

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

**AUDIT COMMITTEE**

**Members:** Chair Shap Smith, Vice Chair Jodi Goldstein, David Aronoff, Otto Berkes, Ed Pagano, Berke Tinaz and Catherine Toll

**Representatives:** Faculty Representative Barbara Arel, Staff Representative Mindy Bean, Graduate Student Representative Alison Hall, Student Representative Zyakkiriah Rhoden, Alumni Representative Susan Higgins and Representative Doug Hoffer of the State Auditor’s Office

**Thursday, February 3, 2022**

2:30 p.m. – 3:30 p.m.

Livak Ballroom (417-419), Dudley H. Davis Center

**AGENDA**

Item	Enclosure/ Exemption	Discussion Leader(s)	Times*	
			<b>*2:30 p.m.</b>	
	<b>Call to order</b>			
1.	Approval of November 8, 2021 meeting minutes	Attachment 1	Shap Smith	2:30-2:35
2.	Presentation of the: <ul style="list-style-type: none"> <li>• Fiscal Year (FY) 2021 NCAA agreed-upon procedures report</li> <li>• Management response</li> </ul>	Separate distribution	Richard Cate Claire Burlingham Renee Bourget-Place, KPMG	2:35-2:45
3.	FY 2021 uniform administrative requirements, cost principles, and audit requirements for federal awards (Uniform Guidance) audit update		Renee Bourget-Place, KPMG	2:45-2:55
4.	Internal Audit update	Attachment 2	Bill Harrison	2:55-3:10
5.	Compliance annual survey results	Attachment 3	Tessa Lucey	3:10-3:25
6.	Other business**		Shap Smith	3:25-3:30
	<b>Motion to adjourn</b>			<b>3:30 p.m.</b>

\* Time is approximate.

\*\*Executive session as needed.

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

A meeting of the Audit Committee of the Board of Trustees of the University of Vermont and State Agricultural College was held on Monday, November 8, 2021, at 10:00 a.m. in room 427A Waterman Building.

MEMBERS PRESENT: Chair Shap Smith, Vice Chair Jodi Goldstein\*, David Aronoff\*, Otto Berkes\*, Berke Tinaz, and Catherine Toll\*

MEMBERS ABSENT: Ed Pagano

OTHER TRUSTEES PRESENT: Board Chair Ron Lumbra\*

REPRESENTATIVES PRESENT: Alumni Representative Susan Higgins\*, Graduate Student Representative Alison Hall\*, Student Representative Zykkiriah Rhoden, and Vermont State Deputy Auditor Tim Ashe\* (on behalf of Vermont State Auditor Douglas Hoffer)

REPRESENTATIVES ABSENT: Faculty Representative Barbara Arel and Staff Representative Mindy Kear

PERSONS ALSO PARTICIPATING: President Suresh Garimella, Vice President for Finance and Administration Richard Cate\*\*, Chief Internal Auditor Bill Harrison, University Controller Claire Burlingham, Director of Compliance Services and Chief Privacy Officer Tessa Lucey, and Renee Bourget-Place and Sara Timmerman of KPMG

\* Joined by phone

\*\* Departed the meeting at 10:40 a.m.

**Approval of minutes**

A motion was made, seconded, and voted to approve the September 13, 2021, meeting minutes.

**Presentation of the fiscal year (FY) 2021 financial statements**

University Controller Claire Burlingham offered a high-level overview of the annual financial report and was pleased to report that the audit resulted in no material weaknesses, significant deficiencies, or a management findings letter.

Vice President for Finance and Administration Richard Cate and Ms. Burlingham finished their presentation by thanking their team for all their hard work and for eleven straight years with a clean financial statement audit.

## **KPMG report to the Audit Committee**

Lead Audit Engagement Partner Renee Bourget-Place began by explaining KPMG's audit process and how the FY 2021 financial statement audit was performed virtually. Ms. Bourget-Place also reported that, because of the success, certain aspects of the audit process will likely continue to be virtual for future audits.

Next, Ms. Bourget-Place reviewed the results of the financial statement audit. KPMG plans to issue an unmodified audit opinion. There were no matters involving the internal control structure and its operations that they considered to be material weaknesses or significant deficiencies.

