

**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 10, 2023, at 10:00 a.m. in room 427A Waterman Building.

MEMBERS PRESENT: Chair Shap Smith, Vice Chair Jodi Goldstein¹, Ed Pagano², Kristina Pisanelli¹, and Catherine Toll

MEMBERS ABSENT: Otto Berkes and Kenny Nguyen

OTHER TRUSTEES PRESENT: Board Chair Ron Lumbra¹ and Katelynn Briere

REPRESENTATIVES PRESENT: Faculty Representative Barbara Arel¹, Staff Representative Mindy Bean¹, Alumni Representative Susan Higgins, Student Representative Matt Sorenson, and Vermont State Deputy Auditor Tim Ashe (on behalf of Vermont State Auditor Douglas Hoffer)¹

REPRESENTATIVES ABSENT: Graduate Student Representative (vacant)

PERSONS ALSO PARTICIPATING: President Suresh Garimella³, Vice President for Legal Affairs and General Counsel Trent Klingerman, Chief Internal Auditor Bill Harrison, Chief Safety and Compliance Officer Michael Schirling, University Controller Claire Burlingham⁴, Director of Compliance Services and Chief Privacy Officer Tessa Lucey, and David Gagnon, and Sara Timmerman of KPMG

¹ Participated by phone.

² Participated by phone and joined at 10:04 a.m.

³ Departed at 11:19 a.m.

⁴ Participated by phone and joined at 10:11 a.m.

Chair Shap Smith called the meeting to order at 10:00 a.m. He began by welcoming KPMG's Lead Audit Engagement Partner David Gagnon.

Approval of minutes

A motion was made, seconded, and voted to approve the February 9, 2023, meeting minutes.

Presentation of the Fiscal Year (FY) 2023 external audit engagement plan

Lead Audit Engagement Partner David Gagnon began by explaining that KPMG's goal is to provide a quality audit. They do this, in part, by utilizing new audit technologies to enhance the audit experience.

Continuing on, Mr. Gagnon reviewed the client service team, required communications, and materiality in the context of the audit.

Next, Senior Audit Manager Sara Timmerman reviewed KPMG's plan for the FY 2023 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 and the Medicaid clusters.

In conclusion, Mr. Gagnon discussed KPMG's professional responsibilities including the responsibility to maintain and monitor independence.

Higher education industry update

Lead Audit Engagement Partner David Gagnon offered a high-level summary of KPMG's 2023 higher education industry update included in attachment 2 of the meeting materials.

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 7, 2022 Audit Committee meeting. Ms. Lucey began by explaining that the Office of Compliance and Privacy Services oversees the University's Compliance, Privacy, and Enterprise Risk Management (ERM) programs. These programs are all designed to reduce the chance of risk at the University.

Next, Ms. Lucey highlighted work plan efforts in the areas of foreign influence and improvements to the institutional policy process.

To finish, Ms. Lucey discussed the program's contingent activities. She reviewed compliance consultations and described how the connection of those consultations to the ERM risks reflected her office's prioritization of its work based on those items that the University has identified as risks or opportunities. She described privacy incidents and helpline reports and informed the committee that data related to university policies will also be included on the dashboard going forward.

Emergency preparedness & institutional continuity report (ERM Risk #29 update), and campus threats/mass casualty report (ERM Risk #7 update)

Chief Safety and Compliance Officer Michael Schirling highlighted details included in attachments 5 and 6 of the meeting materials regarding ERM emergency preparedness & institutional continuity risk, and the campus threats/mass casualty risk. Mr. Schirling identified the risks and provided an overview of work that has been done to date. He finished by describing work that is being planned but not yet completed.

Executive Session

At 11:12 a.m., the Chair entertained a motion to enter into executive session for the purpose of discussing contracts. He noted the session would last approximately 5 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 and General Counsel Trent Klingerman, University Controller Claire Burlingham, Chief Internal Auditor Bill Harrison, and Trustee Coordinator Corinne Thompson.

The meeting was re-opened to the public at 11:20 a.m.

Chair Smith presented the following resolution for approval:

Resolution authorizing retention of external audit firm for the FY 2023 mandatory annual audits

WHEREAS, on April 11, 2022 the Audit Committee recommended, and the Board of Trustees approved, authorizing 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

WHEREAS, the Audit Committee recommends retention of KPMG, LLP for the FY 2023 mandatory audits;

BE IT 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.

Other Business

Chief Internal Auditor Bill Harrison previewed a three-year contract for co-sourced audit services that the Executive Committee will be asked to approve this afternoon.

Adjournment

There being no further business, the meeting was adjourned at 11:22 a.m.

Respectfully submitted,

Shap Smith, Chair