



THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

AUDIT AND COMPLIANCE COMMITTEE	
Friday, February 18, 2022	Executive Conference Room Joint Institute for Advanced Material UT Research Park
2:00 p.m. (EST)/1:00 p.m. (CST)	2641 Osprey Vista Way, Knoxville, TN 37920

AGENDA

Public Session

- I. Call to Order and Roll Call
- II. Opening Remarks of the Committee Chair
- III. [Approval of Minutes from Last Meeting - Action](#)..... Tab 1
- IV. [2022 Internal Audit Plan – Action](#)..... Tab 2
- V. [2022 Institutional Compliance Workplan – Action](#)..... Tab 3
- VI. [Consent Agenda](#)..... Tab 4

Information Items

- A. [2021 Audit Plan Update](#)..... Tab 4.1
- B. [Outstanding Audit Issues](#)..... Tab 4.2
- C. [Travel Exception Report](#) Tab 4.3
- D. [Annual Safety Report Update](#)..... Tab 4.4
- E. [NCAA Agreed Upon Procedures Report](#)..... Tab 4.5
- F. [Tennessee Financial Integrity Act Report](#)..... Tab 4.6
- G. [Compliance Program Update](#) Tab 4.7

VII. Other Business

[Note: Under the Bylaws, items not appearing on the agenda may be considered only upon an affirmative vote representing a majority of the total voting membership of the Committee. Other business necessary to come before the Committee at this meeting should be brought to the attention of the Committee or Board Secretary before the meeting.]

VIII. Adjournment



THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

Nonpublic, Executive Session

Following the public session, the Committee will convene in a nonpublic, executive session pursuant to Tennessee Code Annotated § 4-35-108 to review:

- Audits
- Investigations
- Litigation



THE UNIVERSITY OF TENNESSEE
BOARD OF TRUSTEES

MINUTES OF THE AUDIT AND COMPLIANCE COMMITTEE

October 22, 2021
Knoxville, Tennessee

The Audit and Compliance Committee of The University of Tennessee Board of Trustees met at 8:30 a.m. (EDT) on Friday, October 22, 2021, in the Student Union Ballroom, at the University of Tennessee, Knoxville, Tennessee.

I. Call to Order and Roll Call

Ms. Amy Miles, Committee Chair, called the meeting to order. Board Secretary, Cynthia C. Moore, called the roll, and the following members of the Committee were present: Amy E. Miles, Committee Chair; Bradford D. Box; John C. Compton, Board Chair; D. Crawford Gallimore; and Decosta E. Jenkins. In addition, the following trustees were in attendance: Christopher L. Patterson; Donald J. Smith; Kim H. White; and Jamie R. Woodson.

Others present included: President Randy Boyd; Brian Daniels, Chief Audit and Compliance Officer; David Miller, Senior Vice President and Chief Financial Officer; Ryan Stinnett, General Counsel; Chancellor Steve Angle (UT Chattanooga); Chancellor Keith Carver (UT Martin); Chancellor Donde Plowman (UT Knoxville); Chancellor Mark La Branche (UT Southern); Chancellor Steve Schwab (UTHSC); Mark Wharton, Vice Chancellor and Director of Athletics (UT Chattanooga); Ashley Bynum, Associate Athletic Director for Compliance and Academics (UT Martin); staff members from the Office of Audit and Compliance; and other members of the UT senior leadership and administrative staff.

The meeting was webcast for the convenience of the University community, the general public, and the media. Ms. Moore addressed the Open Meetings Act requirements for meetings conducted with members participating electronically and announced the presence of a quorum.

II. Opening Remarks of the Committee Chair

The Committee Chair opted to forego providing any opening remarks and moved directly into the agenda in order to allow more time for the Athletics update.

III. Requests to Address the Board

No requests to address the Board were assigned to be heard by the Committee.



IV. Approval of the Minutes

Committee Chair Miles noted that the minutes of the last meeting (held on June 24, 2021) were included in the meeting materials (Tab 1). She asked for any corrections to the minutes. Hearing none, the minutes were accepted as presented.

V. UT System-wide Athletics Update

Committee Chair Miles emphasized the Board's oversight responsibilities for intercollegiate athletics and highlighted certain best practices recommended by the Association of Governing Boards of Universities and Colleges (AGB), especially in light of recent developments that are anticipated to have significant impacts on the landscape of collegiate athletics.

Brian Daniels, Chief Audit and Compliance Officer, introduced the panelists – Ashley Bynum, Associate Athletic Director for Compliance and Athletics (UT Martin); Mark Wharton, Vice Chancellor and Director of Athletics (UT Chattanooga); and Donde Plowman, Chancellor (UT Knoxville). Mr. Daniels indicated that the focus of the presentation would be on emerging topics from a National Collegiate Athletics Association (NCAA) perspective. More information regarding the National Association of Intercollegiate Athletics (NAIA), of which UT Southern is a member, will be provided at a future meeting.

The topics covered as part of the presentation included the following items:

- Alston Case
- Name, Image and Likeness
- NCAA – Governance
- Shifting Landscape – Other Emerging Topics

Alston Case

It was explained that, in deciding the *NCAA v. Alston* case, the Supreme Court ruled that NCAA student athletes are entitled to education-related benefits for such things as laptops, science equipment, musical instruments, scholarships for graduate school, and financial support for academic achievements (currently, up to a maximum of \$5,980 per year). The presenters discussed potential implications regarding: (i) financial budgets for funding these education-related benefits, and (ii) the ability to attract student athletes, including transfers, depending on differences in the amount/type of awards offered from conference to conference and from school to school.



AD Mark Wharton advised that, while \$5,980 is set forth as a maximum amount, there is a concern that awarding anything less may place schools at a competitive disadvantage. Additionally, Ms. Bynum highlighted equity considerations in the administration of these awards across athletics programs within an institution, in light of Title IX requirements. Chancellor Plowman advised that the Southeastern Conference has taken formal action whereby each SEC member institution is now empowered and has the discretion to determine the criteria and methods to provide education-related benefits and academic achievement awards for their student-athletes. No decisions have been made by the other conferences yet.

Name, Image, and Likeness (NIL)

There was a lengthy discussion focused on recent state laws and the interim policy adopted by the NCAA that now permit student athletes the opportunity to earn money from their name, image, and likeness (NIL). The panelists shared their insights on the some of the positives associated with the recent changes (e.g., student education, including further development of life skills programs and new courses focused on entrepreneurship, marketing, branding, etc.). As to challenges, the panelists explained that there are certain tax and visa consequences that student athletes need to be aware of in connection with NIL deals. It was reported that state laws vary widely in terms of requirements with some states being substantially more lenient than others. Further, certain states have no applicable laws applicable to NIL. General Counsel Ryan Stinnett provided an overview of the key provisions of the Tennessee NIL statute that will become effective on January 1, 2022. Mr. Stinnett advised that federal legislation in this area is preferred. While there are bills pending, there has been no significant movement to uniformly address what is increasingly becoming an uneven playing field. From a compliance perspective, all of the UT campuses with NCAA intercollegiate athletics programs reported that they are evaluating their existing compliance programs in light of the new NIL requirements and will be assessing their staffing needs.

NCAA - Governance

The members of the Committee were briefed on the current efforts of the NCAA to reconsider its constitution, which project is being led by a special committee that includes presidents, commissioners, athletics directors, students from Divisions I, II and III, and independent members of the NCAA Board of Governors. The special committee has been charged with proposing a new system of governance and rules enforcement that further contemplates the role of national oversight and places appropriate responsibility at the school and conference levels. A governance proposal is to be presented at a special convention meeting in November for consideration and comment by the members and the public. In this regard, the campuses are monitoring these developments and are focused on items that may



adversely impact financial distributions or potentially increase other operating costs (e.g., compliance, investigation and enforcement responsibilities).

Shifting Landscape – Other Emerging Topics

Each panelist shared information on: (i) changes impacting their particular conference (shifts in membership), (ii) potential conference realignments and other affiliations, and (iii) matters impacting scheduling both in the short-term (covid) and the long-term (conference size, non-conference games, etc.).

In connection with the presentation, members of the Committee raised a variety of questions, including seeking clarification on the definition of what constitutes “pay for play” and how such term is being interpreted in Tennessee and elsewhere. Committee Chair Miles reinforced the significance of these recent developments and the emerging risks associated with this amount of disruption and change. It was emphasized that there are more questions than answers at this time. Accordingly, future updates will be provided.

VI. Consent Agenda

Committee Chair Miles called the Committee’s attention to the Consent Agenda (Tab 3). She noted that the items presented are informational in nature and would not be discussed, unless there was a request to remove an item from the Consent Agenda. There were no requests to remove any of the information items from the Consent Agenda. (A complete list of the Consent Agenda items appears at the end of these minutes.)

Chair John Compton requested that the annual safety reports be reviewed at the full Board of Trustees at the upcoming February meeting. Committee Chair Miles highlighted that the final Quality Assurance Review Report was included in the Consent Agenda materials. As previously reported, the University received the highest marks possible. On behalf of the Committee, Committee Chair Miles congratulated Mr. Daniels and the entire team.

VII. Other Business, Closing Remarks and Adjournment

There being no further business to come before the Committee, the Committee Chair adjourned the public session of the meeting.

Respectfully Submitted,

A handwritten signature in blue ink that reads "Cynthia C. Moore".

Cynthia C. Moore
Secretary and Special Counsel



List of Information Items Presented to the Committee

- 2021 Audit Plan Update
- Outstanding Audit Issues
- Campus Annual Safety Report Update
- Institutional Compliance Program Update
- Travel Exception Report
- Discretionary Expenditure Report
- Internal Audit – Quality Assurance Review Report

Audit and Compliance

2022 Annual Internal Audit Plan



 THE UNIVERSITY OF TENNESSEE SYSTEM



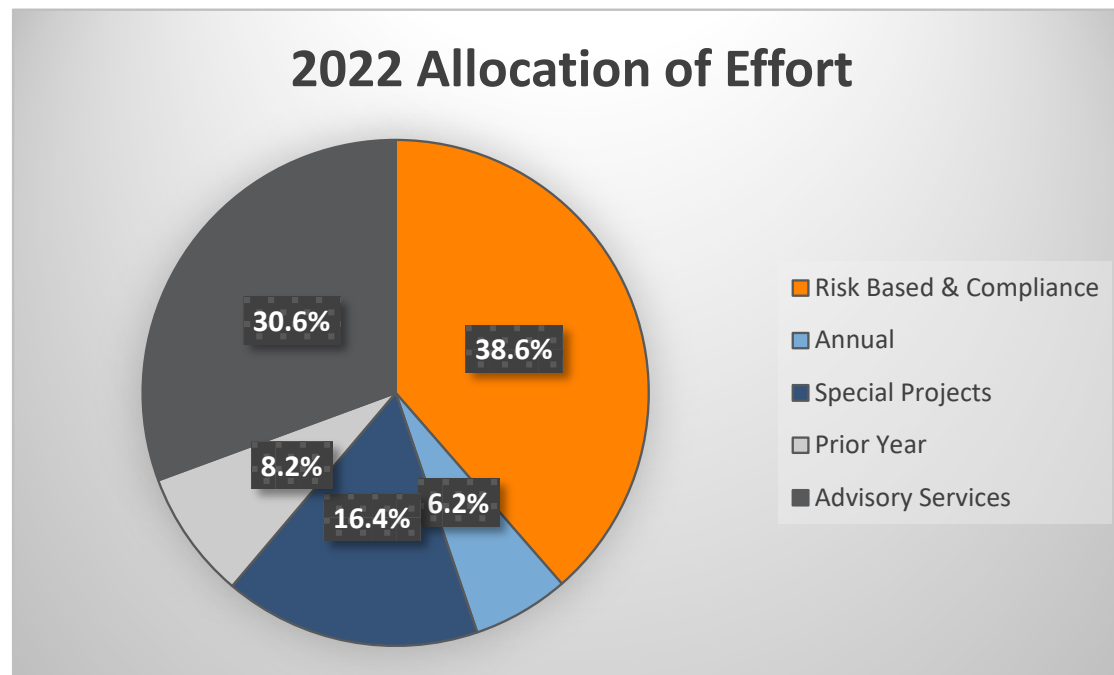
Overview

The annual plan includes five categories of work:

Category		Description
1	Risk-Based & Compliance	Planned engagements based on our risk assessment
2	Annual	Audits required by statute, administrative policy, or agreements with management
3	Special Projects	Special projects and FWA investigations
4	Prior Year	Audits in progress on January 1 st
5	Advisory Service	Value-added work and consulting



Effort





Effort by Entity

Entity	Hours
UT System-Wide	11,370
UTK+UTIA	2,850
UTHSC	1,460
UTC	1,380
UTM	430
UTS	800
Grand Total	18,290



2022 Risk-Based Audits

Risk-Based Audit	Entity	Risk-Based Audit	Entity
IT: Departmentally Managed Security	System-Wide	Cash Controls	UTC
IT: Vulnerability Management	System-Wide	Vendor Insurance	UTC
Capital Projects	System-Wide	Dentistry - Controlled Substances & Cash	UTHSC
Athletics	All Campus-4	IT: Change Management	UTHSC
HR Background Checks	UTK	Office of Research and Sponsored Prog.	UTHSC
Faculty Conflicts of Interest	UTK	Cash Controls	UTHSC
Physical Security	UTK	Extension Money Handling	UTIA
Minors on Campus	UTC	Extension Offices - Western Region	UTIA
19 Total Projects			



Policy Compliance Audits

Audit Entity	2021	2022	2023
UTC Administrative Division		X	
UTC Academic Division	X		X
UTK Administrative Division			X
UTK Academic Division	X	X	
UTM Administrative Division		X	
UTM Academic Division	X		X
UTHSC Administrative Division		X	
UTHSC Academic Division	X		X
UTS Administrative Division		X	
UTS Academic Division	N/A		X
IPS or Other Institute	X		
UTSA Division			X
5 Total Projects			



Annual Audits

Annual Audit	Entity
2022 Complete College Tennessee Act	System-Wide
UTC Chancellor	UTC
UTK Chancellor	UTK
Ohio Valley Conference Special Assistance Funds	UTM
UTS Chancellor	UTS
President's Office	UTSA
6 Total Projects	