Moving on, KPMG Lead Audit Engagement Manager Sara Timmerman walked through the audit areas of emphasis.

Ms. Bourget-Place finished by asking members of the Audit Committee if they have knowledge of fraud, alleged fraud, or suspected fraud affecting UVM. Members present responded no.

## **Acceptance of the FY 2021 audited financial statements**

Chair Smith presented the following resolution recommending the FY 2021 audited financial statements to the Board of Trustees for acceptance.

### **Acceptance of fiscal year 2021 audited financial statements**

WHEREAS, the financial Statements of the University of Vermont and State Agricultural College for the fiscal year ended June 30, 2021, have been audited by KPMG LLP, Certified Public Accountants, in accordance with 16 V.S.A. Section 2281(a);

BE IT RESOLVED, the Audit Committee hereby accepts and recommends that the Board of Trustees accept the fiscal year 2021 audited financial statements.

A motion was made, seconded and it was unanimously voted to approve the resolution as presented.

## **Compliance annual update**

At the direction of the committee chair, Director of Compliance Services and Chief Privacy Officer Tessa Lucey began by providing an overview of the Federal Sentencing Guidelines and the Seven Elements of an Effective Compliance Program as outlined by the Federal Sentencing Guidelines. The University's Compliance Program is based on the seven elements and the compliance reports are designed to show program effectiveness to the committee.

Continuing on, Ms. Lucey provided a few highlights from her report. First, she explained how the compliance office continued to focus on the university operations during the coronavirus pandemic. Next, she offered an overview of work plan efforts in the areas of foreign influence, background checks, volunteers, Title IX reviews, and training initiatives. Lastly, Ms. Lucey

informed the committee that, due to a recent reorganization, Compliance and Privacy Services now reports the Vice President for Operations and Public Safety.

In conclusion, Ms. Lucey offered a summary of HelpLine benchmarking and data incidents. Overall, the office has not identified any systemic misconduct or patterns of willful noncompliance for FY 2021.

### **2022 draft internal audit and compliance work plan**

Chief Internal Auditor Bill Harrison and Director of Compliance Services and Chief Privacy Officer Tessa Lucey presented the draft 2022 audit and compliance work plan. Mr. Harrison explained that the plan is risk-based and identifies and prioritizes work activities to address financial, operational, and compliance risks throughout the University. He further explained that change is often likely when new priorities are identified throughout the year.

### **Review the 2021 and 2022 Audit Committee work plans**

Chief Internal Auditor Bill Harrison reviewed the 2021 and 2022 Audit Committee work plans. Starting with the 2021 plan, Mr. Harrison noted that there were no changes other than shifting work plan items to other meetings to accommodate the cancellation of the February 2021 meeting. For now, the 2022 plan mirrors the 2021 plan. Mr. Harrison will be tracking the enterprise risk management risk assessment process and the annual Audit Committee assessment and will notify the committee of any changes to the 2022 work plan.

### **Adjournment**

There being no further business, the meeting was adjourned at 10:50 a.m.

Respectfully submitted,

Shap Smith, Chair

**Internal Audit Update**

**Summary of Reports and Work Plan Status**

**Board of Trustees  
Audit Committee**

**Prepared By  
William Harrison, Chief Internal Auditor  
February 3, 2022**

TABLE 1 – INTERNAL AUDITS AND OTHER WORK PRODUCTS AS OF 12/31/21

Reports	Recommendations	ERM Risk Category
7	12	Policy Compliance
	1	Research

TABLE 2 – INTERNAL AUDIT WORK PLAN STATUS AS OF 12/31/21

Status	Number
Complete	7
In Progress	9
Planned	4

TABLE 3 – INTERNAL AUDIT RECOMMENDATIONS STATUS AS OF 07/31/21

Opening Balance	New	Total	Closed	Ending Balance	Overdue
126	3	129	28	101	2

TABLE 4 – TIMELINESS OF INTERNAL AUDIT RECOMMENDATIONS CLOSED

Total Closed	Closed Timely <sup>1</sup>
28	57%

<sup>1</sup> Recommendation closed within original corrective action plan date.

## DATA ANALYTICS PROJECT

Over the past six months, the Office has met with multiple Offices on campus to discuss data availability and how University data can be used to assist in risk assessment and planning, policy compliance monitoring, and continuous assurance. Process steps involve identifying key policy requirements (e.g., purchasing cards), identifying relevant data in financial and other information systems, then developing scripts using data tools such as Excel to analyze the data sets and reach initial conclusions on whether key policy requirements are in place and operating effectively. The benefits of this approach include the ability to review large data sets thus enabling a more complete and efficient review of university requirements for policy compliance and the overall effectiveness of internal control.

The following table summarizes our active, and under development.

Category	Number	Status
Financial	5	Active
Operational	1	Under Development
Purchasing	2	Under Development
Payroll	1	Planned
Development	1	Active
Research	1	Active
Research	2	Under Development
HR	1	Under Development
Safety	1	Under Development



The University of Vermont

# 2021 Annual Compliance Survey Results

*Office of Compliance & Privacy Services*

**Report Date:  
January 4, 2022**





# OFFICE OF COMPLIANCE AND PRIVACY SERVICES

**GARY DERR**

Vice President of Operations and Public Safety

**TESSA LUCEY**

Director of Compliance Services and Chief Privacy Officer

**EMILY HARWOOD**

Compliance Specialist

**AMY VILE**

Administrative Assistant

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## SECTION I: INTRODUCTION

University of Vermont's Office of Compliance and Privacy Services ("the Office") has completed the 2021 Annual Compliance Survey ("the Survey"). This year represents the twelfth year that the Office has provided employees with the ability to offer their feedback on the Compliance Program ("the Program"). As in years past, recipients of the 2021 survey were asked questions designed to gauge the culture of compliance at the University and awareness of the Program. We continue to see an increase in the number of ethics and compliance programs across all industries. There has been an increase in the public and regulatory focus on ethics and compliance across all industries and with this focus, both university leadership and the Board of Trustees need to have confidence that the efforts of the Program are reaching all corners of the University. Having all of the pieces of an effective compliance program in place, doing our best to make sure that all members of UVM's workforce not only know and understand the Program but also their individual roles in compliance, and giving members of the workforce a voice in matters of compliance are steps we can take to continually improve this culture.

## SECTION II: KEY HIGHLIGHTS

With the shift to remote learning and remote work during the lockdown, combined with the Office's pivot away from routine compliance functions and toward campus health and safety during the pandemic, we had fully expected the survey results to dip this year. We had predicted that the response rate would fall and that both the culture and awareness measures would drop. Our predictions came true; however, we were pleasantly surprised that the downward trends were minimal.



The 2021 survey was sent to a statistically valid sample of 1,000 UVM employees across all cohort groups. Since first using a sample of 1,000 in 2019, the percentage of those who responded has increased among every cohort. The largest increase of respondents between 2019 and 2021 has been among part-time employees and managers.



When asked if survey respondents know how to access University policies, 89% responded in the affirmative. Of those, 97% of management and 91% of faculty and staff are aware of UVM's institutional policies website.



While the overall awareness of the Code dipped by 2% between 2020 and 2021, those reporting high awareness increased by 1% which, at 68%, is the highest we have seen since at least 2012.



Those reporting that they have observed misconduct has remained steady at 8% since 2019. With the exception of 7% reporting observation of misconduct in 2016, this is the lowest that it has been since at least 2012.



Even though we had expected that our response rate would be much lower this year, the total number of respondents only dropped by 0.7% from last year. The response rate is the second highest over the 5-year lookback period.

## SECTION III: BACKGROUND



### SURVEY RECIPIENTS

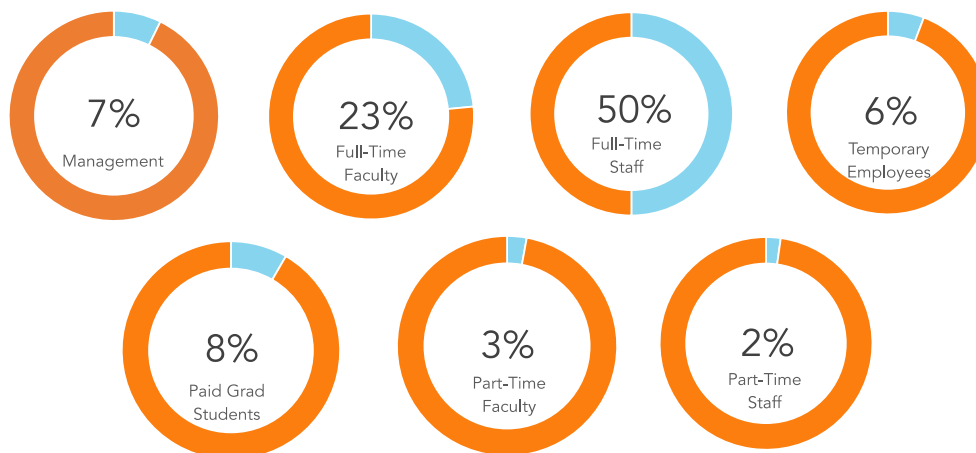
The survey was sent to a statistically valid sample of individuals within each cohort. The Office of Institutional Research ("OIR") provided a list of individuals representing the following cohorts: management, full-time faculty, part-time faculty, full-time staff, part-time staff, graduate students receiving stipends, and temporary employees. The methodology is included in Appendix B.



### SURVEY OBJECTIVES

Survey data is used to provide continuous improvement of the efficiency and effectiveness of the Program which, in turn, has a positive effect on the University’s culture of compliance. The objectives of this survey are to: (1) measure the change in awareness of the Program and its core elements over time; (2) provide a snapshot of key indicators that reflect UVM’s culture of compliance; and (3) provide information related to program effectiveness that the Audit Committee of the Board of Trustees needs in order to fulfill its obligation under the United States Federal Sentencing guidelines and under its charter.

### RESPONDENT BREAKDOWN



## SECTION IV: RESULTS SUMMARY & ANALYSIS

### AWARENESS

The awareness questions are designed to gauge the visibility of both the Office and the Program by asking employees how aware they are of the Office, the Code, and the compliance reporting mechanisms. In 2015, the survey showed a drop in the awareness measures. This dip was attributed to both the addition of new cohorts that had historically not been a target of compliance communications and training, and the Office operating without a director. With reduced staffing between 2014 and 2015, the Office focused primarily on programmatic elements. The Director position was filled in 2015 and the Office began a concerted effort to improve both the culture and awareness of the Compliance Program. Those efforts worked and each year, the results continued to move in the right direction.

The Office resources shifted away from some program elements such as training and communication towards campus health and safety during the pandemic. This reduction in our program communication efforts combined with the shift to remote learning and remote work, we fully expected the awareness measures to drop. Our predictions came true; however, we were pleasantly surprised that the downward trends were minimal (Appendix A, Table 1-1). Awareness of the Code of Conduct dropped to 2019 levels at 93%; however, awareness of the Code remained higher than in 2017 and 2018. Similarly, awareness of the Office of Compliance Services dipped 2% points since last year; however, it remained higher than reported in 2017 and 2019 and only 1% lower than in 2018. The awareness of the compliance reporting mechanisms saw the largest dip, 4% from 62% last year to 58% this year. This, however, is still higher than it was in 2017 and 2018. Overall, we are still ahead of our 5 year trend numbers.

## CULTURE

The culture questions are designed to reflect employee attitudes towards UVM's culture of compliance by asking employees whether (i) they are confident that they would be protected from retaliation if they reported a violation; (ii) they believe the University fosters a "Culture of Compliance;" and (iii) whether they had observed misconduct. Similar to the awareness measures, we had also expected to see a drop in our 2021 results. We had predicted that the culture measures would also be negatively impacted by the shifting of Office resources mentioned earlier combined with the pandemic's effect on employee morale as people across the country dealt with increased stress, feelings of isolation, and reduced engagement. As illustrated in Appendix A, Table 1-2, and as expected, 2021 shows a decline across all measures. The agreement with the statement, "The University of Vermont fosters a culture of compliance" measure decreased by 4%. Those reporting that they are confident that they would be protected from retaliation also decreased by 4%. While those reporting that they did not observe misconduct decreased by 1%, it is encouraging that those reporting that they did observe misconduct has remained steady at 8% since 2019.<sup>1</sup>

## SECTION V: SURVEY COMMENT SUMMARY

Since the first compliance survey was administered in 2010, the respondents have had the ability to provide comments related to compliance and the compliance program. In part due to a trend in training-related comments, in 2014, a second question was added to solicit suggested compliance training needs. While the other questions are required, individuals may bypass the two comment questions which has historically resulted in a low number of comments. In fact, the number of responses to this question (26 total) remains too low to draw conclusions; however, we do find this information useful when developing our annual workplan.

