

**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 April 12, 2021 at 10:00 a.m. The meeting was held via remote conferencing due to the COVID-19 pandemic.

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

MEMBERS ABSENT: None

OTHER TRUSTEES PRESENT: Board Chair Ron Lumbra

REPRESENTATIVES PRESENT: Faculty Representative Barbara Arel, Staff Representative Mindy Kear, and Alumni Representative Susan Higgins

REPRESENTATIVES ABSENT: Graduate Student Representative Jaspreet Singh Nagi, Student Representative Samantha Kyprios, and Vermont State Auditor Douglas Hoffer

PERSONS ALSO PARTICIPATING: President Suresh Garimella, Vice President for Finance and Administration Richard Cate, Director of Compliance Services and Chief Privacy Officer Tessa Lucey, and Renee Bourget-Place and Sara Timmerman of KPMG

Chair Shap Smith called the meeting to order at 10:00 a.m. He began by welcoming trustee Catherine Toll and student representative Samantha Kyprios to the committee.

Approval of minutes

A motion was made, seconded and voted to approve the November 9, 2020, meeting minutes.

Fiscal Year (FY) 2020 NCAA agreed-upon procedures report

Lead Audit Engagement Partner Renee Bourget-Place of KPMG reported no significant findings or adjustments were identified as a result of the procedures performed.

Presentation of the FY 2020 uniform administrative requirements, cost principles, and audit requirements for federal awards (Uniform Guidance)

Renee Bourget-Place began by explaining that the deadline for the Uniform Guidance audit was extended to June 30, 2021, to accommodate for the late release of the audit procedures for the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Completion of KPMG's Uniform Guidance report is in the final review stages.

Next, Ms. Bourget-Place reported that the research and development cluster and the medicaid cluster were the major federal programs tested, as planned, in FY 2020. In addition, KPMG was required to test the Corona Virus Relief Fund that the University received through the State of Vermont.

In conclusion, Ms. Bourget-Place summarized the audit results. 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 compliance and internal control at the program level, there were no material weaknesses or significant deficiencies in internal control over compliance.

Presentation of the FY 2021 external audit engagement plan

Renee Bourget-Place and Senior Audit Manager Sara Timmerman reviewed KPMG's plan for the FY 2021 audit engagement. Ms. Timmerman provided an overview of the audit scope and deliverables, engagement team, preliminary risk assessment as well as KPMG's audit approach and timeline. The major programs KPMG plans to audit under the Uniform Guidance include the student financial assistance cluster and the CARES Act – Higher Education Emergency Relief Fund.

In conclusion, Ms. Bourget-Place explained that KPMG was able to successfully conduct the FY 2020 audits remotely and plans to continue their remote work for the FY 2021 audits.

Following KPMG's presentation, Chair Smith presented the following resolution for approval:

Resolution authorizing retention of external audit firm for the fiscal year (FY) 2021 mandatory annual audits

WHEREAS, at its February 2, 2017 meeting the Audit Committee authorized and recommended to the Board of Trustees to authorize the Vice President for Finance and Treasurer to enter into a contract to obtain external audit services to conduct the annual financial statement audit and other related audits of the university for five consecutive years during the period January 1, 2017, through December 31, 2021, at a total contract price not to exceed \$1,745,000, with continuation of said contract subject to an annual performance review by the Audit Committee;

BE IT RESOLVED, that the Committee authorizes and directs the Committee Chair to retain KPMG LLP, to conduct the mandatory annual audit of the financial statements and compliance audits for the fiscal year ending June 30, 2020, in accordance with the fee schedule set forth in KPMG's proposal for services dated March 9, 2017 as amended; and

BE IT FURTHER RESOLVED, that the annual audit shall be conducted in compliance with the requirements of the University Bylaws and state and federal law.

A motion was made, seconded, and the resolution was approved unanimously as presented.

Higher education industry update

Ms. Bourget-Place offered a summary of audit committee and internal audit focus areas for 2021, the 2021 sector financial outlook, and recent operational, financial, and enrollment observations as well as higher education sector fundraising in fiscal 2020, and the 2020 National Association of College and University Business Officers (NACUBO) - Teachers Insurance and Annuity Association (TIAA) study of endowments.

Compliance interim report

Director of Compliance Services and Chief Privacy Officer Tessa Lucey provided an interim report on compliance and privacy program activity since the September 2020 Audit Committee meeting. Ms. Lucey began by highlighting work plan efforts in the areas of volunteers, General Data Protection Regulation (GDPR), and foreign influence including conflict of interest disclosure updates and regulatory changes related to Section 117 of the Higher Education Act (HEA).

Next, Ms. Lucey discussed standard operating activities. She noted that there have been no government reviews reported to the Office that meet the reporting criteria. Additionally, there were no significant data incidents. To finish, Ms. Lucey explained that the Vermont Attorney General had expanded the definition of personally identifiable information (PII) and this was likely to account for a future increase in notifications to the Attorney General's Office.

Annual compliance survey results

Ms. Lucey presented a few highlights from the eleventh annual compliance awareness survey. Ms. Lucey was pleased to report that the 2020 survey had a very good response rate of 47%. Furthermore, she reported that the results indicate that the culture at the University continues to move in the right direction despite a slight decline in the respondent's belief that the University fosters a culture of compliance.

Adjournment

There being no further business, the meeting was adjourned at 11:00 a.m.

Respectfully submitted,

Shap Smith, Chair