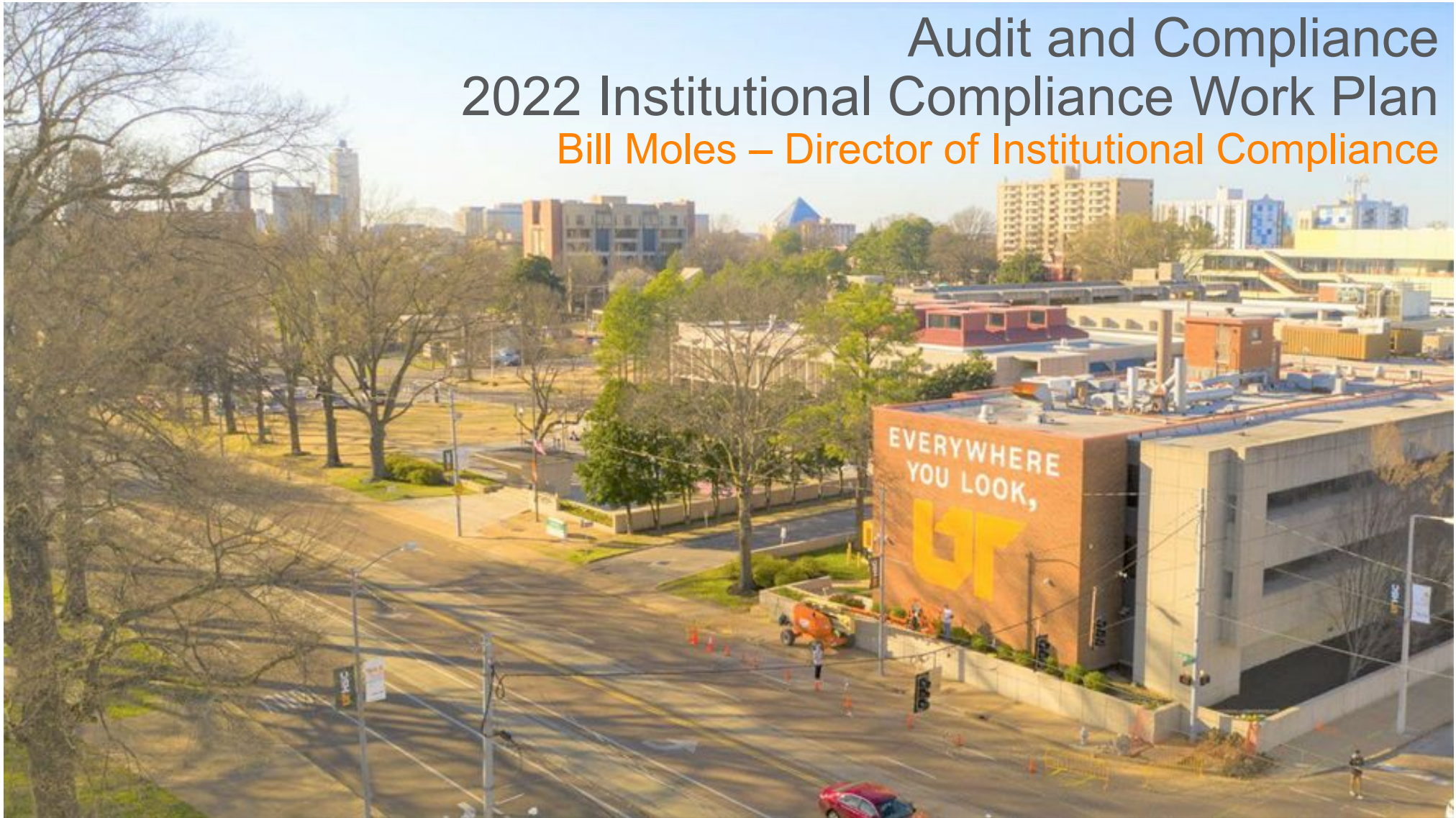


Advisory Service Projects

Advisory Service Projects	Entity
System-Wide Business Impact Analysis Assessment	System-Wide
System-Wide DASH System Implementation Review	System-Wide
Departmental Business Management Guide	System-Wide
Self-Assessment of Controls	System-Wide
Lab Fee Utilization	UTC
WUTC Radio Station	UTC
Emergency Management Accreditation	UTC
College of Medicine Graduate Medical Education	UTHSC
Purchasing	UTK
Operational Efficiency – Management Request	UTK
Safety and Security	UTS
11 Total Projects	

Audit and Compliance 2022 Institutional Compliance Work Plan

Bill Moles – Director of Institutional Compliance



2022 Areas of Focus

Compliance Risk Assessments and Risk Mitigation Plans

- Comprehensive compliance risk assessments:
 - Institute for Public Service
- Assist in developing and implementing risk mitigation plans at other campuses and institutes.

2022 Areas of Focus

UT Southern Integration into UT Institutional Compliance Program

- Introduction of program to Chancellor's staff
- Establishment of campus compliance committee
- Identify applicable regulations and assigned compliance officers.
- Integrate following the implementation of UT policies and major IT systems.

2022 Areas of Focus

Promote an Ethical Culture

- Improve Code of Conduct training
 - Develop second version of the “test out” option for annual training.
 - Update current basic Code of Conduct training based on revisions to the Code of Conduct.
- Promote the Hotline and new phone capability-QR code.

2022 Areas of Focus

Collaboration

- Increase data analysis support for internal audits.
- Continue to assist in the development of the UT System privacy oversight function.
- Expand opportunities for sharing leading practices across the System.
 - New regulations and policy changes
 - Identified risks
 - Best practices
 - Compliance leader roundtable



THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

4

AGENDA ITEM SUMMARY

Meeting Date: February 18, 2022

Committee: Audit and Compliance

Item: **Consent Agenda**

Type: Information

Presenter: Amy Miles, Committee Chair

There are no action items on the Committee Consent Agenda for approval; however, certain information items have been placed on the Committee Consent Agenda. These items will not be presented or discussed in the Committee unless a Committee member requests removal of an item from the Consent Agenda. The Bylaws provide that an item will not be removed from the Consent Agenda solely for the purpose of asking questions for clarification. Those questions should be presented to the Chief Audit and Compliance Officer before the meeting. Unless there is a request to remove an information item for review or discussion, the information items will be deemed to be accepted.

The University of Tennessee
Audit Plan Status
For the Year Ending December 31, 2021

4.1

Audits		Status
2021	System Access Life Cycle	In Progress
2021	System Background Checks	In Progress
2021	System Department Managed Systems	In Progress
2021	System I-9 Compliance	In Progress
2021	System Online Student Fees	In Progress
2021	UTK Lab Safety	In Progress
2021	UTK Student Fees	In Progress
2021	HSC Vendor Management Program	In Progress
2021	UTC Academic Policy Compliance Review	In Progress
2021	UTM Athletics Concessions Operations	In Progress
2021	IPS Policy Compliance Review	In Progress

Advisory		Status
2021	System Business Manager's Guide Refresh	In Progress
2021	HSC Graduate School of Medicine Phase 2	In Progress

Investigations		Status
Prior Year	UTC Vivature Contract	In Progress
Prior Year	UTIA Plant Sciences Gift Funds	In Progress
2021	HSC Conflict of Interest	In Progress
2021	HSC Parking Services	In Progress
2021	UTM Conflict of Interests	In Progress
2021	UTM Interdisciplinary Studies	In Progress

The University of Tennessee
Audit Plan Status
For the Year Ending December 31, 2021

4.1

Completed Projects		Status
Prior Year	System IT Security Controller Office Security Plan	Complete
Prior Year	System Windows Server Security	Complete
Prior Year	System IT Security Infrastructure Assessment	Complete
Prior Year	System Quality Assurance Self-Assessment	Complete
Prior Year	UTK IT Security College of Arts and Sciences	Complete
Prior Year	UTK Programs for Minors	Complete
Prior Year	UTK Department of EECS SkyBonus Account	Complete
Prior Year	UTK COE CURENT Circuit Boards	Complete
Prior Year	HSC Admin Division Policy Compliance	Complete
Prior Year	HSC College of Medicine Cash Management Review	Complete
Prior Year	HSC HIPAA Security Rule UTHSC	Complete
Prior Year	UTC WUTC Radio Station	Complete
Prior Year	UTC SimCenter	Complete
Prior Year	UTC Admin Division Policy Compliance	Complete
Prior Year	UTC Athletics NCAA Compliance Eligibility	Complete
Prior Year	UTM Athletics NCAA Compliance Eligibility	Complete
Prior Year	UTM Athletics Medical Claims Billing	Complete
Prior Year	UTM Admin Division Policy Compliance	Complete
Prior Year	UTIA Extension Regional and County Offices	Complete
2021	System UT Vehicle Misuse	Complete
2021	System Remote Work Personnel Management	Complete
2021	System President`s Office	Complete
2021	System Complete College Tennessee Act	Complete
2021	System Self-Assessment of Controls	Complete
2021	System Ransomware Prevention and Response	Complete
2021	System UT Southern Consulting	Complete
2021	System Miscellaneous Fraud Allegations	Complete
2021	UTK Chancellor	Complete
2021	UTK Center for Transportation Research	Complete
2021	UTK Athletics	Complete
2021	UTK Academic Policy Compliance Review	Complete
2021	HSC College of Pharmacy	Complete
2021	HSC The Hub-Business Process Review	Complete
2021	HSC Chancellor	Complete
2021	HSC Academic Policy Compliance Review	Complete
2021	HSC COVID-19 Lab Quality Control	Complete
2021	HSC Cash Controls	Complete
2021	UTC Police Accreditation	Complete
2021	UTC Volleyball	Complete
2021	UTC Athletics	Complete
2021	UTC WUTC Radio Station	Complete
2021	UTM Leave Reporting	Complete
2021	UTM OVC Special Assistance Funds	Complete
2021	UTM Athletics	Complete
2021	UTM Academic Policy Compliance Review	Complete

Cancelled Projects		Status
Prior Year	UTK Admin Division Policy Compliance	Cancelled
2021	System IT Security-Web Applications	Cancelled
2021	System IT Security-Payroll Department	Cancelled
2021	System IT Security-Remote Access Solutions	Cancelled
2021	UTK COVID-19 Impact on Operations	Cancelled
2021	HSC Intellectual Property	Cancelled
2021	HSC Office of Sponsored Programs	Cancelled
2021	HSC College of Dentistry	Cancelled
2021	HSC Export Controls	Cancelled
2021	UTC Cash Controls	Cancelled *
2021	UTC Vendor Insurance	Cancelled *
2021	UTC Emergency Management Accreditation	Cancelled *
2021	UTM Office of Research and Sponsored Programs	Cancelled
2021	UTIA Export Controls	Cancelled
2021	UTIA Research and Education Centers Compliance Review	Cancelled *

* - Projects deferred to the 2022 audit plan

**THE UNIVERSITY OF TENNESSEE
OUTSTANDING AUDIT ISSUES**

As of January 15, 2022

Audit	Issue*	Report Date	Estimated Implement. Date	Revised Implement. Date	Status **
System Phishing Security Controls	Workstation Administrative Access	11/30/2017	7/2/2018	7/31/2022	1
System General & Application Controls (K@TE)	System Administrator Authentication	11/18/2019	6/1/2020	6/30/2022	1
UTM Camp Administration Processes	Cash Receipts	11/21/2019	8/31/2020	8/31/2022	1
UTK Division of Student Life IT Security	Privileged Accounts	3/24/2020	6/30/2020	6/30/2022	1
System IT Controller Office IT Security Plan	Access Control	1/27/2021	7/31/2021	7/31/2022	1
UTK IT Security College of Arts and Sciences	Vulnerability Management	2/10/2021	12/31/2021	6/30/2022	1
UTK IT Security College of Arts and Sciences	Additional Security Training	2/10/2021	12/31/2021	6/30/2022	1
UTK IT Security College of Arts and Sciences	System Security Plan	2/10/2021	12/31/2021	6/30/2022	1
System Windows Server Security	Logging and Alerting	3/15/2021	8/31/2021	6/30/2022	1
System Windows Server Security	Server and Software Configuration	3/15/2021	6/30/2021	8/31/2022	1
UTIA Extension Regional and County Offices	Cash Transactions	8/12/2021	6/30/2022	N/A	2
System Ransomware Prevention and Response	Ransom Payment Decision and Playbook	10/1/2021	2/24/2022	N/A	2
System Ransomware Prevention and Response	User Administrative Access	10/1/2021	7/31/2022	N/A	2
System Ransomware Prevention and Response	Patch Management Plan	10/1/2021	8/31/2022	N/A	2
System Ransomware Prevention and Response	Business Impact Analysis	10/1/2021	3/31/2023	N/A	2
System Ransomware Prevention and Response	Disaster Recovery Procedures	10/1/2021	3/31/2023	N/A	2
HSC Academic Policy Compliance Review	General Ledger Reconciliations	12/7/2021	5/31/2022	N/A	2
HSC Cash Controls	Unreconciled Cash Fund and Shortage	12/16/2021	3/31/2022	N/A	2
UTM Academic Policy Compliance Review	PCard Approval Limits & Review	12/20/2021	3/31/2022	N/A	2

*This report contains issues auditors considered high risk.

- **Status:
- 1 For projects with estimated implementation dates on or before January 15, 2022, auditors have discussed with management all actions taken thus far, determined that satisfactory progress toward implementing agreed-upon action plans has been made, and identified a revised implementation date and/or a time for auditors to follow up for verification that the issue has been satisfactorily addressed.
 - 2 Auditors will follow up with management soon after the estimated implementation date to confirm status.

Summary of Outstanding Audit Issues

The table below shows high-risk audit issue activity from September 15, 2021 (as reported in the October 22nd Audit and Compliance Committee meeting) through January 15, 2022:

Time Period	Number of Issues
Outstanding Audit Issues as of September 15, 2021	12
Issues Added as of January 15, 2022	8
Issues Implemented from September 16 through January 15	1
Remaining Outstanding Audit Issues as of January 15, 2022	19



THE UNIVERSITY OF TENNESSEE SYSTEM

FINANCE AND ADMINISTRATION

DAVID L. MILLER

Senior Vice President and Chief Financial Officer

4.3

MEMORANDUM

TO: Audit and Compliance Committee
Mr. John Compton, Chair of the Board of Trustees
Ms. Amy Miles, Chair, Audit and Compliance Committee
Mr. Bill Rhodes, Chair, Finance and Administration Committee

FROM: Mr. David Miller *DLM*

DATE: February 11, 2022

SUBJECT: Travel Exception Report

The Board of Trustees' policy on travel requires the university to report to the Audit and Compliance Committee any travel exceptions approved on behalf of the President, employees in the President's Office, senior-level administrators, or the Sr. Vice President and Chief Financial Officer. For the quarter ended December 31, 2021, there were no exceptions requested or approved in accordance with the Board's policy.

If you have any questions, please let me know.

c: Mr. Randy Boyd
Mr. Brian Daniels
Ms. Cindy Moore

Clery Act Compliance Update

2022 Board of Trustees Winter Meeting

Kelly Mihalik

Special Projects Analyst & System Clery Compliance Coordinator

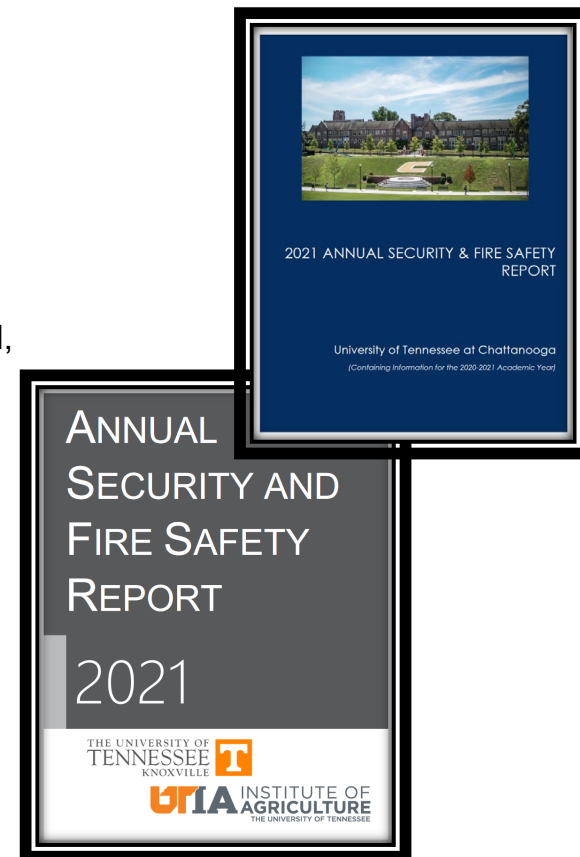
Overview of the Clery Act

- Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (Clery Act) signed into law in 1990
- Aims to provide transparency around crime on campus
- All higher education institutions that receive federal funding are obligated to comply with the Clery Act
- Requires annual, daily, and on-going compliance measures



Compliance Update

- Each campus published their Annual Security and Fire Safety Report containing 3 years of Crime and Fire statistics
 - Statistics can include incidents reported to local law enforcement
 - Institutions are required to report statistics during the year they are reported, not the year the incidents occurred
- UT System institutions submitted their statistics to the Department of Education
- Campus Security Authorities were trained on their reporting obligations



Streamlined Information

- Centralized access to campus Annual Security Reports on the Transparent UT website
 - [UT Knoxville \(2021\)](#)
 - [UT Chattanooga \(2021\)](#)
 - [UT Martin \(2021\)](#)
 - [UT Health Science Center \(2021\)](#)
 - [UT Space Institute \(2021\)](#)
 - [UT Southern \(2021\)](#)
- Created clery.tennessee.edu
 - Provides the name and contact information of the Clery Compliance Coordinator on each campus
 - Links to each institution's Clery information



CLERY ACT	
Clery Act	>
Title IX	>

Clery Act

The Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act, commonly referred to as the "Clery Act," requires postsecondary institutions to disclose certain campus safety information. Under the Clery Act, crime data must be collected, reported, and disseminated to the campus community and to the U.S. Department of Education annually. The Clery Act is intended to provide students and their families with accurate, complete, and timely information about safety on campuses so that they can make informed decisions.

2022 Systemwide Ongoing Initiatives

- Strengthen compliance of the Drug Free Schools and Communities Act and the Drug and Alcohol Abuse Prevention Program (DAAPP)
 - Components required in the Annual Security Report
- Await guidance from the Department of Education on a replacement Handbook and monitor the regulatory landscape
- Work with campuses to ensure mandatory training is disseminated through K@te, the comprehensive Learning Management System
- Research BOT approved list of peer institutions' use of Annual Security Report templates
- Support best practices across all campuses
- Continue monthly meeting with Clery Compliance Coordinators





Questions?

 THE UNIVERSITY OF TENNESSEE SYSTEM



JASON E. MUMPOWER
Comptroller

January 31, 2022

Mr. Randy Boyd, President
The University of Tennessee

Dear Mr. Boyd:

Transmitted herewith is the report on the results of certain agreed-upon procedures applied to the statements of revenues and expenses of the intercollegiate athletics programs at the University of Tennessee.

Sincerely,

A handwritten signature in black ink that reads "Katherine J. Stickel".

Katherine J. Stickel, CPA, CGFM, Director
Division of State Audit

cc: Ms. Amy Miles
Chairman of the Audit Committee

Mr. Brian Daniels
Chief Audit and Compliance Officer
Office of Audit and Compliance



JASON E. MUMPOWER
Comptroller

Independent Accountants' Report on the Application of Agreed-upon Procedures

Mr. Randy Boyd, President
The University of Tennessee

We have performed the procedures enumerated below on the accompanying statements of revenues and expenses of the University of Tennessee's Intercollegiate Athletics Programs for the year ended June 30, 2021. The institution's management is responsible for the statements of revenues and expenses and the statements' compliance with those requirements.

The University of Tennessee's management has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting you in evaluating whether the accompanying statements of revenues and expenses of the University of Tennessee's Intercollegiate Athletics Programs are in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 3.2.4.17 for the year ended June 30, 2021. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

Exceptions totaling the lesser of \$75,000 or 10% of the line-item total to which an agreed-upon procedure has been applied are considered insignificant and have not been reported. The procedures that we performed, and our findings are as follows:

Agreed-upon Procedures Related to the Statement of Revenues and Expenses

- Obtain the summary of revenues and expenses for or on behalf of intercollegiate athletics programs for affiliated and outside organizations prepared by the institution. Recalculate the addition of the amounts on the summary and compare the summary information with the amounts on the statements.

There were no material reported revenues or expenses for or on behalf of university athletic departments at affiliated or outside organizations

Procedure	Results
<ul style="list-style-type: none"> Obtain the statements of revenues and expenses of the athletic programs and related notes for the year ended June 30, 2021, as prepared by management. Compare the amounts reported on the statements with the institution's general ledger. 	No exceptions noted.
<u>Revenues</u>	
<ul style="list-style-type: none"> Compare and agree each operating revenue category reported in the statements during the reporting period to supporting schedules provided by the institution. If a specific reporting category is less than 4% of the total revenues, no other procedures were performed for that specific category. 	No exceptions noted.
<ul style="list-style-type: none"> Compare and agree a sample of operating revenue receipts from the operating revenue supporting schedules to adequate supporting documentation. 	No exceptions noted.
<ul style="list-style-type: none"> At each campus, compare each major revenue account over 10% of the total revenues to prior-period amounts. Obtain and document management's explanation for any variations greater than 10%. Report the analysis as a supplement to the final Agreed-upon Procedures Report. 	No exceptions noted. See the supplements to this report.
<ul style="list-style-type: none"> At Knoxville, review the home football and basketball ticket reports prepared by an independent CPA firm and compare amounts in the reports to the campus statement. 	No exceptions noted. At Chattanooga and Martin, since ticket revenue was less than 4% of campus revenues, no procedures were performed.
<ul style="list-style-type: none"> Compare and agree student fees reported by the institution in the statements to student enrollments during the same reporting period and recalculate totals. 	No exceptions noted. At Knoxville, since student fees were less than 4% of campus revenues, this procedure was not performed.
<ul style="list-style-type: none"> If the athletics department is reporting that an allocation of student fees should be countable as generated revenue, recalculate the totals of the department's methodology for supporting that it 	The institution does not report in this manner; therefore, this step was not performed.

is able to count each sport. Agree the calculation to supporting documents such as seat manifests, ticket sales reports, and student fee totals.

- Compare direct state or other governmental support recorded by the institution during the reporting period with state appropriations, institutional authorizations, and/or other corroborative supporting documentation and recalculate totals.
- Compare the direct institutional support recorded by the institution during the reporting period with the institutional supporting budget transfers documentation and other corroborative supporting documentation and recalculate totals.
- Compare the transfers back to institution with permanent transfers back to institution from the athletics department and recalculate totals.
- Compare the indirect institutional support recorded by the institution during the reporting period with expense payments, cost allocation detail, and other corroborative supporting documentation and recalculate totals.

No exceptions noted at Martin or Chattanooga. As Knoxville did not receive direct state or other governmental support, this step was not applicable at that campus.

No exceptions noted. At Knoxville, since there was no direct institutional support, this procedure was not performed.

Since no transfers back to institution exceeded 4% of revenues at any campus, this procedure was not performed.

At Knoxville, no indirect institutional support (line items 6 and 36 on the statement) was reported by the university, as university management determined that most other Southeastern Conference member institutions do not report in this category, and they wanted their statement to be comparable. Chattanooga and Martin decided to report in the same manner. The NCAA agreed-upon procedures handbook states that the university should “input [the] value of costs covered and services provided by the institution to athletics but not charged to athletics including: administrative services provided by the university to athletics, but not charged such as Human Resources, Accounting, and Information Technology; facilities

maintenance; security; risk management; and utilities.”

- Select a sample of settlement reports for away games during the reporting period and agree each selection to the institution’s general ledger and/or the statement and recalculate totals.

Since guarantee revenues were less than 4% of campus revenues at each campus, this procedure was not performed.

- Select a sample of contractual agreements pertaining to revenues derived from guaranteed contests (including payments received due to game cancellations) during the reporting period and compare and agree each selection to the institution’s general ledger and/or the statement and recalculate totals.

Since guarantee revenues were less than 4% of campus revenues at each campus, this procedure was not performed.

- Any contributions of moneys, goods, or services received directly by an intercollegiate athletics program from any affiliated or outside organization, agency, or group of individuals (two or more) not included elsewhere (e.g., contributions by corporate sponsors) that constitutes 10% or more in aggregate for the reporting year of all contributions received for intercollegiate athletics during the reporting periods shall be disclosed in the notes to the statement of athletics department revenue and expenses. Obtain and review supporting documentation for each contribution and recalculate totals.

There were no contributions that met this criterion at any campus; therefore, this step was not performed.

- Compare the in-kind contributions recorded by the institution during the reporting period with a schedule of in-kind donations and recalculate the totals.

Revenues of this type did not exceed 4% of total revenues at any campus; therefore, this step was not performed.

- Obtain and inspect agreements for the institution’s total media rights as reported in the statement. Compare and agree the media rights revenues to a summary statement of all media rights identified, if applicable, and the institution’s general ledger and recalculate the totals. Ledger totals may be different for total conference distributions if media rights are not broken out separately.

No exceptions noted. Only Knoxville had media rights revenue that exceeded 4% of total revenues. This procedure was therefore not performed at Chattanooga and Martin.

- Compare the amounts recorded in the revenue and expense reporting to general ledger detail for NCAA distributions and other corroborative supporting documents and recalculate totals.

No exceptions noted. Only Martin had NCAA distributions revenue that exceeded 4% of total revenues. This procedure was therefore not performed at Chattanooga and Knoxville.
- Obtain and inspect agreements related to the institution's conference distributions and participation in revenues from tournaments during the reporting period. Compare and agree the related revenues to the institution's general ledger and/or statement and recalculate totals.

No exceptions noted. At Chattanooga and Martin, since conference distributions were less than 4% of campus revenues, this procedure was not performed.
- Compare the amount recorded in the revenue reporting category to a general ledger detail of program sales, concessions, novelty sales, and parking as well as any other corroborative supporting documents and recalculate totals.

Revenues of this type did not exceed 4% of total revenues at any campus; therefore, this step was not performed.
- Obtain and inspect agreements related to the institution's participation in revenues from royalties, licensing, advertisements, and sponsorships during the reporting period. Compare and agree the related revenues to the institution's general ledger and/or the statement and recalculate totals.

No exceptions noted at Knoxville. At Chattanooga and Martin, since revenues from royalties, licensing, advertisements, and sponsorships were less than 4% of campus revenues, this procedure was not performed.
- Inspect sports camp contract(s) between the institution and person(s) conducting institution sports camps or clinics during the reporting period. Obtain schedules of camp participants and select a sample of individual camp participant cash receipts from the schedule of sports camp participants. Agree each selection with the institution's general ledger and/or the statement and recalculate totals.

Since sports camp revenues were less than 4% of revenues at each campus, this procedure was not performed.
- Obtain and inspect the institution's endowment agreements. Compare the classification and use of endowment and investment income reported in the statement during the reporting period to the uses of income defined within the related endowment agreement and recalculate totals.

Since endowment income was less than 4% of revenues at each campus, this procedure was not performed.

- Obtain and inspect agreements related to the institution's revenues from post-season football bowl participation during the reporting period. Compare and agree the related revenues to the institution's general ledger and/or the statement and recalculate totals.

Since none of the schools participated in bowls, this procedure was not performed.

Expenses

- Compare and agree each operating expense category reported in the statement during the reporting period to supporting schedules provided by the institution. If a specific reporting category is less than 4% of the total expenses, no other procedures were performed for that specific category.
- Compare and agree a sample of expenses from the operating expense supporting schedules to adequate supporting documentation.
- At each campus, compare each major expense account over 10% of the total expense to prior-period amounts. Obtain and document management's explanation for any variations greater than 10%. Report the analysis as a supplement to the final Agreed-upon Procedures Report.
- Select a sample of students from the listing of institutional student aid recipients during the reporting period. Data should be captured by the institution through the creation of a squad/eligibility list for each sponsored sport. Obtain individual student-account detail for each selection and compare total aid in the institution's student system to the student's detail in Compliance Assistance (CA) or the institution report that ties directly to the NCAA Membership Financial Reporting System. Confirm information for each student selected was reported accurately in either the NCAA's CA software or entered directly into the NCAA Membership Financial Reporting System using the appropriate criteria. Recalculate totals.

No exceptions noted.

No exceptions noted.

No exceptions noted. See the supplements to this report.

At Martin, several errors were noted on squad lists received from athletic department personnel: (1) two squad list pages had incorrect totals; (2) three individual sport squad lists had incorrect totals; (3) for three students, total countable aid was calculated incorrectly; (4) one student had athletic aid that was not reported on the squad list that should have been reported; and (5) two students had an equivalent award that was reported incorrectly. In addition, at Martin, out of 57 student athletic aid recipients tested, the following three errors were noted: (1) for one student, other countable aid was reported which did

not exist; (2) for another student, the incorrect athletic aid amount was reported; and (3) for another student, the incorrect cost of attendance was reported on the squad list.

- Obtain and inspect visiting institution's away-game settlement reports received by the institution during the reporting period and agree related expenses to the institution's general ledger and/or the statement. Recalculate totals. Obtain and inspect contractual agreements pertaining to expenses recorded by the institution from guaranteed contests (including payments made due to game cancellations) during the reporting period. Compare and agree related amounts expensed by the institution to the institution's general ledger and/or statement. Recalculate totals.

Since guarantee expenses were less than 4% of expenses at each campus, this procedure was not performed.

- Obtain and inspect a listing of coaches employed by the institution and related entities during the reporting period. Select a sample of coaches' contracts that must include football and men's and women's basketball from the listing. Compare and agree the financial terms and conditions of each selection to the related coaching salaries, benefits, and bonuses recorded by the institution and related entities in the statement during the reporting period. Obtain and inspect payroll summary registers for the reporting year for each selection. Compare and agree payroll summary registers from the reporting period to the related coaching salaries, benefits and bonuses paid by the institution and related entities expense recorded by the institution in the statement during the reporting period. Compare and agree the totals recorded to any employment contracts executed for the sample selected and recalculate totals.

No exceptions noted.

- Obtain and inspect a listing of coaches employed by third parties during the reporting period. Select a sample of coaches' contracts that must include football and men's and

No employees were employed by third parties during the reporting period; therefore, this step was not performed.

women's basketball from the listing. Compare and agree the financial terms and conditions of each selection to the related coaching other compensation and benefits paid by a third party and recorded by the institution in the statement during the reporting period. Obtain and inspect reporting period payroll summary registers for each selection. Compare and agree related payroll summary register to the coaching other compensation and benefits paid by third-party expenses recorded by the institution in the statement during the reporting period. Recalculate totals.

- Select a sample of support staff/administrative personnel employed by the institution and related entities during the reporting period. Obtain and inspect reporting period summary payroll registers for each selection. Compare and agree related summary payroll register to the related support staff/administrative salaries, benefits and bonuses paid by the institution and related entities expense recorded by the institution in the statement during the reporting period. Recalculate totals.
- Select a sample of support staff/administrative personnel employed by third parties during the reporting period. Obtain and inspect reporting period payroll summary registers to the related support staff/administrative other compensation and benefits expense recorded by the institution in the statement during the reporting period. Recalculate totals.
- Select a sample of employees receiving severance payments by the institution during the reporting period and agree each severance payment to the related termination letter or employment contract and recalculate totals.
- Compare and agree the institution's recruiting policies to existing institutional- and NCAA-related policies. Obtain general ledger detail and compare to the total expenses reported and recalculate totals.

No exceptions noted.

No employees were employed by third parties during the reporting period; therefore, this step was not performed.

At Knoxville, no exceptions were noted. At Chattanooga and Martin, no severance payments were reported during the reporting period; therefore, this step was not performed.

Since recruiting expenses were less than 4% of expenses at each campus, this procedure was not performed.

- Compare and agree the institution's team travel policies to existing institutional- and NCAA-related policies. Obtain general ledger detail and compare to the total expenses reported and recalculate totals.
- Obtain a listing of debt service schedules, lease payments, and rental fees for athletics facilities for the reporting year. Compare a sample of facility payments including the top two highest facility payments to additional supporting documentation (e.g., debt financing agreements, leases, rental agreements). Compare amounts recorded to amounts listed in the general ledger detail and recalculate totals.

No exceptions noted at Martin and Knoxville. At Chattanooga, since team travel expenses were less than 4% of expenses, this procedure was not performed.

At Chattanooga and Martin, since these expenses were less than 4% of campus expenses, this procedure was not performed. At Knoxville, no exceptions were noted.

Additional agreed-upon procedures

- At each campus, compare and agree the sports sponsored as reported in the NCAA Membership Financial Reporting System to the Calculation of Revenue Distribution Equivalencies Report from Compliance Assistance or equivalent supporting equivalency calculations from the institution. Compare current year Grants-in-Aid revenue distribution equivalencies to prior year reported equivalencies.
- At each campus, obtain the institution's Sports Sponsorship and Demographics Forms Report for the reporting year. Validate that the countable sports reported met the minimum requirement as set forth in the bylaws. Once countable sports have been confirmed, ensure that the institution has properly reported these sports as countable for revenue distribution purposes within the NCAA Membership Financial Reporting System. Compare current year number of Sponsored Sports to prior year reported total.
- At each campus, for Pell grants, agree the total number of Division I student-athletes who, during the academic year, received a Pell grant award and the total value of these Pell grants

No exceptions noted.

No exceptions noted.

At Chattanooga, for 16 of 85 Pell recipients tested (19%), based on amounts in the school's Banner accounting system, the Pell grant was

reported in the NCAA Membership Financial Reporting System to a report, generated out of the institution's financial aid records, of all student-athlete Pell Grants. Compare current year Pell Grants total to prior year reported total.

reported incorrectly in the NCAA Membership Financial Reporting System. At Martin, a Pell grant amount totaling \$6,345 was reported in the wrong sport in the Revenue Distribution schedule per the NCAA Membership Financial Reporting System. In addition, in seventeen instances, Pell grant amounts totaling \$71,164 for former athletes that did not compete in the 2020-2021 year were reported in the Revenue Distribution schedule per the Membership Financial Reporting System.

Other reporting items

- Obtain general ledger detail and compare to the total expenses reported as excess transfers to institution or conference realignment expenses. Select a sample of transactions to validate the existence of the transaction and accuracy of recording. Recalculate totals.
- Obtain repayment schedules for all outstanding intercollegiate athletics debt during the reporting period. Recalculate annual maturities (consisting of principal and interest) provided in the schedules obtained. Agree the total annual maturities and total outstanding athletic debt to supporting documentation and the institution's general ledger, as applicable.
- Agree the total outstanding institutional debt to supporting documentation and the institution's audited financial statements (if available), or the institution's general ledger.
- Obtain a schedule of all athletics-dedicated endowments maintained by athletics, the institution, and affiliated organizations. Agree the fair value in the schedules to supporting documentation, the general ledger, and audited financial statements, if available.

No exceptions noted at Knoxville. These categories were not reported at Chattanooga or Martin; therefore, this step was not applicable.

No exceptions noted.

No exceptions noted.

No exceptions noted.

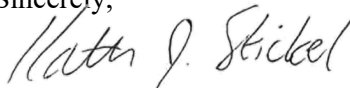
- Agree the total fair value of institutional endowments to supporting documentation, the institution's general ledger, and audited financial statements, if available. No exceptions noted.
- Obtain a schedule of athletics-related capital expenses made by athletics, the institution, and affiliated organizations during the reporting period. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate the existence of the transaction and accuracy of recording. Recalculate the totals. No exceptions noted.

We were engaged by the University of Tennessee management to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accompanying statements of revenues and expenses of the University of Tennessee's Intercollegiate Athletics Programs for the year ended June 30, 2021. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the University of Tennessee and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the institution's management and is not intended to be and should not be used by anyone other than the institution's management.

Sincerely,



Katherine J. Stickel, CPA, CGFM, Director
Division of State Audit
January 31, 2022

The University of Tennessee at Knoxville
Department of Intercollegiate Athletics
Statement of Revenues and Expenses
For the Year Ended June 30, 2021

Revenues		
1 Ticket sales	\$	9,993,848
2 Direct state or other government support		-
3 Student fees		1,000,000
4 Direct institutional support		-
5 Less: transfers to institution		(1,000,000)
6 Indirect institutional support		-
6a Indirect institutional support -athletic facilities debt service, lease and rental fees		-
7 Guarantees		-
8 Contributions		21,891,612
9 In-kind		2,323,992
10 Compensation and benefits provided by a third party		-
11 Media rights		35,176,913
12 NCAA distributions		2,955,303
13 Conference distributions (non-media and non-bowl)		29,436,192
13a Conference distributions of bowl generated revenue		9,431,820
14 Program, novelty, parking, and concession sales		3,210,980
15 Royalties, licensing, advertisement, and sponsorships		15,648,190
16 Sports camp revenues		194,662
17 Athletics restricted endowment and investments income		2,157,073
18 Other operating revenue		500,173
19 Bowl revenues		-
Subtotal operating revenues		132,920,758
Expenses		
20 Athletic student aid		15,791,445
21 Guarantees		265,775
22 Coaching salaries, benefits, and bonuses paid by the university and related entities		24,646,787
23 Coaching salaries, benefits, and bonuses paid by a third party		-
24 Support staff/administrative compensation, benefits, and bonuses paid by the university and related entities		26,659,422
25 Support staff/administrative compensation, benefits, and bonuses paid by a third party		-
26 Severance payments		5,392,353
27 Recruiting		476,191
28 Team travel		5,471,090
29 Sports equipment, uniforms, and supplies		3,367,460
30 Game expenses		3,399,944
31 Fund raising, marketing, and promotion		3,986,877
32 Sports camp expenses		57,453
33 Spirit groups		101,703
34 Athletic facilities, debt service, leases, and rental fees		10,797,923
35 Direct overhead and administrative expenses		10,819,957
36 Indirect institutional support		-
37 Medical expenses and insurance		3,960,136
38 Memberships and dues		42,283
39 Student-athlete meals (non-travel)		3,888,234
40 Other operating expenses		13,038,126
41 Bowl expenses		-
41a Bowl expenses - coaching compensation/bonuses		-
Subtotal operating expenses		132,163,159
Excess (deficiency) of revenues over (under) expenses	\$	757,599

The accompanying notes are an integral part of this statement.

Other reporting items:

50 Excess transfers to institution	\$	78,000
51 Conference realignment expenses	\$	-
52 Total athletics related debt	\$	103,617,943
53 Total institutional debt	\$	772,866,560
54 Value of athletics dedicated endowments	\$	60,521,128
55 Value of institutional endowments	\$	866,566,860
56 Total athletics related capital expenditures	\$	5,199,190

The University of Tennessee at Chattanooga
Department of Intercollegiate Athletics
Statement of Revenues and Expenses
For the Year Ended June 30, 2021

Revenues	
1 Ticket sales	\$ 39,146.49
2 Direct state or other government support	1,732,430.67
3 Student fees	5,605,320.00
4 Direct institutional support	7,331,773.41
5 Less: transfers to institution	-
6 Indirect institutional support	-
6a Indirect institutional support -athletic facilities debt service, lease and rental fees	-
7 Guarantees	390,000.00
8 Contributions	609,221.35
9 In-kind	174,071.00
10 Compensation and benefits provided by a third party	-
11 Media rights	-
12 NCAA distributions	203,694.72
13 Conference distributions (non-media and non-bowl)	-
13a Conference distributions of bowl generated revenue	-
14 Program, novelty, parking, and concession sales	26,674.00
15 Royalties, licensing, advertisement, and sponsorships	543,310.76
16 Sports camp revenues	24,312.54
17 Athletics restricted endowment and investments income	142,743.00
18 Other operating revenue	27,625.56
19 Bowl revenues	-
Subtotal operating revenues	16,850,323.50
Expenses	
20 Athletic student aid	5,451,182.35
21 Guarantees	1,500.00
22 Coaching salaries, benefits, and bonuses paid by the university and related entities	3,989,829.72
23 Coaching salaries, benefits, and bonuses paid by a third party	-
24 Support staff/administrative compensation, benefits, and bonuses paid by the university and related entities	3,191,809.14
25 Support staff/administrative compensation, benefits, and bonuses paid by a third party	-
26 Severance payments	-
27 Recruiting	73,177.02
28 Team travel	606,394.35
29 Sports equipment, uniforms, and supplies	854,731.66
30 Game expenses	252,092.01
31 Fund raising, marketing, and promotion	504,502.90
32 Sports camp expenses	12,722.64
33 Spirit groups	189,620.13
34 Athletic facilities, debt service, leases, and rental fees	245,514.47
35 Direct overhead and administrative expenses	300,725.72
36 Indirect institutional support	-
37 Medical expenses and insurance	11,764.74
38 Memberships and dues	40,010.00
39 Student-athlete meals (non-travel)	118,581.97
40 Other operating expenses	1,006,164.68
41 Bowl expenses	-
41a Bowl expenses - coaching compensation/bonuses	-
Subtotal operating expenses	16,850,323.50
Excess (deficiency) of revenues over (under) expenses	\$ -
The accompanying notes are an integral part of this statement.	
Other reporting items:	
50 Excess transfers to institution	\$ -
51 Conference realignment expenses	\$ -
52 Total athletics related debt	\$ 1,013,681.00
53 Total institutional debt	\$ 100,497,779.30
54 Value of athletics dedicated endowments	\$ 5,531,040.50
55 Value of institutional endowments	\$ 205,788,259.17
56 Total athletics related capital expenditures	\$ 860,700.94

The University of Tennessee at Martin
Department of Intercollegiate Athletics
Statement of Revenues and Expenses
For the Year Ended June 30, 2021

4.5

Revenues	
1 Ticket sales	\$ 58,385.50
2 Direct state or other government support	1,793,298.73
3 Student fees	2,027,286.37
4 Direct institutional support	5,533,081.28
5 Less: transfers to institution	-
6 Indirect institutional support	-
6a Indirect institutional support -athletic facilities debt service, lease and rental fees	265,450.31
7 Guarantees	124,750.00
8 Contributions	454,329.09
9 In-kind	369,891.63
10 Compensation and benefits provided by a third party	-
11 Media rights	36,732.63
12 NCAA distributions	626,490.12
13 Conference distributions (non-media and non-bowl)	123,625.00
13a Conference distributions of bowl generated revenue	-
14 Program, novelty, parking, and concession sales	37,280.30
15 Royalties, licensing, advertisement, and sponsorships	170,126.24
16 Sports camp revenues	-
17 Athletics restricted endowment and investments income	151,960.04
18 Other operating revenue	-
19 Bowl revenues	-
Subtotal operating revenues	11,772,687.24
Expenses	
20 Athletic student aid	4,511,521.59
21 Guarantees	2,500.00
22 Coaching salaries, benefits, and bonuses paid by the university and related entities	2,603,377.94
23 Coaching salaries, benefits, and bonuses paid by a third party	-
24 Support staff/administrative compensation, benefits, and bonuses paid by the university and related entities	1,722,862.76
25 Support staff/administrative compensation, benefits, and bonuses paid by a third party	-
26 Severance payments	-
27 Recruiting	39,488.26
28 Team travel	528,523.75
29 Sports equipment, uniforms, and supplies	928,796.86
30 Game expenses	147,081.08
31 Fund raising, marketing, and promotion	20,025.01
32 Sports camp expenses	-
33 Spirit groups	13,765.67
34 Athletic facilities, debt service, leases, and rental fees	265,450.31
35 Direct overhead and administrative expenses	68,578.57
36 Indirect institutional support	-
37 Medical expenses and insurance	207,298.29
38 Memberships and dues	15,156.86
39 Student-athlete meals (non-travel)	169,685.69
40 Other operating expenses	528,574.60
41 Bowl expenses	-
41a Bowl expenses - coaching compensation/bonuses	-
Subtotal operating expenses	11,772,687.24
Excess (deficiency) of revenues over (under) expenses	\$ -
The accompanying notes are an integral part of this statement.	
Other reporting items:	
50 Excess transfers to institution	\$ -
51 Conference realignment expenses	\$ -
52 Total athletics related debt	\$ 4,365,702.16
53 Total institutional debt	\$ 57,641,087.39
54 Value of athletics dedicated endowments	\$ 4,105,534.17
55 Value of institutional endowments	\$ 45,345,164.85
56 Total athletics related capital expenditures	\$ 45,449.36

**THE UNIVERSITY OF TENNESSEE
INTERCOLLEGIATE ATHLETIC DEPARTMENTS
NOTES TO THE STATEMENTS OF REVENUES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 1. CAPITAL ASSETS

The intercollegiate athletic departments at Knoxville, Chattanooga, and Martin are required to follow all University of Tennessee policies and procedures for acquiring, approving, and disposing of capital assets as set forth by the Board of Trustees. A university purchase order must be issued for purchases of \$10,000 or more. These purchases shall be based upon the principle of competitive bidding. Requisitioning and approving of purchases will begin in the respective athletic department and will then be forwarded to the purchasing department for bidding and the issuance of a purchase order.

Capital assets, which include property, plant, equipment, software, and library holdings, are reported in the statement of net position at historical cost or at acquisition value at date of donation, less accumulated depreciation/amortization. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' useful lives are not capitalized.

A capitalization threshold of \$100,000 is used for buildings, land improvements, and infrastructure. Equipment and software are capitalized when the unit acquisition cost is \$5,000 or greater and the estimated useful life is one year or more. The capitalization threshold for additions and improvements to infrastructure and land improvements is also \$100,000. The capitalization threshold for additions and improvements to buildings is \$100,000, provided that amount exceeds 20% of the book value of the building.

These assets, with the exception of land, are depreciated/amortized using the straight-line method over the estimated useful lives of the assets, which range from 5 to 40 years.

NOTE 2. LONG-TERM DEBT**Knoxville**

Long-term debt activity related to athletic department assets, for the year ended June 30, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Long-term debt:				
Bonds	\$101,738,915.91	\$43,283,633.00	\$43,134,535.98	\$101,888,012.93
Revolving credit facility	1,729,929.66	-	-	1,729,929.66
Total TSSBA indebtedness	\$103,468,845.57	\$43,283,633.00	\$43,134,535.98	\$103,617,942.59

**THE UNIVERSITY OF TENNESSEE
INTERCOLLEGIATE ATHLETIC DEPARTMENTS
NOTES TO THE STATEMENTS OF REVENUES AND EXPENSES (CONT.)
FOR THE YEAR ENDED JUNE 30, 2021**

Debt service requirements to maturity for bonds payable at June 30, 2021, for athletic related debt, are as follows:

Year ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 6,902,074.48	\$ 3,363,439.01
2023	8,212,127.40	2,922,523.08
2024	7,286,106.07	2,641,126.69
2025	8,781,292.93	2,356,015.48
2026	9,071,747.47	2,021,719.54
2027-2031	36,198,402.15	5,671,608.02
2032-2036	21,003,270.03	2,176,515.49
2037-2040	4,432,992.40	355,896.11
	<u>\$101,888,012.93</u>	<u>\$21,508,843.42</u>

Chattanooga

Long-term debt activity related to athletic department assets, for the year ended June 30, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Long-term debt:				
Bonds	\$1,142,567.00	\$ -	\$128,886.00	\$1,013,681.00
Total TSSBA indebtedness	\$1,142,567.00	\$ -	\$128,886.00	\$1,013,681.00

Debt service requirements to maturity for bonds payable at June 30, 2021, for athletic related debt, are as follows:

**THE UNIVERSITY OF TENNESSEE
INTERCOLLEGIATE ATHLETIC DEPARTMENTS
NOTES TO THE STATEMENTS OF REVENUES AND EXPENSES (CONT.)
FOR THE YEAR ENDED JUNE 30, 2021**

Year ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 131,827.00	\$ 30,627.59
2023	135,295.00	27,137.77
2024	139,365.00	23,279.96
2025	144,722.00	19,034.10
2026	148,405.00	14,421.30
2027-2028	<u>314,067.00</u>	<u>13,621.29</u>
	<u>\$1,013,681.00</u>	<u>\$128,122.01</u>

Martin

Long-term debt activity related to athletic department assets, for the year ended June 30, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Long-term debt:				
Bonds	\$4,135,971.64	\$3,016,162.00	\$2,786,431.48	\$4,365,702.16
Total TSSBA indebtedness	<u>\$4,135,971.64</u>	<u>\$3,016,162.00</u>	<u>\$2,286,431.48</u>	<u>\$4,365,702.16</u>

Debt service requirements to maturity for bonds payable at June 30, 2021, for athletic related debt, are as follows:

Year ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 152,509.43	\$ 122,692.79
2023	183,372.41	105,436.23
2024	189,078.09	99,441.07
2025	195,810.80	93,077.33
2026	202,244.68	86,242.28
2027-2031	1,135,427.75	322,994.40
2032-2036	820,189.00	221,843.68
2037-2041	784,850.00	143,350.12
2042-2045	<u>702,220.00</u>	<u>37,886.37</u>
	<u>\$4,365,702.16</u>	<u>\$1,232,964.27</u>

NOTE 3. CONTRIBUTIONS

**THE UNIVERSITY OF TENNESSEE
INTERCOLLEGIATE ATHLETIC DEPARTMENTS
NOTES TO THE STATEMENTS OF REVENUES AND EXPENSES (CONT.)
FOR THE YEAR ENDED JUNE 30, 2021**

No single donor or small group of donors gave more than 10% of the reported contributions at the University of Tennessee at Knoxville campus. No single donor or small group of donors gave more than 10% of the reported contributions at the University of Tennessee at Chattanooga campus. No single donor or small group of donors gave more than 10% of the reported contributions at the University of Tennessee at Martin campus.

**The University of Tennessee at Knoxville
Supplementary Information
Analysis of Current to Prior-Year Expenses**

	2021 Actual	2020 Actual	\$ Difference	% Difference	
Operating revenues:					
Contributions	\$ 21,891,612	\$ 26,310,433	\$ (4,418,821)	-16.8%	(1)
Media rights	35,176,913	37,013,266	(1,836,353)	-5.0%	
Conference distributions (non-media and non-bowl)	29,436,192	2,364,969	27,071,223	1144.7%	(2)
Royalties, licensing, advertisement, and sponsorships	15,648,190	14,128,030	1,520,160	10.8%	(3)
10% of Revenues	\$ 13,292,076				
Operating expenses:					
Athletic student aid	\$ 15,791,445	\$ 15,317,708	\$ 473,737	3.1%	
Coaching salaries, benefits, and bonuses paid by the university and related entities	24,646,787	25,808,413	(1,161,626)	-4.5%	
Support staff/administrative compensation, benefits, and bonuses paid by the university and related entities	26,659,422	27,434,013	(774,591)	-2.8%	
10% of Expenses	\$ 13,216,316				

- (1) The variance of \$4,418,821 in contributions from fiscal year 2020 to 2021 is attributed to the reduction in attendance at Neyland Stadium for football games in the 2020 season due to the COVID-19 pandemic. Capacity in the general seating areas was decreased to approximately 25% for the 2020 season to comply with local health guidelines, which reduced the number of donors contributing a per seat gift in fiscal year 2021.
- (2) The variance of \$27,071,223 in conference distributions from fiscal year 2020 to 2021 is attributed to two separate revenue events. The first increase relates to the distribution of a one-time signing bonus of \$4,000,000 associated with an ESPN television agreement. In addition, the conference issued a one-time supplemental distribution of \$23,320,000 to each SEC member institution in order to provide increased financial support due to the adverse financial impact of the COVID-19 pandemic.
- (3) The variance of \$1,520,160 in royalties, licensing, advertisement, and sponsorships from fiscal year 2020 to 2021 is attributed to an increase of \$1,650,000 in total licensing (account number I011100033). Total licensing increased primarily due to signing bonuses from exclusive agreements with Fanatics and Hanes for \$1,000,000 and \$750,000, respectively.

**The University of Tennessee at Chattanooga
Supplementary Information
Analysis of Current to Prior-Year Expenses**

	2021	2020	\$ Difference	% Difference	
	Actual	Actual			
Operating revenues:					
Direct state or other government support	\$ 1,732,430.67	\$ -	\$ 1,732,430.67	100.0%	(1)
Student fees	5,605,320.00	5,581,228.85	24,091.15	0.4%	
Direct institutional support	7,331,773.41	8,515,119.49	(1,183,346.08)	-13.9%	(2)
10% of Revenues	\$ 1,685,032.35				
Operating expenses:					
Athletic student aid	\$ 5,451,182.35	\$ 5,413,980.28	\$ 37,202.07	0.7%	
Coaching salaries, benefits, and bonuses paid by the university and related entities	3,989,829.72	4,031,424.42	(41,594.70)	-1.0%	
Support staff/administrative compensation, benefits, and bonuses paid by the university and related entities	3,191,809.14	3,339,296.49	(147,487.35)	-4.4%	
10% of Expenses	\$ 1,685,032.35				

(1) The direct state or other government support in 2021 was CARES Act funding recovering lost revenues due to the COVID-19 pandemic.

(2) Direct institutional support represents operating expense amounts funded by the university that were not funded by other athletic department revenues. Other athletic department revenues decreased by \$812,740.46, and total athletic department expenses decreased by \$1,996,086.54.

**The University of Tennessee at Martin
Supplementary Information
Analysis of Current to Prior-Year Expenses**

	2021 Actual	2020 Actual	\$ Difference	% Difference	
Operating revenues:					
Direct state or other government support	\$ 1,793,298.73	\$ -	\$ 1,793,298.73	100.0%	(1)
Student fees	2,027,286.37	2,215,904.75	(188,618.38)	-8.5%	
Direct institutional support	5,533,081.28	6,468,963.40	(935,882.12)	-14.5%	(2)
10% of Revenues	\$ 1,177,268.72				
Operating expenses:					
Athletic student aid	\$ 4,511,521.59	\$ 4,496,694.40	\$ 14,827.19	0.3%	
Coaching salaries, benefits, and bonuses paid by the university and related entities	2,603,377.94	2,735,306.33	(131,928.39)	-4.8%	
Support staff/administrative compensation, benefits, and bonuses paid by the university and related entities	1,722,862.76	1,719,690.53	3,172.23	0.2%	
10% of Expenses	\$ 1,177,268.72				

(1) The direct state or other government support in 2021 was CARES Act funding recovering lost revenues due to the COVID-19 pandemic.

(2) Direct institutional support represents operating expense amounts funded by the university that were not funded by other athletic department revenues. Other athletic department revenues decreased by \$33,413.04, and total athletic department expenses decreased by \$969,295.16.



RANDY BOYD
President

December 15, 2021

Mr. Howard H. Eley, Commissioner
Department of Finance and
Administration
State Capitol Building
Nashville, TN 37243

The Honorable Jason E. Mumpower
Comptroller of the Treasury
State Capitol Building
Nashville, TN 37243

Dear Mr. Eley and Mr. Mumpower:

This annual report regarding the University of Tennessee's risk management and internal control activities is submitted in compliance with *Tennessee Code Annotated (TCA)* §9-18-101, known as the Tennessee Financial Integrity Act, as amended.

The enclosed document describes the key activities undertaken in calendar year 2021 to address the requirements specified in §9-18-102 of the Act and in the document issued by the Tennessee Department of Finance and Administration in October 2016 entitled "Management's Guide for Enterprise Risk Management and Internal Control."

We understand this guide requires all state agencies' risk management and internal control functions to align with the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) enterprise risk management framework and the federal government's adaptation of COSO's *Internal Control—Integrated Framework* (2013) titled *Standards for Internal Control in the Federal Government*.

As head of the University, I attest that we have assessed risks in conformance with these requirements, and I acknowledge the responsibility for establishing, implementing, and maintaining an adequate internal control system and assessing its effectiveness. I also recognize that all internal control systems have inherent limitations and can provide only *reasonable* assurance that controls are functioning as intended.

Mr. Butch Eley and Mr. Jason Mumpower

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December 15, 2021

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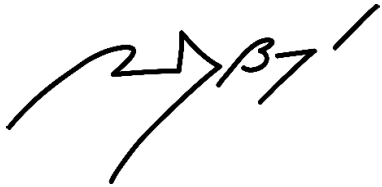
Based on the risk and control activities performed during 2021 as described in the attached document, I have reasonable assurance that the University of Tennessee's internal controls in these areas are adequate and effective in achieving our objectives and am unaware of any material weaknesses or lack of compliance in the areas examined.

The results of our risk assessment and control activities have been documented and retained.

This assurance report will be provided to the Audit and Compliance Committee of the UT Board of Trustees to fulfill the requirement in the committee's charter to "review management's risk assessment."

Please let me know if you have questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Randy Boyd', with a stylized flourish extending from the end.

Randy Boyd
President

Enclosure

c: Ms. Carrie Allen
Ms. Judith A. Burns
Mr. Mike Corricelli
Mr. Brian J. Daniels
Ms. Michelle Earhart
Mr. Bob Hunter
Mr. David L. Miller
Ms. Kathy Stickel
Ms. Tammy Worley
Audit and Compliance Committee

The University of Tennessee Risk Management and Control Activities Calendar Year 2021

INTRODUCTION

Purpose

This document summarizes the risk management and control activities conducted at the University of Tennessee (UT) during calendar year 2021 that provide the basis for the annual reporting required by the Tennessee Financial Integrity Act of 1983 (TFIA) as described in *Tennessee Code Annotated* §9-18-104.

Background

The University's approach is based on the October 2016 document, "Management's Guide for Enterprise Risk Management and Internal Control," issued by the Tennessee Department of Finance and Administration (TN F&A). The management guide requires state agencies' risk and control activities to align with the following frameworks:

- 1) The Committee of Sponsoring Organizations of the Treadway Commission's (COSO's) enterprise risk management (ERM) framework (UT's approach is based on COSO's ERM document, *Enterprise Risk Management—Integrating with Strategy and Performance* issued in 2017) and
- 2) The federal government's adaptation of COSO's *Internal Control—Integrated Framework* (2013) titled *Standards for Internal Control in the Federal Government* (commonly known as "the Green Book").

In June 2020, the ERM function transitioned to the Senior Vice President and Chief Financial Officer's division, and an Enterprise Risk Officer (ERO) was appointed to lead the function.

Scope

Mitigating risks related to COVID-19 consumed a significant amount of time in 2021 for the University of Tennessee—as for most organizations—as the pandemic continued and organizations took action to ensure the continuation of operations to fulfill their commitments to their stakeholders. For this reason, this year's assurances report focuses on the following: first, an update of the UT campuses' COVID-19 mitigation, monitoring, and reporting measures; second, compliance measures taken

by the UT System Administration regarding the use of federal funding provided for COVID relief, collectively known as the Higher Education Emergency Relief Fund, or HEERF, and finally, this report describes the University's key ongoing activities related to risk identification, monitoring, and control testing: 1) the annual Self-Assessment of Internal Controls, 2) risk-based internal auditing, and 3) the Institutional Compliance function.

The information is presented in three sections: Section I: COVID-19 Mitigation, Section II: HEERF Compliance, Section III: Ongoing Risk Assessment, Monitoring, and Testing of Controls.

SECTION I: COVID-19 MITIGATION

In 2020, the University's risk efforts were focused on mitigating the spread of COVID-19 on campus while continuing to fulfill the mission. Last year's assurances report indicated the UT System Administration would continue to monitor COVID-related mitigation in 2021. The following sections describe the ERO's activities related to monitoring and assessing the University's continued COVID mitigation efforts.

Campus Mitigation Measures

The ERO developed and administered a survey regarding campus mitigation measures implemented throughout the spring, summer, and fall semesters. The surveys were completed primarily by campus emergency managers or executive assistants to the chancellors who were charged with implementing COVID measures from the outset of the pandemic. Detailed survey results are on file in the ERO's office. Below is a summary:

- **Policies and Procedures.** All campuses* implemented policies and procedures for reporting COVID-19 exposure, symptoms, or diagnoses; addressing actions faculty, staff, or students must take if exposed; and, most importantly, adhering to CDC guidelines for public health measures (masks, physical distancing, frequent hand washing, staying home when sick). Remote options were available when feasible to faculty, staff, and students at all campuses until fall semester, when UT Knoxville returned to in-person operations (exceptions were available) and UT Southern welcomed students back to campus. In addition, most campuses had special leave policies in place—at least until fall semester.

* Throughout this section, "all campuses" does not include UT Southern for Spring 2021 because the campus did not join the UT System until July 1, 2021.

- **Governance.** Throughout 2021, all campuses maintained a decision-making authority or body (e.g., chancellor's cabinet or emergency operations center) that was responsible for modifying, restricting, postponing, or cancelling on-campus activities, including classes/labs, events, or other functions.
- **Communication.** All campuses had extensive communications systems in place throughout 2021, including ongoing collaboration with local/state health authorities or medical facilities; regular communication from campus leaders to key stakeholders regarding COVID protocols, case counts, and services available; and regular collection and reporting of COVID-related data throughout the University.
- **Operations.** Campus operations were modified in several areas:
 - *Instruction:* In addition to online offerings, particularly in the spring and summer, modifications were made to class times and classrooms to reduce crowding; UT Knoxville and UT at Chattanooga modified the academic calendar in the spring to eliminate days off; academic or extracurricular events were held with restrictions (e.g., outdoors, online, or limited attendance) during spring and summer.
 - *Student Housing:* Restrictions on visitors, access to common areas, and reduced occupancy were found at most campuses, until fall; and quarantine/isolation housing was available.
 - *Dining:* On-campus dining restrictions, such as carry-out meals only, prepackaged foods, and physical distancing, were in place until fall.
 - *Facilities and events:* Facilities where students congregate (libraries, student unions, recreation/exercise facilities) operated with restrictions at most campuses until fall; athletic events were affected primarily in the spring.
 - *Cleaning and sanitation:* Staff performed special cleaning and disinfecting of housing facilities, classroom spaces, offices, or other campus buildings where a COVID case/possible case was reported. In addition, personnel protective equipment and sanitation supplies were made available to students, faculty, and staff.
 - *Visitors:* Public health measures (e.g., masks and physical distancing) were required for all visitors, contractors, and delivery persons while on campus.
- **Testing, Monitoring, and Vaccination.** COVID testing was available on all campuses, though the Health Science Center (HSC) performing regularly scheduled testing of its student population due to its students' increased risk of exposure. Personal protective equipment was available to students, faculty, and staff at all locations. Contact tracing was performed at all campuses—either on

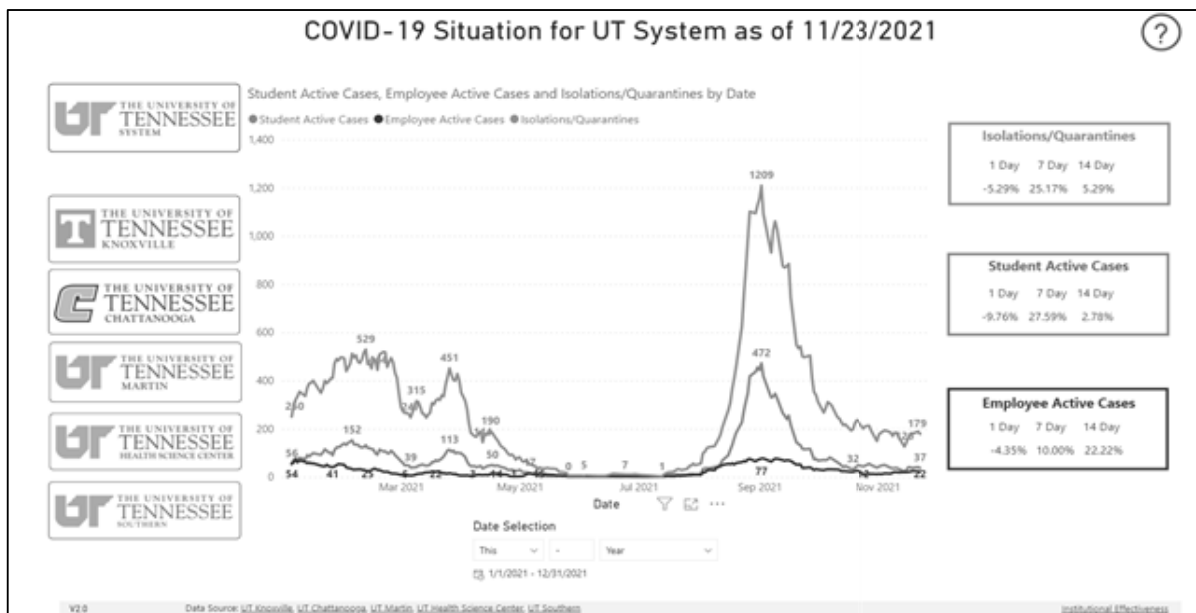
campus or by local health departments, and all campuses closely monitored local/national/international COVID conditions, as well as monitoring compliance with campus protocols and establishing disciplinary procedures for those who refused to comply. Once vaccines were available, campuses made them available to students, faculty, and staff—either on campus or locally. The Knoxville, Chattanooga, and Southern campuses held vaccine clinics for the public on campus, while HSC staffed a public clinic off site.

- **Travel.** International travel was restricted at most campuses (except Southern, where such travel is infrequent) throughout the year, though domestic travel resumed for most in the fall.

COVID Situation Monitoring and Resulting Actions

Throughout the year, UT administrators continued to closely monitor the COVID situation within the University and the state, including reviewing data on active cases, new cases, quarantines and isolations, hospitalizations, and deaths. Campuses collected and maintained their own data for use internally by management and reported regularly to the UT System's director of emergency management services.

The Institutional Effectiveness (IE) team in the System Office of Academic Affairs and Student Success maintains the [COVID-19 Situation Dashboard](#) on the System COVID-19 website. The Dashboard provides up-to-date case and other data for the UT System, each campus, the state, and the counties where UT campuses are located. The chart below from the dashboard shows trend data for 2021 in the UT System.



The Dashboard is part of the System's COVID-19 website ([COVID-19 \(Coronavirus\) Information - The University of Tennessee System](#)). This website provides links to important Systemwide announcements regarding COVID, websites for each campus and institute, and links to public health organizations, including the Tennessee Department of Health, the US Centers for Disease Control, and the World Health Organization.

The table below shows key actions taken by UT administrators to respond to the COVID situation in the community and on campuses. To borrow words from one of UT President Randy Boyd's messages to the University community, UT's approach has been "to diligently monitor the situation across the state to make adjustments in the best interest of our students, faculty and staff."

Key Operational Announcements Based on Case Monitoring

Date	Announcement	Summary
January 6, 2021	Updated Plans for Spring Semester	Each campus outlined operational plans for spring semester, including restrictions on in-person learning.
February 10, 2021	In-Person Classes for Fall 2021	While most restrictions were to continue through the summer, the availability of vaccines and decline in cases led to plans for a traditional fall semester.
August 2, 2021	Preparation for Students' Return	With the Delta variant spreading in the state, UT issued a mask requirement in classrooms, labs, and indoor academic events and encouraged vaccines.
August 23, 2021	UT Adjusts COVID Protocols	With the rise in Delta cases, mask requirements were extended for at least two weeks and expanded to all indoor <i>public spaces</i> .
September 7, 2021	COVID Update	Because the Delta variant cases continued to rise, mask requirements for on-campus indoor activities were extended until conditions improved.

During October through November, UT responded as necessary to federal mandates, state legislation, and court orders regarding masks and vaccines. As of December 1, 2021, UT had no vaccine or mask mandates, which is in compliance with the US District Court's injunction of a federal executive order in relation to vaccine mandates and with state law that precludes state entities from having mask or vaccine mandates. The University continues to monitor the situation to ensure that appropriate action is taken in response to changing regulations.

SECTION II: HEERF COMPLIANCE

Following are activities undertaken by the UT System Administration (UTSA) to help ensure compliance with all federal funding requirements set by the US Department of Education (ED) for use of the Higher Education Emergency Relief Funds (HEERF).

The funds were authorized by federal legislation and awarded as grants to institutions by ED's Office of Postsecondary Education. Institutions received three tranches of funds: CARES (Coronavirus Aid, Relief, and Economic Security Act, aka HEERF I), CRRSAA (Coronavirus Response and Relief Supplemental Appropriations Act, aka HEERF II), and ARP (American Rescue Plan, aka HEERF III).

The HEERF funding has two portions—one for students, the other for institutions. The amount of funding allotted for each portion is specified at the time of the award. The purpose of the student portion is to provide emergency aid in the form of grants directly to students. Over 35,000 UT students have received such grants. The institutional funds are to cover expenses incurred because of COVID and lost revenue. Institutions are reimbursed from the funds available to them. In general, institutions have one year to use their available HEERF funds, though extensions of time are possible. Below is the status of UT's HEERF funds as of November 23, 2021:

UT System HEERF Funds as of 11/23/2021	
Total Available (Student and Institutional Portions)	\$189,388,624
Distributed to Students (Financial Aid)	\$77,838,622
Reimbursed to Institution (Expenses/Lost Revenue)	\$59,029,149
Remaining Funds (Institutional Expenses and/or Student Aid)	\$52,520,853

The University identified the risk of noncompliance with federal requirements as significant to the continuation of its mission. The University relies on federal funds for research, student financial aid, and other purposes.

UTSA served a coordination and oversight role regarding compliance. This role was needed giving the initial uncertainty and confusion surrounding the requirements. Various experts had differing interpretations, and the situation was then exacerbated by the change in presidential administrations at the beginning of 2021. UTSA's key activities were 1) learning and sharing information, 2) reviewing and overseeing expenditures, and 3) reporting on the use of funds.

Learning and Sharing Information

UTSA participated in and conducted both formal and informal means of educating University staff about the requirements associated with HEERF funds, including participating in webinars and reading information provided by professional associations and others, disseminating any information received to colleagues

throughout the institution, and most importantly, conducting meetings with UT staff and others in Tennessee higher education institutions.

- **Educational Activities:**

- *Webinars:* Along with campus financial staff, the UTSA staff (AVP for Budget and Planning, the UT Controller, ERO, Institutional Compliance and Audit staff) attended various webinars to learn about HEERF requirements, including webinars from the US Department of Education, the Association of Government Accountants (AGA), and the Council on Governmental Relations (COGR); Crowe consulting firms' Higher Education Roundtables; and the National Association of College and University Business Officers' (NACUBO) Townhalls.
- *Professional Associations and Colleagues:* UT financial staff monitored communication and publications from relevant professional associations (e.g., AGA, COGR, and NACUBO) and reached out to colleagues at other higher education institutions across the country to learn as much as possible. Also, campuses were in contact with their US Department of Education liaisons to receive information and feedback.

- **Disseminating information:**

- UTSA financial staff sent various notices and information to campus staff throughout the year. For example, the ERO disseminated the US Department of Education FAQs and HEERF Guidance, and the Controller disseminated information from COGR.

- **Meetings/Discussions:**

- *Internal:* Beginning in February 2021, the Assistant VP for Budget and Planning in the System Office of Finance and Administration initiated meetings with campus Chief Business Officers (CBOs) and their staffs, the UT Controller, the Enterprise Risk Officer (ERO), Institutional Compliance staff, and the Chief Audit and Compliance Officer to share information about HEERF requirements and establish consistency across the System. Throughout the first half of the year, HEERF compliance was a continuing item on the agenda of the monthly CBO meetings. Ad hoc meetings on a variety of topics, including allowability of expenditures, such as a June meeting of UTSA financial and compliance staff regarding the use of HEERF funds on capital projects/minor remodeling.
- *External:* In March, the ERO also initiated meetings with representatives of the Division of State Audit to discuss specific topics, such as calculating lost revenue and defining payroll costs. Throughout the year,

UT financial staff were meeting weekly with their counterparts from the six locally governed four-year institutions in the state, and HEERF compliance became a standing agenda item in those meetings as well. The CRO and the CBO from the Chattanooga campus served on a task force with this group to develop some guidelines for HEERF funds use.

Review and Oversight

Because HEERF funds were allocated directly to the various UT campuses, the prime responsibility for ensuring compliance was with the financial staff at the individual institutions; however, because UT is a single legal entity, UTSA assumed the responsibility for coordinating campus activities, policies, and overseeing the use of funds.

- *Journal Entries:* Throughout the year, Controller staff reviewed all journal entries created and approved by CBOs for HEERF expenditures before posting them. If questions about applicability to COVID arose or if documentation was insufficient, she contacted campus staff members for resolution.
- *Deadlines:* By the end of 2021, the US Department of Education (ED) under the Biden administration had issued flexible guidance allowing institutions to use any of the three tranches of HEERF funds one year from the date their most recent grant obligation was processed by ED. Prior to this change, institutions had to ensure compliance with deadlines, primarily an April 15, 2021, deadline for drawing down funds allocated by the CARES Act or risk losing the funds. The Controller, AVP for Budget and Finance, and the ERO worked together to collect information from the campuses and determine whether existing deadlines had been met.
- *Policy:* To facilitate monitoring and reporting, the Controller and AVP for Budget and Finance requested campuses to use a single general ledger code for HEERF expenses and another one for posting lost revenues.

Reporting

The UT System Administration provided external reports to key stakeholders. Such reporting allowed for transparency of use, accountability, and the opportunity for an external review. Key examples are described below:

- The Tennessee Department of Finance and Administration (TN F&A): Beginning in May 2020, TN F&A required state entities receiving COVID relief funds to provide weekly, then biweekly, reports showing the amounts of funding received and spent. The Tennessee Higher Education Commission compiled the reports for higher education institutions. This reporting is ongoing as of the date of this assurance report.

- The Tennessee General Assembly's House and Senate Finance, Ways and Means committees: At the outset of 2021, the University was requested to provide details of COVID funding as part of the annual budget questions asked by each committee.
- The UT Board of Trustees: Periodic reports on the use of COVID relief funds were provided to the Board separately and in conjunction with routine financial reporting.

The Tennessee Comptroller's Division of State Audit has included the use of HEERF funds in its annual audit of the University for fiscal year 2020-21, and the University is subject to audits by the US Department of Education.

SECTION III: ONGOING RISK ASSESSMENTS, MONITORING AND TESTING OF CONTROLS

In addition to the activities described above, the University of Tennessee has multiple methods for the ongoing monitoring and testing of controls. Three of the key system-level approaches are the annual self-assessment of internal controls, internal audits, and the institutional compliance program.

Self-Assessment of Internal Controls

The annual self-assessment of internal controls, managed by the UT System Office of Audit and Compliance (OAC), tests controls at an operational level. All departments in the UT System (approximately 550) are required to conduct a self-assessment of controls for selected major business processes by completing a web-based questionnaire. In a decentralized organization, such as a university, many controls for administrative functions are located at the department level. This process was initially conceived as a means of complying with TFIA.

Each year the questionnaire covers one or two major processes. Over a multi-year cycle, the questionnaires cover over 175 key internal controls for eight major processes, including human resources/payroll, money handling, computer usage, inventories for resale, accounts receivable, equipment, sponsored projects, and procurement. These processes are determined through a risk assessment process, targeting the areas considered to be key to sound departmental management. For 2021, information technology and money handling were assessed.

A material weakness is identified when a significant number (20 percent or more) of departments at a campus or institute have not implemented a particular control. A corrective action is taken for each control weakness identified in the self-assessment, whether or not it is deemed material.

This year, only one material weakness associated with passwords and access codes was identified at the University of Tennessee, Knoxville. No University-wide material risks were identified. Of 537 departments surveyed, 127 identified and corrected 211 control weaknesses.

The chief business officer of each campus and institute reviews the results of the self-assessment and attests to his or her knowledge of the deficiencies identified and the corrective actions taken to address those deficiencies. The results of the self-assessment are issued to the president, with copies to the chief financial officer, the treasurer, and the UT Board's Audit and Compliance Committee, among others.

Risk-Based Internal Audits

A second means of testing controls for effectiveness is through in-depth internal audits identified in OAC's risk assessment performed in its annual audit planning. University management and Board members also ask OAC to examine areas of concern. One of the office's primary roles is to reduce risk and improve operations. The department conducts numerous types of audits: state-mandated audits (such as those of the chief executive officers of UT campuses and the Complete College Tennessee Act), compliance audits (in such high-risk areas as the Health Insurance Portability and Accountability Act and National Collegiate Athletic Association), risk-based audits (such as business process audits in departments with significant financial activity), information technology audits (such as those for business continuity planning and disaster recovery and firewalls), and investigations into allegations of fraud, waste, and abuse (often resulting in recommendations for improving internal controls).

Institutional Compliance

The third means of monitoring controls is the Office of Institutional Compliance, established within OAC, which is responsible for designing, implementing, and monitoring the UT system-wide compliance program. The basis for the program is the *Federal Sentencing Guidelines for Organizations*, which defines the standards for effective compliance programs. Among the office's responsibilities are developing and implementing the University's compliance risk assessment process, recommending improved controls in various compliance functional areas, and collaborating with officials at the campuses and institutes to develop innovative and effective ways to mitigate compliance risk.

CONCLUSION

UT is committed to implementing and refining a comprehensive risk management and control monitoring system that meets the requirements of TFIA. The ERO's 2022 activities will include:

- Creating a website for ERM that educates the broader University community on risk management,
- Meeting with UT's executive leadership to identify risks related to the UT System Strategic Plan, and
- Identifying a risk management information system to facilitate the maintenance, tracking, and reporting of risks, control mitigation plans, and results.

University of Tennessee Institutional Compliance

February 2022 Report

4.7

This report provides a synopsis of the accomplishments of the Office of Institutional Compliance for 2021. In addition, the Attachment provides a summary of the significant compliance risks that have been identified at the campuses and institutes and the progress that has been made to mitigate those risks.

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Attachment - Campus and institute compliance risk heat maps and accomplishments.	
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• UT Knoxville	page 6
• UT Chattanooga	page 8
• UT Martin	page 10
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University of Tennessee Institutional Compliance

February 2022 Report

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Executive Summary

Institutional Compliance Key Accomplishments for 2021

- A new Code of Conduct training module with a “test out” option was developed in collaboration with Employee and Organizational Development (EOD) and was assigned to employees at UT System, UTK, UTIA, UTSI, UTHSC, IPS, and UT Southern.
- For the new 2021 UTK and UT System risk assessments, a new training module was implemented for supervisors of compliance officers to explain the institutional compliance program and the risk assessment process.
- The Reporting Concerns and Hotline websites were made more mobile phone accessible, and QR codes were added to Hotline promotional materials.
- UTK completed a new compliance risk assessment and is developing 61 risk mitigation plans to address key issues in research, safety, Title IX, data protection, civil rights, and export control.
- UT System began a new compliance risk assessment that is still in progress.
- UTHSC developed 52 risk mitigation plans to address issues from the 2020 risk assessment. 21 plans involving research, safety, animal welfare and data protection have been fully implemented.
- The graph below summarizes the progress on risk assessments at all campuses/institutes.
- The Attachment provides risk heat maps and accomplishments for the campuses and institutes.

Compliance Risk Management Progress

	Risk Assessment	Plan Development	Plan Implementation	Number of Plans	Key Action Areas
UT System 2021	→			●	Review of risks is in progress.
UTK 2021	→	→		● 61	Research, Safety, Title IX, Data Protection, Civil Rights, Export Control
UTHSC 2020	→	→	→	● 55	Safety, Scientific misconduct, Export controls, Sponsored projects, Data protection, Environmental
UTC 2020	→	→	→	● 46	Safety, Sponsored Projects, Equity & Diversity, Export Control, IT Security, Privacy
UTM 2019	→	→	→	● 22	Sponsored Projects, NCAA, Animal Care, Financial Aid, Safety, IT Privacy/Security, Biosafety
UTIA 2018	→	→	→	● 26	Sponsored Projects, Title IX, Animal Welfare, Fair Labor Standards, IT Privacy and Security
IPS 2017	→	→	→	● 6	Sponsored Projects, Tenn. Open Records Act, Emergency Management
UTSI 2017	→	→	→	● 4	Safety

The Office of Institutional Compliance 2021 Objectives and Accomplishments

Compliance Risk Assessments and Risk Mitigation Plans

1. *Perform a compliance risk assessment at UT Knoxville (UTK) and UT System.*
 - UTK has completed its comprehensive compliance risk assessment scheduled for 2020. 377 regulatory areas were assessed. 61 Risk mitigation plans have been developed to address 88 significant compliance risks.
 - UT System is currently in the process of completing its compliance risk assessment.
2. *Track implementation of risk mitigation plans at other campuses and institutes.*
 - The progress of implementing risk mitigation plans at the campuses and institutes is provided in the **Attachment**.

Streamline Reporting to the Audit and Compliance Committee

1. *Develop a dashboard format for the mid-year Audit and Compliance Committee meetings.*
 - A dashboard format was used for the mid-year Audit and Compliance Committee meetings.
2. *Issue the full summary report only at year end.*
 - A full summary report was only prepared for calendar year 2021 (this report).

Promote an Ethical Culture

1. *Improve Code of Conduct Training.*
 - Developed a “test out” option for annual Code of Conduct training. This was implemented for UT System, UTK, UTIA, UTSI, UTHSC, and IPS. UTM did training in 2020, and UTC is planning to implement the training after new Code of Conduct revisions are finalized.
2. *Improve Compliance Hotline accessibility*
 - Made the Reporting Concerns and the Hotline websites more mobile phone compatible.
3. *Improve awareness and understanding of the UT Institutional Compliance Program.*
 - Developed a new compliance officer supervisor training module to educate supervisors on the UT Institutional Compliance Program and the compliance risk assessment.

Data Analytics Support

1. *Refine the procurement card analytics process.*
 - The Treasurer’s Office has established a staff position to analyze procurement card purchases and now takes responsibility for this function.
2. *Increase data analysis support for internal audits.*
 - Provided support in downloading and analyzing data for the annual risk assessment for policy compliance review audits.

