsibilities relevant to the routine operations of the office of chief internal auditor that are assigned to the President;

m. ensure that regular quality assessment reviews of the internal audit operations are performed in accordance with Institute of Internal Auditors standards; and,

n. meet separately with both the internal and external auditors without management representatives present subject to the requirement of the Vermont open meeting laws.

IV. Internal Controls

The University's executive management and the Board of Trustees Audit Committee have adopted the Committee of Sponsoring Organizations (COSO) Internal Control – Integrated Framework to help assess and enhance its internal control systems.

a. Certifications

i. The Committee will receive periodic reports from management on representations it is rendering in conjunction with mandatory annual audit of the financial statements and/or compliance audits as well as significant and material debt financing, such as issuance of bonds.

ii. Without limitation on IV a(i), the Committee will receive from the ~~Chief Financial Officer~~ (CFO) a record of certification along with the annual financial statement report that:

- a. The CFO has approved the financial statements,
- b. Based on the CFO's knowledge, the report does not contain any material errors or omissions,
- c. Based on the CFO's knowledge, the financial statements materially present the financial condition and result of operations,
- d. The CFO is responsible for establishing and maintaining a system of internal controls over financial reporting, and that,
- e. The CFO has disclosed to the auditors and the Audit Committee all significant internal control deficiencies and changes that could materially affect financial data.

b. Policy Review.

The Committee will receive for its review and comment and, if necessary, its recommendation to the Board, institutional policies relevant to its scope of work, including conflict of interest, code of conduct and ethical standards, whistleblower protection, and documents retention.

c. Required Disclosures and Compliance Monitoring.

The Committee shall oversee compliance with the Board Reserved Rights and Delegated Authority resolution. Violations of the Board Reserved Rights and Delegated Authority resolution identified by management or the internal audit office shall be reported to the Committee.

d. Confidential Reporting.

The committee will ensure that the University has a mechanism that permits confidential communications from employees and others regarding potential financial or accounting improprieties or nonfeasance.

V. Enterprise Risk Management

- a. Oversee management's enterprise risk management process on behalf of the Board.
- b. Receive periodic updates on management's process to identify, prioritize, mitigate, and report institutional risks including the process to map risks to relevant Board Committees.

VI. Compliance and Privacy

- a. Review with the Office of Compliance and Privacy Services, and management the effectiveness of the University's practices related to monitoring compliance with laws and regulations;
- b. Review with the Office of Compliance and Privacy Services and management, findings of internal compliance auditing and monitoring activities;

- c. Review with the Office of Compliance and Privacy Services and management, findings of government agency audits, investigations, reviews and monitoring activities that the Director considers significant, that are initiated by a government agency as a result of a whistleblower report, or on a for-cause basis, or that result in a fine, penalty, refund, disallowance or questioned cost in excess of \$10,000;
- d. Review with the Office of Compliance and Privacy Services and management, the process for communicating the Code of Conduct and Ethical Standards to University personnel and for monitoring compliance therewith;
- e. Receive periodically, but not less than annually, reports from the Office of Compliance and Privacy Services on its activities;
- f. Receive updates from the Office of Compliance and Privacy Services, and management on new and emerging compliance issues, including their impact to the University; and,
- g. Receive as needed, through the Audit Committee Chair, compliance matters communicated directly by the Chief Internal Auditor or Director of Compliance Services and Chief Privacy Officer.

As approved by the Board of Trustee: November 13, 2004

Approved as amended by the Board of Trustees: September 8, 2007

Revised by the Audit Committee: November 12, 2007

Approved as amended by the Board of Trustees: December 1, 2007

Revised by the Audit Committee: April 28, 2009

Approved by the Board of Trustees: May 16, 2009

Revised by the Audit Committee: October 11, 2010

Approved by the Board of Trustees: October 30, 2010

Revised by the Audit Committee: November 14, 2011

Approved by the Board of Trustees: February 4, 2012

Revised by the Audit Committee: September 15, 2014

Approved by the Board of Trustees: October 18, 2014

Revised by the Audit Committee: September 12, 2016

Approved by the Board of Trustees: October 22, 2016

Revised by the Audit Committee: July 10, 2017

Approved by the Board of Trustees: October 21, 2017

Revised by the Audit Committee: September 14, 2020

Approved by the Board of Trustees: September 25, 2020

Revised by the Audit Committee: September 16, 2024

Approved by the Board of Trustees: October 26, 2024