



THE UNIVERSITY OF TENNESSEE BOARD OF TRUSTEES

MINUTES OF THE AUDIT AND COMPLIANCE COMMITTEE February 27, 2025

The Audit and Compliance Committee of The University of Tennessee Board of Trustees met at 3:15 p.m. (CST) on Thursday, February 27, 2025. The meeting was held in the Russell Duncan Ballroom located in the Boling University Center at the University of Tennessee at Martin, Martin, Tennessee.

Committee Members Present: Decosta E. Jenkins, Committee Chair; John C. Compton, Board Chair; and Bradford D. Box.

Others in Attendance:

Trustees: Charles Hatcher, Commissioner, Tennessee Department of Agriculture; Lisa N. Patel (Student Trustee); William (Bill) C. Rhodes III; Donald J. Smith; and David N. Watson.

University Administration: President Randy Boyd; Brian Daniels, Chief Audit and Compliance Officer; David Miller, Senior Vice President and Chief Financial Officer; Cynthia Moore, Board Secretary and Special Counsel; C. Ryan Stinnett, General Counsel; Interim Chancellor Robert Dooley (UT Chattanooga); Chancellor Peter Buckley (UT Health Science Center); Chancellor Yancy Freeman (UT Martin); Chancellor Linda Martin (UT Southern); and Chancellor Donde Plowman (UT Knoxville). In addition, other members of the University staff were present.

Ms. Moore announced the presence of a quorum. The meeting was webcast for the convenience of the University community, the general public, and the media.

Opening Remarks of the Chairperson

Committee Chair Jenkins welcomed everyone to the meeting.

Approval of the Minutes

Committee Chair Jenkins noted that the minutes of prior meeting were included in the meeting materials (Tab 1). He asked for any corrections to the minutes. Hearing none, the minutes were accepted as presented.

2025 Institutional Compliance Plan

Chief Audit and Compliance Officer Brian Daniels introduced the 2025 Institutional Compliance Plan, which was presented by Dr. Sarah Pruett, Executive Director of

Institutional Compliance. Dr. Pruett outlined how the 2025 plan builds on successes from 2024, such as the rollout of the AuditBoard software platform. The pilot project focused on the self-assessment of controls in support of the Tennessee Financial Integrity Act, which involved 700 departments across the UT System. There was a 100% response rate with overwhelming positive feedback from the stakeholders regarding the use of this new tool. She continued the presentation by detailing the following 2025 goals.

- **Education and Internal Development**
 - Train compliance team to develop subject matter expertise; and
 - Build capacity to support external campus stakeholders effectively.
- **Connected Risk Framework**
 - Collaborate closely with audit function; and
 - Align compliance responses to audit findings for lifecycle risk management.
- **Monitoring & Communication**
 - Respond promptly to changing federal/state regulations; and
 - Enhance internal and external communication channels.

Dr. Pruett then highlighted specific 2025 initiatives and projects, including: (i) undertaking risk assessments at UT Chattanooga and the UT Health Science Center; (ii) implementing additional research compliance modules (grants, human subjects research, and export control); (iii) revising and updating policies to reflect new regulatory requirements; and (iv) advancing the University's environmental health and safety (EHS) and emergency management (EM) efforts through training, best practices, and collaborative policy development.

Upon motion duly made and seconded, the Committee approved the 2025 Institutional Compliance Plan (as set forth in Tab 2 of the meeting materials).

2025 Internal Audit Overview

Andrea Addis, Interim Executive Director of Internal Audit, presented three major items reflective of changes in audit standards from the Institute of Internal Auditors (IIA):

- proposed updates to the Committee's charter;
- revisions to the internal audit department's charter; and
- the 2025 audit plan.

She explained that both charters were being revised to align with the newly expanded Global Internal Audit Standards, which grew from 25 to 120 pages, introducing significant governance expectations. Notably, the internal audit charter would now fully

reflect updated responsibilities, independence protections, and audit mandates, while removing oversight of compliance functions that do not fall under audit's scope. In response to questions raised by trustees, Mr. Daniels explained that the IIA is an international governing body for internal auditors and that its standards are widely accepted as the baseline globally. He noted that while not all institutions follow these standards (particularly if their internal audit functions are not operationally independent), the University does meet the criteria and can adhere to them. Additionally, in Tennessee, there is a state law requirement that requires the University's compliance with IIA standards.

The proposed 2025 audit plan was discussed in detail, including goals such as improving the integration of audit and compliance risk tools, mapping internal controls affected by the university's Dash business transformation, expanding IT audit efforts, and tracking key performance indicators for audit quality and quantity. Ms. Addis noted a strategic reduction in advisory services (from 47% to 29%) to preserve independence, with a clear mandate to separate advisory staff from later audit roles in the same area. The risk-based audit plan aims to cover 21 risk-based audits, 11 annual audits, and 14 advisory projects, with an emphasis on deferred maintenance, capital project management, and IT administrative access. Charts were shared to demonstrate systemwide audit allocation, showing a return to baseline for UT Chattanooga following an unusually high engagement in the prior year.

Committee Chair Jenkins indicated that a high percentage of advisory services can potentially undermine audit independence, a problem that he has seen elsewhere. He expressed support for the reduction in the amount of advisory work, calling it a move in "the right direction."

Upon motion duly made and seconded, the Committee approved: (i) the Audit and Compliance Committee Charter; (ii) the Internal Audit Charter; and the 2025 Internal Audit Plan (as set forth in Tabs 3.1-3.3 of the meeting materials).

Continuity of Operations Assessment

Committee Chair Jenkins then introduced a report on continuity of operations planning, spurred by trustee inquiries after natural disasters like 2023 Hurricane Helene and the recent California wildfires. Ms. