

**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 January 31, 2019, at 1:00 p.m. in the Livak Ballroom, Room 417-419 Dudley H. Davis Center.

**MEMBERS PRESENT:** Chair Bernard Juskiewicz, Otto Berkes, Sidney Hilker\*, Ed Pagano, and Shap Smith\*

**MEMBERS ABSENT:** Vice Chair Jeff Wilson and Curt McCormack

**OTHER TRUSTEES PRESENT:** Board Chair David Daigle

**REPRESENTATIVES PRESENT:** Staff Representative Mindy Kear, Student Representative Jared Percoco, and Graduate Student Representative Aayudh Das

**REPRESENTATIVES ABSENT:** Faculty Representative Barbara Arel, Vermont State Auditor Douglas Hoffer, and Alumni Representative (appointment pending)

**PERSONS ALSO PARTICIPATING:** President Tom Sullivan, Chief Information Officer Simeon Ananou, Vice President for Finance and Treasurer Richard Cate, Chief Internal Auditor William Harrison, Vice President for Legal Affairs and General Counsel and Senior Advisor to the President Sharon Reich Paulsen, University Controller Claire Burlingham, Director of Compliance Services and Chief Privacy Officer Tessa Lucey, Chief Risk & Public Safety Officer Al Turgeon, Associate Chief Information Officer Julia Russell, Director of System Architecture and Administration Mike Austin, Renee Bourget-Place\* and Sara Timmerman of KPMG, and Mike Cullen of Baker Tilly

\*Participated via teleconference.

Chair Bernard Juskiewicz called the meeting to order at 1:05 p.m.

**Approval of Minutes**

A motion was made, seconded and voted to approve the November 5, 2018, meeting minutes.

**Presentation of the Fiscal Year (FY) 2018 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)**

University Controller Claire Burlingham reported that the total federal expenditures for FY 2018 were \$213,740,124. For the financial statements, the University received an unqualified opinion. For the report on internal control and compliance based on the audit of the financial statements, KPMG's opinion was unmodified with no material weaknesses. On the compliance and internal

control at the program level, there were no material weaknesses or significant deficiencies. Ms. Burlingham was pleased to report that the University is, once again, a low risk auditee.

Sara Timmerman, of KPMG, noted that the Research and Development Cluster was the major federal program tested in FY 2018 and that KPMG planned to examine the Student Financial Aid cluster for FY 2019.

### **Presentation of the National Collegiate Athletic Association Agreed-Upon Procedures (NCAA AUP) Report**

Ms. Burlingham presented the results of the report noting that NCAA regulations contain specific minimum agreed-upon procedures that must be performed and that KPMG does not issue an opinion. The final report is addressed to the UVM President and is not filed with the NCAA. In the report, KPMG noted no significant adjustments and two minor observations. Ms. Timmerman explained that both observations were expense transactions that should have been recorded in the FY 2017 Statement of Revenues and Expenses.

### **Compliance Services Update**

Director of Compliance Services and Chief Privacy Officer Tessa Lucey offered an update on compliance and privacy program activity since her annual report that occurred at the September 2018 Audit Committee meeting. Referring to her presentation slides (Attachment 3), Ms. Lucey provided an overview of work plan efforts, including data requests and data sharing, compliance program training initiatives, and updates to the University's policy process. Next, Ms. Lucey explained that her office continues to meet the requirements of the Seven Elements of an Effective Compliance Program as outlined by the Federal Sentencing Guidelines to which the University's Compliance Program is modeled. Finally, Ms. Lucey reviewed privacy program activities involving the University's overall privacy culture, current initiatives, and work being done to comply with the European Union's General Data Protection Regulations) and the Gramm-Leach-Bliley Act. Ms. Lucey concluded with the University's progress on website accessibility as it relates to the Department of Education Office of Civil Rights resolution agreement.

Chair Juskiewicz asked Ms. Lucey and Chief Risk & Public Safety Officer Al Turgeon to address the potential impact should the proposal for a University-wide Learning Management System and a new Required Training Coordinator position not be accepted. Mr. Turgeon explained that with these resources, the delivery and documentation of training would be consistent throughout the University. Without these resources, our current challenges would remain.

In response to Chair Juskiewicz's question regarding the Adoption of University Policies, Procedures and Guidelines policy, Ms. Lucey explained that the policy has been posted to the University's policy website.

## **Compliance Annual Survey Results**

Ms. Lucey presented an overview of the ninth annual compliance awareness survey. Referencing Attachment 5 of the meeting materials, Ms. Lucey provided background and history of the evolution of the survey. The survey results are reported on a five-year history; therefore, the 2019 survey will be the last report that breaks out the new and historical cohorts.

Continuing on, Ms. Lucey was pleased to report that the 2018 results indicate that the culture at the University continues to move in the right direction. For the third year in a row, four out of six awareness and cultural measures increased and the remaining two remained steady. Ms. Lucey was also pleased to report that faculty awareness, which tends to lag behind the other cohorts, had significantly increased last year and remained steady this year.

In conclusion, Ms. Lucey explained that the Office of Institutional Research had recommended that the survey go to a statistically valid sampling rather than 100 percent of the cohort groups. Ms. Lucey will keep the Committee apprised of any changes.

Referring to the Suggested Training Areas chart in Ms. Lucey's report, Trustee Otto Berkes questioned if there were plans to address Workplace Culture/Harassment/ Bullying. Ms. Lucey explained that there are not enough survey participants who responded to this question to draw conclusions; however, the office monitors these topics. She noted that this may be a reflection of the national climate where people are more willing to speak up about bullying and harassment. She further explained that the University recently launched mandatory sexual harassment training which should help create awareness.

## **Enterprise Risk Management (ERM) – Risk and Opportunity Portfolio Update**

Referring to Attachment 6 of the meeting materials, Chief Risk & Public Safety Officer Al Turgeon began by providing an overview of the calendar year 2018 risk assessment results.

Continuing on, Mr. Turgeon, explained that the purpose of the ERM program was to provide the Board of Trustees assurance that management is identifying and responding to the risks and opportunities that could impact the University's mission, vision, strategic goals, reputation and/or competitiveness.

Next, Mr. Turgeon described the risk assessment process and summarized the results depicted in the risk-opportunity portfolio-register heat map. He noted that risks related to finance and information technology (IT) had moved up on the heat map while many opportunities had moved from the portfolio down to the register.

He concluded by presenting the reporting schedule of Management Response Plan (MRP) presentations by Responsible Officials to their assigned Board of Trustees' committee.

At Chair Juskiewicz and Trustee Sidney Hilker's request, Mr. Turgeon explained that Student Mental Health Needs was a high-level risk because these needs are increasing. Placing this risk

in the portfolio demonstrates that it is a priority and that the University is allocating resources to address it.

Chair Juskiewicz asked why the Title IX risk was moved from the portfolio to the register. Mr. Turgeon responded that it was determined that significant resources had been allocated to mitigate this risk.

### **Data Center Availability Report (*Enterprise Risk Management Risk #12 Update*)**

Referring to Attachment 7 of the meeting materials, Chief Information Officer (CIO) Simeon Ananou offered an overview of the ERM Data Center Availability risk. Dr. Ananou noted that the position of the risk on the ERM heat map required the University's attention. He explained that the University maintains two data centers to support a high level of resiliency and redundancy to ensure business continuity. Although the secondary data center is working, it has limitations and the University is exploring alternate data center locations and cloud-based solutions.

The Committee, Board Chair David Daigle, Dr. Ananou, and Director of System Architecture and Administration Mike Austin discussed several cost elements to consider when analyzing the benefits and the effectiveness of utilizing the cloud rather than or in conjunction with investment in a physical data center.

### **Report on the Results of the 2018 Audit Committee Assessment Survey**

Chair Juskiewicz presented an overview of the results of the 2018 survey, noting that overall, the survey participants agreed that the Committee performs effectively. He highlighted questions in the survey regarding the financial knowledge necessary for Committee members and why the Committee reviewed the expenses for the President's residence and no other buildings explaining the latter is reviewed annually as directed by the Board.

### **Executive Session**

At 2:00 p.m., Chair Juskiewicz entertained a motion to enter into executive session for the purpose of discussing security measures, the premature public knowledge of which would clearly place the University at a substantial disadvantage, and records exempt from access under public records act provisions. He indicated that the session is expected to last 30 minutes, with no action expected following.

All in attendance were excused from the meeting, with the exception of the Trustees, President Tom Sullivan, Chief Information Officer Simeon Ananou, Chief Internal Auditor William Harrison, Vice President for Legal Affairs and General Counsel and Senior Advisor to the President Sharon Reich Paulsen, Associate Chief Information Officer Julia Russell, Director of System Architecture and Administration Mike Austin, Director of Compliance Services and Chief Privacy Officer Tessa Lucey, Chief Risk & Public Safety Officer Al Turgeon, and Mike Cullen of Baker Tilly.

The meeting was re-opened to the public at 2:55 p.m.

**Adjournment**

There being no further business, Chair Bernard Juskiewicz adjourned the meeting.

Respectfully submitted,

Chair Bernard Juskiewicz