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 Thursday, February 9, 2023, at 3:00 p.m. in the Livak Ballroom, Room 417-419 Dudley H. Davis Center.

MEMBERS PRESENT: Chair Shap Smith, Vice Chair Jodi Goldstein, Kisha Kalra1, Kristina Pisanelli, and Catherine Toll

MEMBERS ABSENT: Otto Berkes and Ed Pagano

REPRESENTATIVES PRESENT: Faculty Representative Barbara Arel, Alumni Representative Susan Higgins1, and Student Representative Matt Sorenson

REPRESENTATIVES ABSENT: Staff Representative Mindy Bean, Graduate Student Representative (vacant), Vermont State Deputy Auditor Tim Ashe (on behalf of Vermont State Auditor Douglas Hoffer)

PERSONS ALSO PARTICIPATING: President Suresh Garimella, Vice President for Finance & Administration Richard Cate, Chief Information Officer Simeon Ananou, Chief Internal Auditor Bill Harrison, University Controller Claire Burlingham, Director of Environmental Health & Safety Francis Churchill, Director of Risk Management Katie Haining, Director of Compliance Services and Chief Privacy Officer Tessa Lucey, and David Gagnon2, Renee Bourget-Place2, and Sara Timmerman of KPMG

1 Participated by phone.
2 Participated by phone and joined at 3:30 p.m.

Chair Shap Smith called the meeting to order at 3:00 p.m. He began by welcoming student representative Matt Sorensen and acknowledging Kisha Kalra for her work on the committee as she finishes her term on the Board of Trustees.

Approval of minutes

A motion was made, seconded, and voted to approve the November 7, 2022, meeting minutes.

Internal audit update

Chief Internal Auditor Bill Harrison offered an overview of internal audit and follow-up activity since his last report to the committee on September 12, 2022. Mr. Harrison noted the status of the information technology (IT) security related observations whose timeline for implementation has been extended beyond the original agreed upon completion dates. Chief Information Officer Simeon Ananou acknowledged the recommendations and explained his risk-based plan to address them.
In conclusion, Mr. Harrison discussed his strategy to utilize an request for proposal for co-sourced internal audit services to help accomplish the office’s work plan.

Compliance annual survey results

Director of Compliance Services and Chief Privacy Officer Tessa Lucey presented the results of the thirteenth annual compliance awareness survey. Ms. Lucey explained that the survey provides an opportunity to demonstrate that the university’s compliance program is operating effectively. She was pleased to report that response rates as well as all culture and awareness indicators rebounded from 2021. Her office attributed the positive results, in part, to the transition of efforts and resources from pandemic response back to fostering a culture of compliance.

Presentation of the results of the biennial Enterprise Risk Management (ERM) assessment

Director Tessa Lucey, Director of Environmental Health & Safety Francis Churchill, and Director of Risk Management Katie Haining began by offering a historical overview and highlighted changes to the ERM program. Ms. Lucey explained that the ERM risk assessment process had been put on hold since 2020 due to the pandemic and the retirement of key staff. Although there have been some updates to the program the goals remain the same: to enhance UVM’s ability to achieve its mission, vision, and strategic objectives and to foster an institution-wide culture of risk and opportunity awareness.

Moving on, Ms. Lucey offered a summary of the calendar year 2022 risk assessment process and the results depicted in the UVM risk-opportunity heat map. The next step in the process is to assign the risks and opportunities to Board committees and to create a schedule for responsible officials to present their management response plans.

In conclusion, Chair Shap Smith emphasized the importance of the ERM program and thanked Ms. Lucey, Mr. Churchill, and Ms. Haining for their work.

Presentation of the Fiscal Year (FY) 2022 uniform administrative requirements, cost principles, and audit requirements for federal awards (Uniform Guidance)

University Controller Claire Burlingham and Senior Audit Manager Sara Timmerman reported that the university received an unmodified opinion. For the report on internal control and compliance based on the Uniform Guidance audit KPMG’s opinion was unmodified with no material weaknesses and no significant deficiencies. On compliance and internal control at the program level, there were no material weaknesses or significant deficiencies in internal control over compliance. UVM remains a low-risk auditee.

Ms. Burlingham pointed out that the Uniform Guidance report is based on federal expenditures and not just awards. She further clarified that the expenditures for FY 2022 decreased compared to FY 2021 because the university had a decrease in the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the Higher Education Emergency Relief Fund (HEERF).
To finish, Ms. Timmerman explained that the research and development cluster, and Education Stabilization fund were the major federal programs tested in FY 2022.

**FY 2022 NCAA agreed-upon procedures report**

Senior Audit Manager Sara Timmerman reported no significant findings or adjustments were identified as a result of the procedures performed.

**Presentation of FY 2022 IT observations**

Lead Audit Engagement Partner Renee Bourget-Place reviewed KPMG’s information technology controls assessment and discussed their observations and recommendations related to PeopleSoft Finance, PeopleSoft Human Capital Management (HCM), and Maximus (effort reporting system).

Chair Shap Smith expressed his concerns about the PeopleSoft Finance and PeopleSoft HCM IT control observations and requested that the university make these a top priority.

**Other Business**

Lead Audit Engagement Partner Renee Bourget-Place explained that she was required to cycle off the audit and introduced National Industry Leader David Gagnon as the lead partner for the FY 2023 audits.

Chair Shap Smith led the committee in expressing their gratitude to Ms. Bourget-Place.

**Adjournment**

There being no further business, the meeting was adjourned at 4:00 p.m.

Respectfully submitted,

Shap Smith, Chair