The Office of Institutional Compliance 2021 Objectives and Accomplishments

4.7

Privacy Oversight

1. *Assist in the development of the UT System Privacy oversight function.*
 - Presented how to implement a higher education privacy program to the UT System's General Counsel, Chief Information Officer, Chief Information Security Officer, and Chief Audit and Compliance Officer.
 - Participate in monthly meetings of the Higher Education Information Security Council to gain insight on privacy best practices in higher education.

UT Southern Integration into UT Institutional Compliance Program

1. *Integrate following the implementation of UT policies and major IT systems*
 - The programming was completed to set up UT Southern in the compliance program database, and preliminary steps have been taken to identify the likely applicable regulations and appropriate compliance officers.

Collaboration

1. Expand opportunities for sharing leading practices across the System.
 - Hosted a UT System-wide Compliance Roundtable with compliance leaders across the System.

Campus/Institute Institutional Compliance Committees**Attachment****4.7****UT System Institutional Compliance Committee 2021 Objectives**

Objective 1: Perform a new comprehensive compliance risk assessment for 2021.

A new comprehensive compliance risk assessment was started in 2021. Statistics are below:

- 411 regulatory areas considered for applicability
- 114 regulatory areas were found to be applicable to UT System
- 32 UT System compliance officers responsible for the applicable regulations

The risk assessment is still in progress. Once completed, the risks will be reviewed by the UT System Institutional Compliance Committee and risk mitigation plans will be developed to address issues.

Objective 2: Restructure the risk assessment process to involve executive management in the strategic identification and prioritization of top compliance risks.

- A new supervisor training module was developed and implemented for the compliance officer supervisors up the chain of command. The training explains the objectives of the UT Institutional Compliance Program and the compliance risk assessment. The provides supervisors perspective on the university's compliance culture in approving risk mitigation plans.

Objective 3: Monitor the implementation of risk mitigation plans from the 2016 risk assessment.

Six of 12 plans to improve controls from the 2016 risk assessment were fully implemented. Six plans are still in progress in the following compliance areas and will transfer to the new 2021 risk assessment.

- Compliance training: A System-wide Training Advisory Group is being re-established to address compliance training (including Code of Conduct training).
- HIPAA Privacy: A revised UT HIPAA policy has been approved, but has not been published. In addition, HIPAA privacy rule compliance annual monitoring has been expanded to include the non-UT Health Science Center locations.
- HIPAA Security: An oversight plan has been developed, and the process of reviewing procedures at the various entities is underway.

Objective 4: Implement a feedback loop for monitoring the effectiveness of the compliance program.

The UT System Institutional Compliance Committee has identified the key stakeholders (i.e., compliance officers, compliance officer supervisors, committee members, and executive management). Feedback has been collected from all key stakeholders except for compliance officer supervisors, who will be surveyed following the development of risk mitigation plans.

UT System Administration 2021 Compliance Risk Assessment Statistics

Applicable regulatory areas	114
Compliance Officers	32

Campus/Institute Institutional Compliance Committees**Attachment****4.7****UTK Institutional Compliance Committee 2021 Objectives***Objective 1: Perform a new comprehensive compliance risk assessment for 2021.*

A new comprehensive compliance risk assessment was performed in 2021 with the following results:

- 377 regulatory areas were found to be applicable to UTK out of 411 regulatory areas considered.
- 296 applicable of the regulatory areas were assigned to 75 UTK compliance officers, and 81 regulatory areas were assigned to System or UTIA compliance officers.
- The risk assessment identified 88 significant risks, which were consolidated into 61 risk mitigation plans. The plans are in various stages of development and implementation.
- The campus compliance committee is in the process of reviewing the plans and establishing priorities. A Risk Heat Map and compliance priorities will be prepared when the committee review is completed.
- A chart illustrating the status of the plans is on the following page.

Objective 2: Monitor the implementation of risk mitigation plans developed from the 2021 risk assessment.

Seven of the 61 plans to improve controls have already been implemented. These plans are in the following compliance areas.

- Child abuse- System policy was revised to authorize the Designated Official to deny permission to a covered program if policy requirements are not met.
- Commercial Contracts- Compliance requirements were communicated to campus constituency.
- Smoke detectors- Monthly audit and enforcement actions have been implemented and increased coordination with Greek Life and the student disciplinary action team.
- Textbook data- Registrar Office is coordinating with Bookstore on areas of noncompliance.
- Federal agency prior approval for purchases- Process changed to require documentation from the sponsor for equipment purchases.
- Suicide Prevention Plan- Developed a suicide prevention, intervention, and postvention plan.
- Constitution Day- Committee created to organize events and responsibilities assigned.

Objective 3: Address the issue of required compliance training for the campus.

- The UTK Compliance Coordination Project consolidated mandatory training which improved registration and record keeping and led to significantly improved participation in training.
- UTK personnel are participating in the System-wide Training Advisory Group.

Objective 4: Implement a feedback loop for monitoring the effectiveness of the compliance program.

The UTK Institutional Compliance Committee has identified the key stakeholders (i.e., compliance officers, compliance officer supervisors, committee members, and executive management). Feedback has been collected from all key stakeholders except for compliance officer supervisors, who will be surveyed following the Committee's review of risk mitigation plans from the 2021 compliance risk assessment.

Objective 5: The UTK Institutional Compliance Committee will communicate compliance issues and priorities to UTK executive management for their verification of the risks and obtain their input on strategic priorities.

The UTK Institutional Compliance Committee will present priorities and accomplishments from the 2021 risk assessment to UTK executive management after the Committee has reviewed the proposed risk mitigation plans and has established priorities. A compliance risk heat map indicating priorities will be produced at that time. Also, the Chancellor's Chief of Staff is the chair of the campus Institutional Compliance Committee.

Campus/Institute Institutional Compliance Committees

Attachment

4.7

UTK 2021 Compliance Risk Assessment Status

Administrative Area	Compliance Area	Risk Mitigation Plans		
		Under Development	In Process	Implemented
Chancellor	Title IX and VAWA		1	
	Voter registration		1	
	Constitution Day			1
Equity and Diversity	Affirmative Action		1	
	Salary Equity		1	
	Discrimination Training		3	
Finance and Administration	Safety	1	15	1
	Child Abuse			1
	Commercial contracts			1
	Emergency management		3	
	IT Software licensing		1	
	IT Security	1	3	
	IT Acceptable use of resources	1		
	Clery and Crime Awareness		2	
	Hazardous materials		1	
	Biohazards		1	
	e-Verify		1	
Provost	Child care		2	
	Textbook data			1
	Accessibility program		1	
	Native American Graves		1	
	Radio content licensing		1	
Research	Export control		1	
	Privacy of research data		3	
	Human subjects		1	
	HIPAA- Research		1	
	Sponsored Projects Pre-award	2		1
	Controlled substances	1		
	Data access	1		
	Scientific misconduct	1		
Student Life	Suicide prevention			1
	Drug-free Schools	1		
Total		9	45	7

Campus/Institute Institutional Compliance Committees

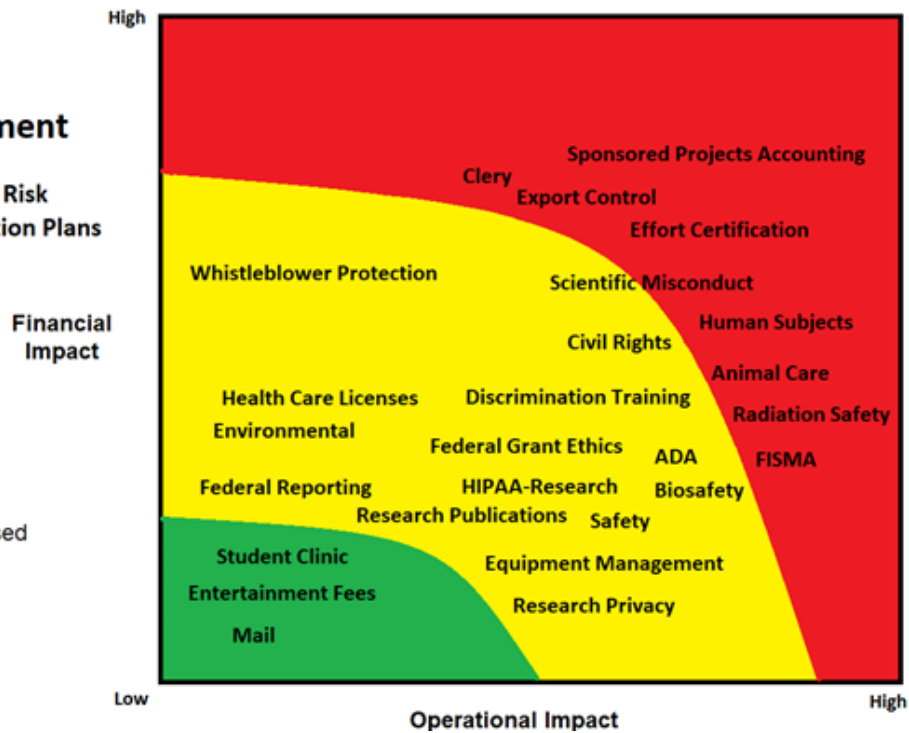
Attachment

UTC

2020 Risk Assessment

UTC Compliance Residual Risk
Heat Map for Risk Mitigation Plans

These are the areas of concern being addressed with plans of action.



Administrative Area	Compliance Area	Plans in Progress	Plans Implemented
Human Resources	ADA		1
	Discrimination Training		1
	Civil Rights Act		2
Research	Animal Care		2
	Export Control		2
	FAR- Ethics Training and Reporting		2
	Federal Reporting		1
	HIPAA		1
	Radiation Safety		5
	Research IT Security		1
	Research Privacy		1
	Research Publication Restrictions		1
	Scientific Misconduct		1
Academic	Human Subjects		3
	Whistleblower Protection		1
	Health Care Licenses		1
Finance and Administration	Environmental		1
	Entertainment Licenses		1
	Equipment		1
	Effort Certification	1	
	Sponsored Project Accounting	3	
	Student Clinic		2
	Clery		1
	Mail		1
	Safety	3	1
	Biosafety	3	2
Total		10	36

Campus/Institute Institutional Compliance Committees**Attachment****4.7****UTC Institutional Compliance Committee 2021 Objectives**

Objective 1: Monitor the progress of the risk mitigation plans.

36 out of 46 plans to improve controls have been fully implemented since the 2020 risk assessment.

The following plans were fully implemented during 2021:

1. Discrimination Training – New online access to training and mandatory search committee training was implemented. In addition, anti-discrimination and anti-bias training was added to on-boarding new employees.
2. Americans with Disabilities Act - Training is now required for supervisors.
3. Civil Rights – Contractor Monitoring – A new Title VI compliance monitoring process for subcontractors was developed to include a survey of subcontractors' Title VI implementation/compliance plans. A resource guide was drafted outlining UTC Title VI compliance requirements. Also, a periodic review of subcontractor AA-EEO workforce profiles was implemented.
4. Animal Welfare Protocol Monitoring- The IACUC bylaws were amended to include formal post-approval monitoring in this area and additional inspections were implemented.
5. Responsible Conduct of Research Training – Training was mandated with periodic audits to ensure all required individuals receive training.
6. Foreign Travel to Sanctioned Countries Training – The Office of Research Integrity reviews all travel and training that is given to all applicable individuals.
7. Federal Agency Prior Approval Rules – The Office of Research and Sponsored Programs notifies required personnel of prior approval requirements and provides guidance and assistance as needed.

Objective 2: Perform a policy gap analysis of UTC procedures required by University policies.

A Policy Review Committee has been established on campus. UT System policies have been distributed to their UTC campus owners to determine whether UTC procedures exist and are sufficient.

Objective 3: Address the issue of required compliance training for the campus.

- The UTC Institutional Compliance Committee has developed a list of compliance areas that need to be considered for required training.
- A review of required training by peer institutions has been completed.
- An annual compliance training dashboard is being considered.
- UTC personnel are participating in the System-wide Training Advisory Group and the Code of Conduct revision, which includes compliance training.

Objective 4: The UTC Institutional Compliance Committee will communicate compliance issues and priorities to UTC executive management for their verification of the risks and obtain their input on strategic priorities.

The UTC Institutional Compliance Committee and UT System Administration Institutional Compliance representatives have engaged UTC executive management in verifying and prioritizing the risks identified in the 2020 UTC comprehensive compliance risk assessment by meeting with members of the Executive Leadership Team and by including the Chancellor's Chief of Staff on the UTC Institutional Compliance Committee.

Campus/Institute Institutional Compliance Committees

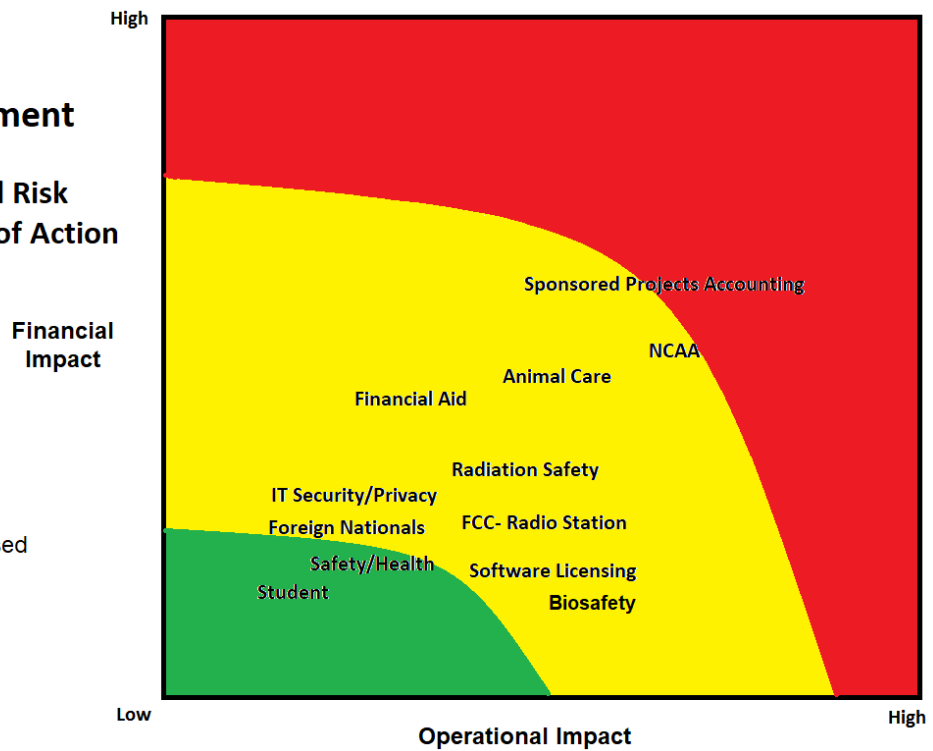
Attachment

UTM

2019 Risk Assessment

Compliance Residual Risk
Heat Map for Plans of Action

These are the areas of concern being addressed with plans of action.



Administrative Area	Compliance Area	Plans in Progress	Plans Implemented
Academic Affairs	Animal Care		1
	Biological Safety	1	
	Financial Aid		1
	Foreign Nationals		1
	Radiation Safety		1
	Registrar/Academic Records		2
	Student Radio		1
	Sponsored Projects- Pre-Award	1	1
Athletics	NCAA		1
Finance and Administration	Human Resources		2
	Safety/Health		1
	Sponsored Projects Accounting		3
Information Technology Services	IT Privacy		1
	Software Licensing and Copyright Law		1
Student Affairs	Student – Voter Registration		1
	Drug Free Schools		2
	Total	2	20

Campus/Institute Institutional Compliance Committees**Attachment****4.7****UTM Institutional Compliance Committee 2020 Objectives**

Objective 1: Monitor the implementation of risk mitigations plans that address risks that were not originally identified as significant, but appeared to have very low levels of controls in place from the 2019 compliance risk assessment.

UTM fully implemented six of the eight plans for low controls including:

- improved sponsored projects training
- enhanced FERPA training
- improved student textbook cost availability
- completed review for drug and alcohol programs for required reporting
- improved training for Fair Labor Standards Act and Family and Medical Leave Act.
- improved procedures for volunteer registration and enhanced procedures for tracking of visiting foreign students and employees.