### GENERAL COMMENTS

In total, out of those responding to the question, "Do you have any general comments or suggestions related to compliance that you would like to share?," we received comments touching on 7 different topic areas which included the following:

- Communication/Openness/Transparency
- Compliance Program/Code of Conduct & Ethical Standards
- Compliance/Regulatory Burden
- Discrimination
- Research
- Specific Feedback on the Compliance Survey
- Tone from the Top

### TRAINING COMMENTS

In addition to the general compliance comments, we also received training comments that were grouped broadly into nine categories illustrated in Appendix A, Table 2-2. Of note, the highest number of training comments were related to offering compliance and policy training to staff, supervisors, faculty, and leadership. This did not come as a surprise to us. While the Director did develop and provide some online training modules related to the compliance program, all in-person compliance training and presentations were put on hold during the pandemic. Prior to the pandemic, the Director had been doing a weekly presentation at Culture & Community (UVM's new employee orientation). With the shift to remote learning/work and with UVM's hiring freeze, new hire orientation did not occur during the lockdown.

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<sup>1</sup> This question is not a yes/no; rather there is also a "don't know" option which increased by 2% this year.

## SECTION VI: ACTION PLAN

This year's survey results demonstrate the importance of continued focus on training and communication of the Program. The increased visibility of the Office and our proactive outreach resulted in positive impacts on the University's culture of compliance and awareness of the Program since 2015. While these results were promising, as this past year showed, there is always going to be a need for continued focus and program improvement. To put the Program back on an upward trajectory, the Office needs to focus on identification and mitigation of existing risks, investigations, and improvement of its monitoring and training programs. Ongoing initiatives have been put on hold due to the pandemic; however, as we slowly get back to "normal," we must restart our training, communication, and outreach efforts. Our action plan includes restarting our regular communications such as compliance and privacy alerts and periodic newsletters as well as additional training opportunities. The Office is also working with Human Resources to update new hire orientation that will include a compliance and privacy section.

## SECTION VII: CONCLUSION

Overall, even with the drop in numbers, the survey results continue to support the effectiveness of the Program. The areas identified in this year's survey will be used to develop the Office's workplan for 2022. Detailed results are available to UVM leadership and to members of the Audit Committee upon request. We are grateful that UVM leadership and the Board of Trustees continue to support the Program. We look forward to hearing from members of the Audit Committee and members of UVM leadership with questions about this report and/or with suggestions on how we can further foster a Culture of Compliance at the University of Vermont.



