

**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, April 11, 2022, at 10:00 a.m. in Memorial Lounge, 338 Waterman Building.

MEMBERS PRESENT: Chair Shap Smith, Vice Chair Jodi Goldstein*, Otto Berkes*, Ed Pagano**, and Kristina Pisanelli

MEMBERS ABSENT: Kisha Kalra and Catherine Toll

OTHER TRUSTEES PRESENT: Board Chair Ron Lumbra*

REPRESENTATIVES PRESENT: Faculty Representative Barbara Arel*, Staff Representative Mindy Bean*, Alumni Representative Susan Higgins, and Vermont State Deputy Auditor Tim Ashe* (on behalf of Vermont State Auditor Douglas Hoffer)

REPRESENTATIVES ABSENT: Graduate Student Representative Alison Hall and Student Representative Zyakkiriah Rhoden

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, David Gagnon*, and Sara Timmerman* of KPMG

* Joined via remote conferencing

** Joined via remote conferencing from 10:00 a.m. to 10:30 a.m.

Chair Shap Smith called the meeting to order at 10:00 a.m.

Executive Session

The Chair entertained a motion to enter into executive session for the purpose of discussing contracts. He noted the session would last approximately 20 minutes and that action is anticipated following. The motion was seconded and approved. Everyone was excused from the meeting with the exception of the Trustees, President Suresh Garimella, Vice President for Legal Affairs & General Counsel, and Senior Advisor to the President Sharon Reich Paulsen, Vice President for Finance and Administration Richard Cate, University Controller Claire Burlingham, and Trustee Coordinator Corinne Thompson.

The meeting was re-opened to the public at 10:20 a.m.

Chair Smith presented the following resolution for approval:

Resolution Authorizing Selection of the External Auditor

BE IT RESOLVED, that the Audit Committee recommends to the Executive Committee to authorize the Vice President for Finance and Administration to enter into a contract with KPMG, LLP 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 April 1, 2022, through March 31, 2027, at a total contract price not to exceed \$2,160,000, with continuation of said contract subject to an annual performance review by the Audit Committee; 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.

Chair Smith offered an opportunity for discussion. There being none, a motion was made, seconded and the resolution was approved as presented.

Approval of minutes

A motion was made, seconded and voted to approve the February 3, 2022, meeting minutes.

Presentation of the fiscal year (FY) 2022 external audit engagement plan

Lead Audit Engagement Partner Renee Bourget-Place began by explaining that KPMG will be utilizing new audit technologies upgrading to a digital system known as Clara within their organization to enhance the audit experience.

Continuing on, Ms. Bourget-Place reviewed the client service team. She explained that, as part of KPMG's responsibility to maintain and monitor independence, she was required to cycle off of the audit engagement after the FY 2022 audits and that David Gagnon will take over as the lead audit engagement partner for two years starting with the FY 2023 audits.

Next, Senior Audit Manager Sara Timmerman reviewed KPMG's plan for the FY 2022 audit engagement. Ms. Timmerman provided an overview of the audit scope and deliverables, preliminary risk assessment as well as KPMG's audit approach and timeline. The major programs KPMG plans to audit under the Uniform Guidance for federal awards (include the research and development cluster, Higher Education Emergency Relief Fund, and the American Rescue Plan Act Funds.

In conclusion, Ms. Bourget-Place discussed newly effective accounting standards and the new auditor reporting standards.

FY 2021 Uniform Guidance audit update

Ms. Bourget-Place began by explaining that the three major programs being audited are the student financial aid cluster, the Coronavirus Aid, Relief, and Economic Security (CARES) Act Funds, and the Higher Education Emergency Relief Funding. The deadline for the Uniform

Guidance audit was extended to September 2022, to accommodate for the late release of the audit procedures CARES Act funds. Thus far, the audit is proceeding smoothly, and no issues have been identified.

Higher education industry update

Engagement Quality Control Reviewing Partner David Gagnon offered a high-level summary of KPMG's 2022 higher education industry update.

Compliance update

Director of Compliance Services and Chief Privacy Officer Tessa Lucey provided an interim report on compliance and privacy program activity since the November 8, 2021 Audit Committee meeting. Ms. Lucey began by highlighting work plan efforts in the areas of foreign influence including conflict of interest disclosure, and data risk classification.

To finish, Ms. Lucey discussed standard operating activities. She noted that there have been no government reviews reported to the Office that meet the reporting criteria and there were no significant data incidents.

Enterprise Risk Management (ERM) program update

Ms. Lucey began by offering a historical overview of the ERM program. During her presentation she highlighted several changes to the program including, (1) the ERM program became part of the University's Office of Compliance and Privacy Services in 2022, (2) in 2019, the program moved from an annual to a biennial assessment cycle, (3) committee membership was updated to align with reorganizations and staffing changes, and (4) internal controls and their impact have been incorporated into the heat map scoring. The next review cycle will take place during 2022 and the results will be reported to the Board of Trustees in 2023.

Adjournment

There being no further business, the meeting was adjourned at 11:10 a.m.

Respectfully submitted,

Shap Smith, Chair