The two remaining plans in process include:

- UTM has updated its biological safety policy, has assigned a biological safety administrator as required by UT System policy SA0450, and is surveying all applicable departments for a complete inventory of biological DNA and agents.
- UTM is implementing automated tracking for CITI training, especially Responsible Conduct in Research training, in the K@TE learning management system.

Objective 2: Communicate the assignment of responsibility for regulations up the full chain of command.

The UTM Institutional Compliance Committee communicated the assignment of responsibility for regulations to all supervisors in the chain of command in September 2021.

Objective 3: The UTM Institutional Compliance Committee will communicate compliance issues and priorities to UTM executive management for their verification of the risks and obtain their input on strategic priorities.

The UTM Institutional Compliance Committee Chair and UT System Administration Institutional Compliance representatives presented updates on risk mitigation plans for risks with low controls to the Chancellor's Cabinet in September 2021.

Campus/Institute Institutional Compliance Committees

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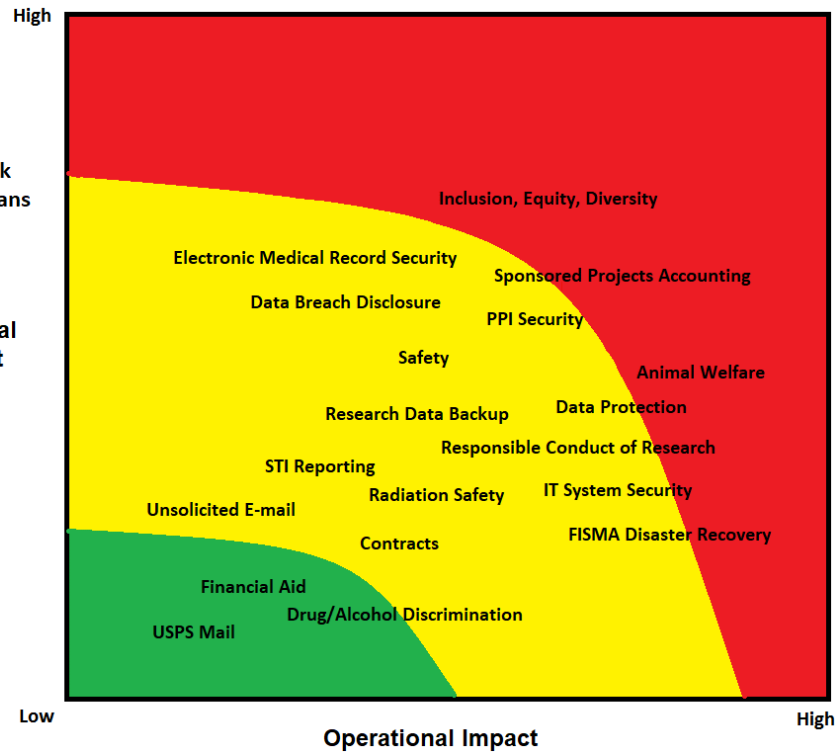
UTHSC

2020 Risk Assessment

UTHSC Compliance Residual Risk
Heat Map for Risk Mitigation Plans

Financial
Impact

These are the areas of
concern being addressed
with plans of action.



Administrative Area	Compliance Area	Plans in Progress	Plans Implemented
Academic, Faculty & Student Affairs	Financial Aid - Quality Assurance Program	1	
	Inclusion, Equity, and Diversity	6	1
Executive Vice Chancellor	Alcohol and Drug Abuse Discrimination	1	1
	USPS Mail		1
	Sexually Transmitted Infections Reporting		1
Finance and Operations	Contract Procedures		1
Information Technology Services	Data Breach Prevention/Disclosure	1	
	Data Protection	2	
	FISMA Disaster Recovery Plan	1	
	IT System Security	1	
	Electronic Medical Records Security	1	
	Unsolicited Email	1	
Research	Biosafety	2	
	IACUC - Animal Welfare	1	2
	IRB - PPI Physical Security		1
	Radiation Safety	3	2
	Research Data Backup		1
	Responsible Conduct of Research		1
	Safety	9	9
	Sponsored Projects Accounting	4	
Total		34	21

Campus/Institute Institutional Compliance Committees**Attachment****4.7****UTHSC Institutional Compliance Committee 2021 Objectives**

Objective 1: Review Risks from the 2020 UTHSC Risk Assessment in Collaboration with the University of Tennessee Office of Audit and Compliance ("OAC") (Currently underway – expected completion Spring 2021):

The UTHSC Office of Institutional Compliance ("OIC") completed the risk assessment process in fall 2020. 55 out of the 244 risks were "flagged" by subject matter experts ("SMEs") as having some sort of compliance concern (e.g. lack of controls in place, etc.). Risk mitigation plans are being developed for the flagged risks.

Objective 2: Complete the 2020 Risk Assessment and Work on Next Steps in the Process:

Fifty-five risks were "flagged" by subject matter experts as having some sort of compliance concern. These flagged risks received priority and risk mitigation plans are being developed.

- Twenty-one of the 55 plans were developed and fully implemented in 2021 to improve controls such as developing procedures, training, monitoring, and enforcement. These plans were in areas including research, campus safety and emergency management, animal welfare, and data protection.
- The remaining 34 plans to be developed are primarily in the areas of information technology, research, and inclusion, equity, and diversity.

Objective 3: Review and approve all compliance training modules and coordinate the campus wide roll out. (Ongoing process):

A new HIPAA training system was purchased in early 2021 for new hires. In 2021, employees including faculty and staff completed the following courses that were approved by the UTHSC Institutional Compliance Committee. This training is provided annually to current employees as well as new hires. All current and incoming students are required to complete the HIPAA Training.

- Campus Security Authority Training
- Code of Conduct
- Hazard Awareness and Workplace Safety
- Title VI
- Title IX Mandatory Responsible Employees
- IT Security Awareness Training
- FERPA
- HIPAA Training

The Committee has developed its 2022 UTHSC mandatory training plan. The above-listed courses will be launched campus wide in February 2022.

Campus/Institute Institutional Compliance Committees

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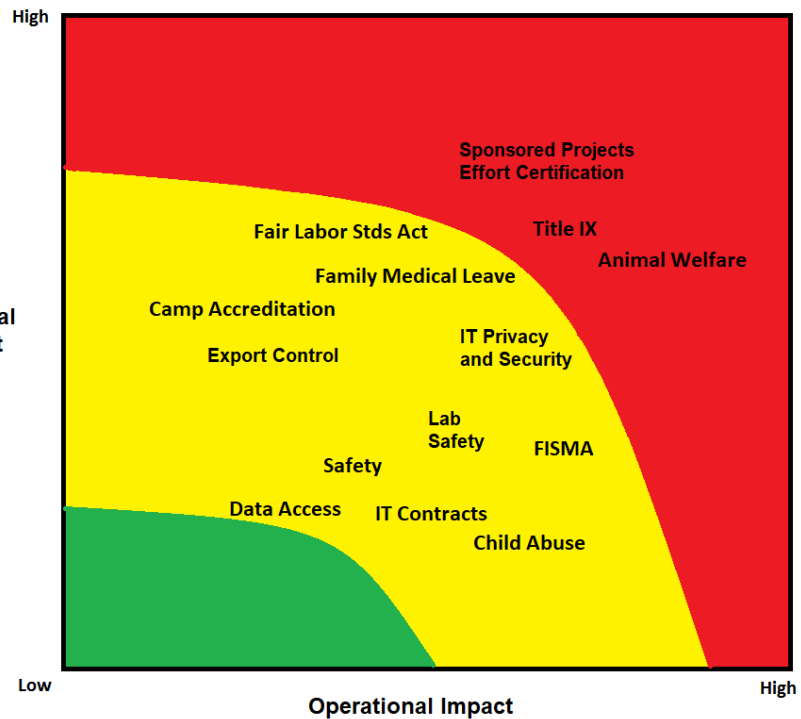
UT Institute of Agriculture

2018 Risk Assessment

Residual Risk Heat Map for Risk Mitigation Plans

Financial Impact

These are the areas of concern being addressed with risk mitigation plans.



Administrative Area	Compliance Area	Plans in Progress	Plans Implemented
4-H	Camp Accreditation	1	
Human Resources	Child Abuse	1	
	Fair Labor Standards Act		1
	Family Medical Leave		1
	Title IX	1	
Information Technology	FISMA	1	
	IT Contracts		1
	IT Privacy/Security	1	1
Research	Animal Welfare		1
	Data Access	1	
	Export Control	1	
	Sponsored Projects - Effort Certification	2	2
Safety	General Safety	10	1
	Lab Safety	1	
	Total	20	8

Campus/Institute Institutional Compliance Committees**Attachment****4.7****UTIA Institutional Compliance Committee 2020 Objectives***Objective 1: Monitor the progress of the risk mitigation plans.*

Fourteen of the 26 plans to improve controls from the 2018 risk assessment have been fully implemented. Five plans in the following areas were fully implemented in 2021.

1. Minimum Effort in Research - UTIA is working with UTK research to implement UTIA standards that are consistent with UTK standards.
2. Research Data Access - UTIA is working with UTK research to implement consistent standards.
3. IT Security (FISMA) - A procedure between IT Security and the Office of Sponsored Programs was implemented to ensure FISMA - related security controls are being installed as needed.
4. Export Controls - Additional training and a system wide visitors policy were implemented.
5. Safety - Open Stairways - Morgan Hall was remodeled to eliminate open stairways.

Objective 2: Communicate compliance issues and priorities to UTIA executive management for their verification of the risks and obtain their input on strategic priorities.

UTIA is wrapping up implementation of the risk mitigations plans from the 2018 risk assessment and there were no significant new compliance issues or obstacles to report to executive management. Dr. David White, UTIA Compliance Committee Chair, and a UT System Institutional Compliance representative will meet with UTIA executive management in preparation for new compliance risk assessment in 2023.

Objective 3: Continue feedback loop for monitoring the effectiveness of the compliance program.

The UTIA Institutional Compliance Committee has identified the key stakeholders (compliance officers, compliance officer supervisors, committee members, and executive management). The UTIA Institutional Compliance Committee members were surveyed in January 2020. Supervisors of UTIA compliance officers will be contacted and trained on the compliance risk assessment process prior to the 2023 risk assessment. Feedback from the UTIA supervisors will be collected at that time.

Campus/Institute Institutional Compliance Committees

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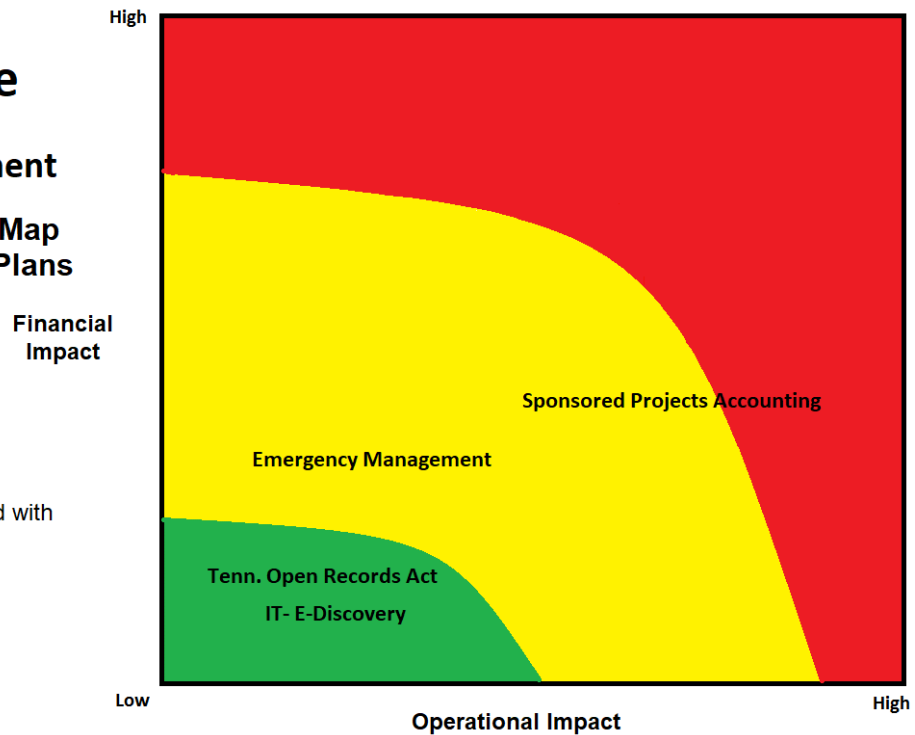
4.7

Institute for Public Service

2017 Risk Assessment

Residual Risk Heat Map for Risk Mitigation Plans

These are the areas of concern being addressed with risk mitigation plans.



Administrative Area	Compliance Area	Plans in Progress	Plans Implemented
Research	Sponsored Projects Accounting		3
Information Technology	E-Discovery		1
Human Resources	Emergency Management		1
IPS Administration	Tennessee Open Records Act		1
	Total		6

IPS Institutional Compliance Committee 2021 Objectives

Objective 1: 2017 compliance risk assessment.

All six risk mitigation plans from the 2017 risk assessment have been completed.

Objective 2: Monitor new compliance issues.

Periodic meetings were held with the IPS Institutional Compliance Committee chair to discuss any new compliance issues and to plan for the new compliance risk assessment in 2022.

Campus/Institute Institutional Compliance Committees

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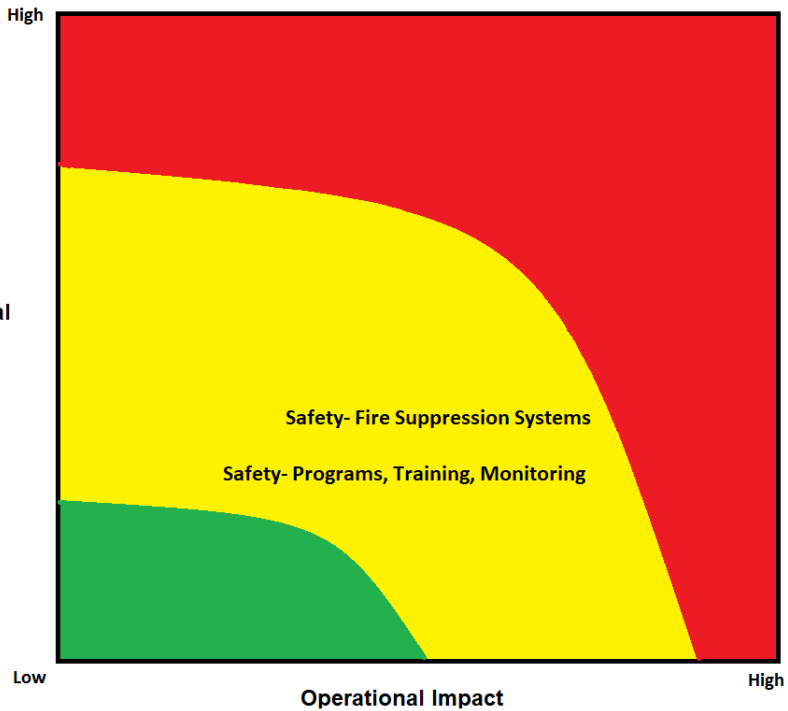
4.7

UT Space Institute

2017 Risk Assessment

Residual Risk Heat Map
for Risk Mitigation Plans

These are the areas of concern being addressed with risk mitigation plans.

Financial
Impact

Administrative Area	Compliance Area	Plans in Progress	Plans Implemented
Safety	Fire Suppression Systems		1
	Programs, Training, Monitoring		3
	Total		4

UTSI Institutional Compliance Committee 2020 Objectives

Objective 1: Track implementation of risk mitigation plans.

UTSI implemented all four plans for safety training and written building safety plans.

Objective 2: Prepare for a new comprehensive compliance risk assessment in 2022.

UTSI has started preliminary steps for the 2022 compliance risk assessment which will be completed in 2022.

Objective 3: Establish campus-level guidelines and procedures as required by University policies.

The UTSI Institutional Compliance Committee has completed the development of its remaining campus-level procedures in the following areas:

- Facilities
- Finance
- Research
- Safety