## APPENDIX A – TABLES

Table 1-1

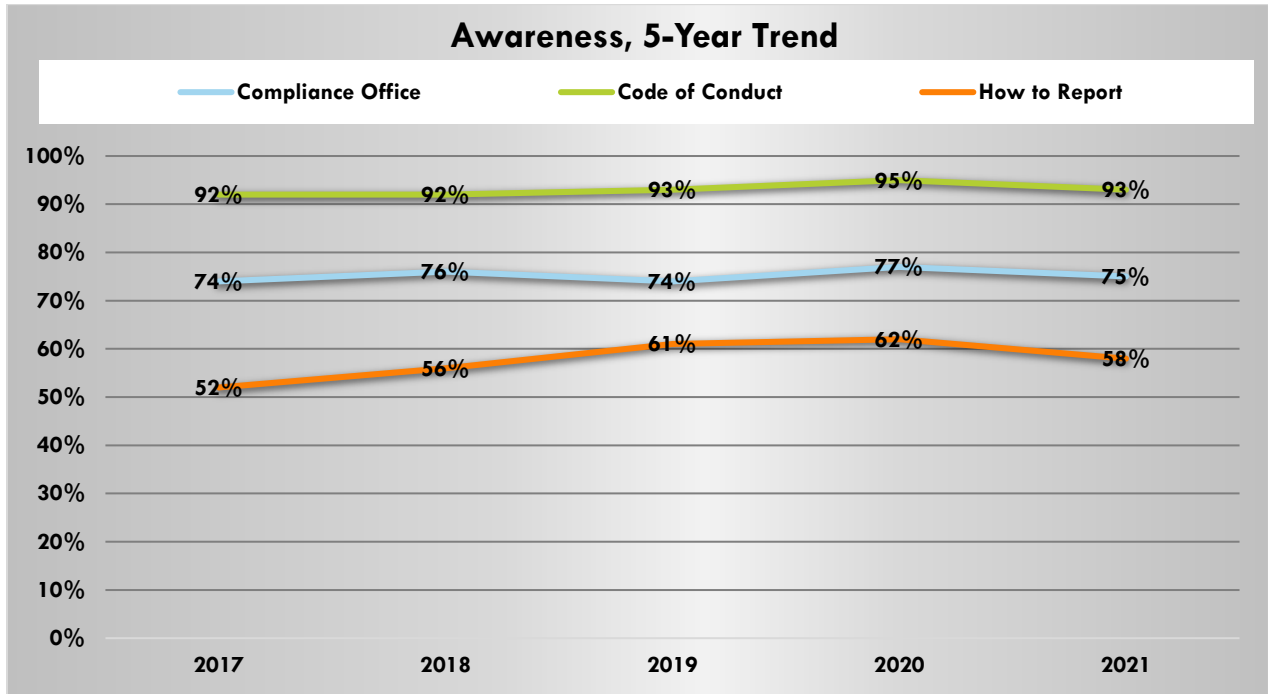


Table 1-2

\*CoC = Culture of Compliance

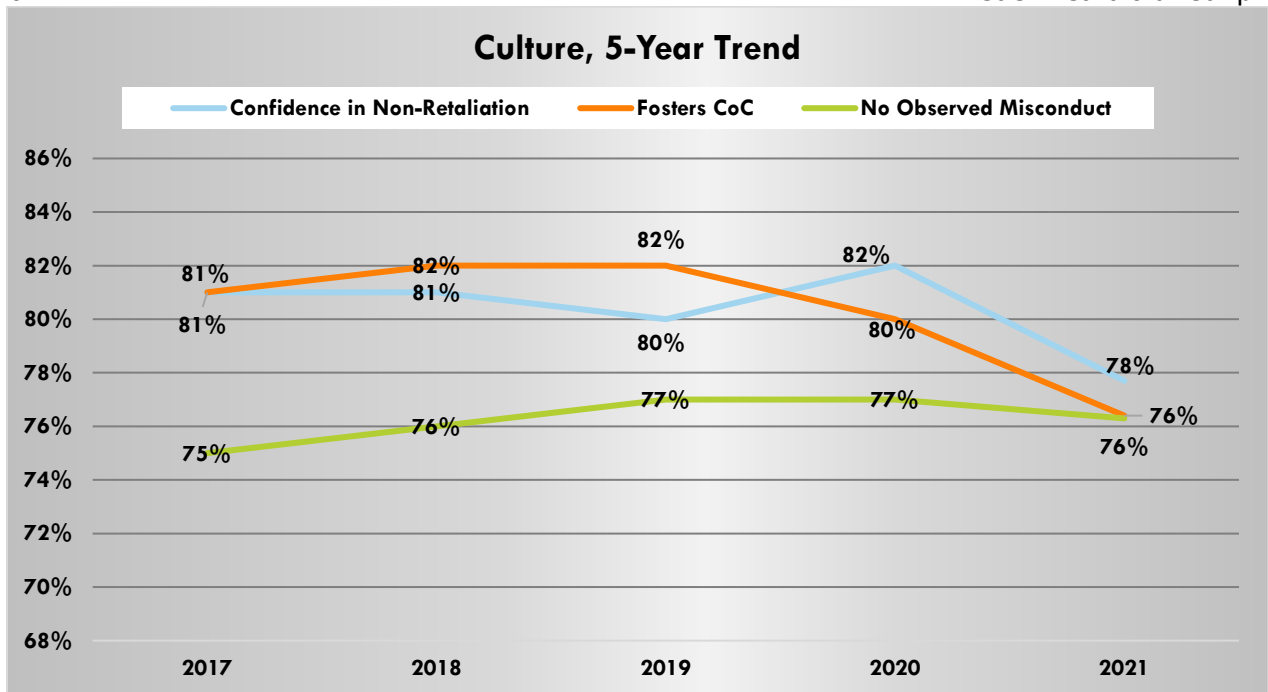


Table 2-1

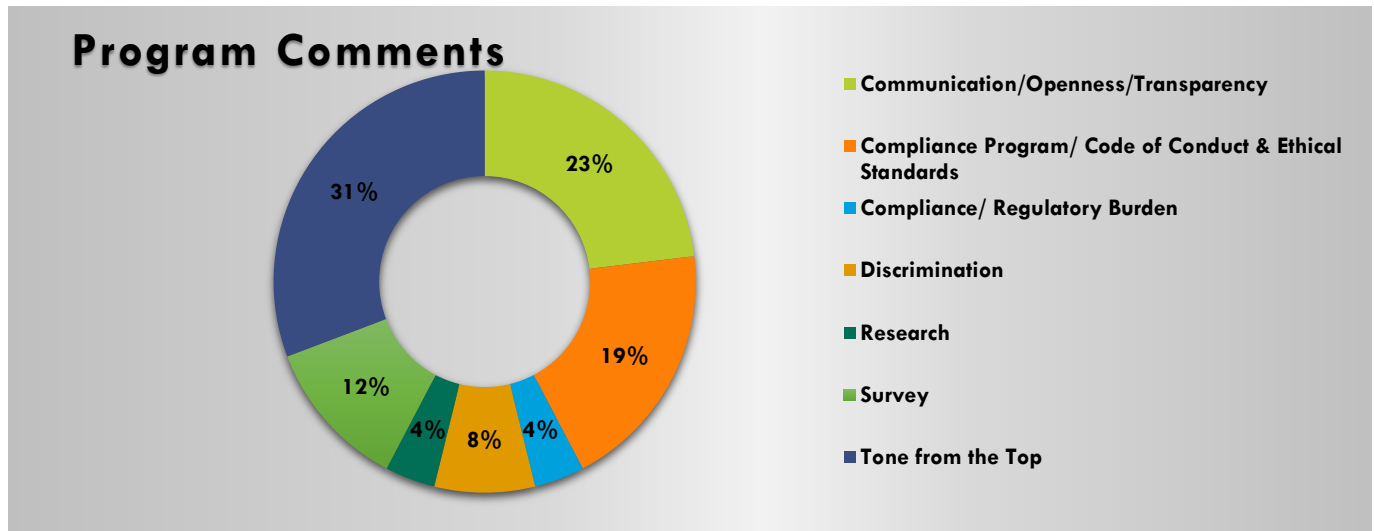
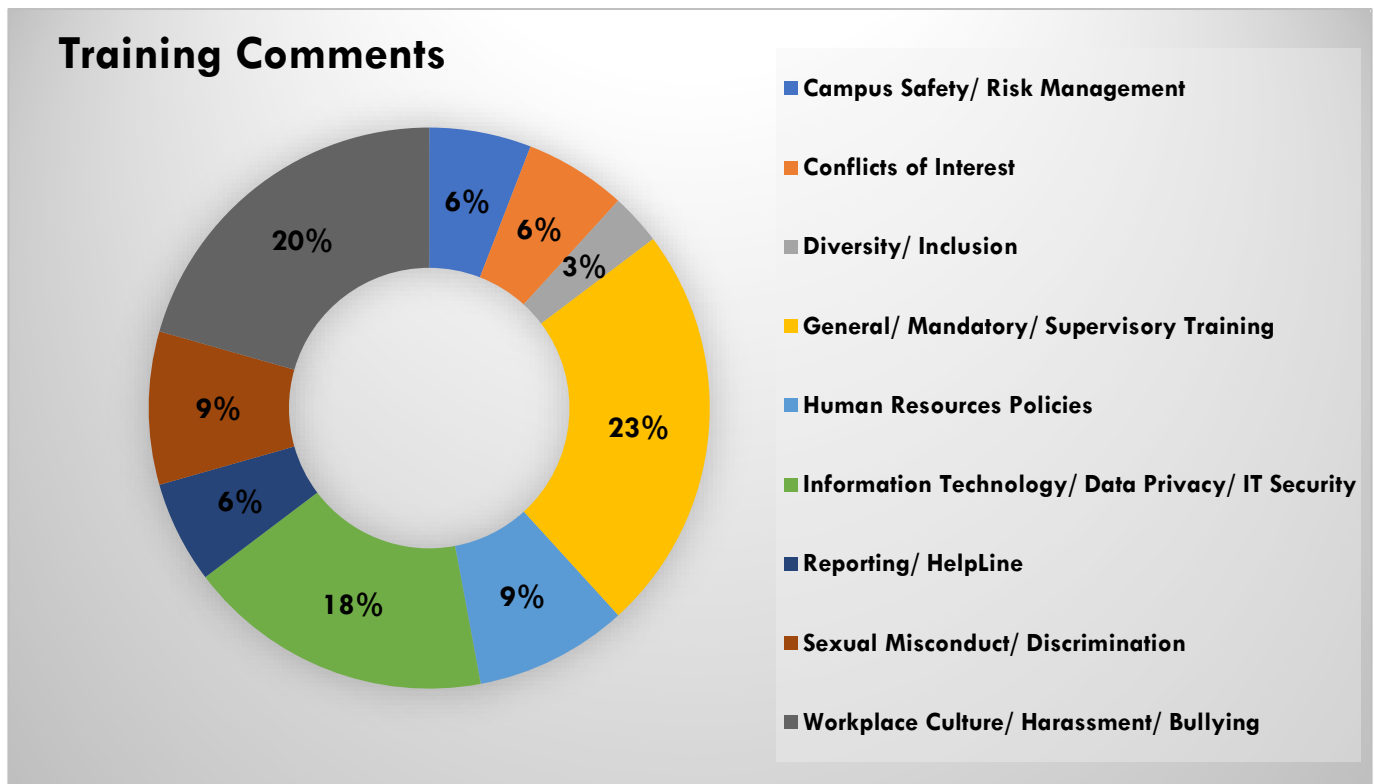


Table 2-2



## APPENDIX B – SURVEY TIMEFRAME & METHODOLOGY



### SURVEY PERIOD

The Office of Compliance and Privacy Services (the Office) sent the 2021 survey out to recipients on October 15, 2021. The survey was closed on November 15, 2021.



### METHODOLOGY

The Office consulted with the Office of Institutional Research (OIR) to obtain the sample. The methodology for determining the statistically valid sample is as follows:

**Population Methodology:** The population of employees was established by pulling a list of all actively paid employees as of October 1st, 2021. The PeopleSoft query limits the list to active, UVM employees (excludes retirees). Employee class includes faculty, staff, graduate students, post doc fellows & associates, and temporary staff. Nonpaid groups, student temporary employees, and visiting graduate students are excluded as are UVM Foundation employees.

We then label persons who have an admin/management job and prioritize/keep that job information regardless of whether or not they have a secondary position. Full-Time Equivalent (FTE) is summed (for those that have multiple positions), duplicate lines are deleted, full-time & part-time status is coded based on the summed FTE information, and employee type categories are created. Note that post-docs are coded as staff members and pre-docs are coded as graduate student employees.

**Sampling Methodology:** The sample was stratified by compliance's employee type category, which accounts for both employee type and full-time/part-time status. The list of part-time staff is slightly overrepresented; it was such a small group of people at 18, that everyone in that group was included in the sample to better ensure that responses are received from that cohort.

#### 2021 Compliance Survey Sample Breakdown:

	Population		Sample	
	n	%	n	%
Management, Leadership, and Admin	246	4.7%	46	4.6%
Full-Time Faculty (.75 FTE or greater)	1478	28.0%	276	27.6%
Full-Time Staff (.75 FTE or greater)	2170	41.1%	404	40.4%
Part-Time Faculty	288	5.5%	55	5.5%
Part-Time Staff	18	0.3%	18	1.8%
Graduate Students (includes pre-docs)	533	10.1%	100	10.0%
Temporary Employees	544	10.3%	101	10.1%
<b>Grand Total</b>	<b>5277</b>	<b>100.0%</b>	<b>1000</b>	<b>100.0%</b>

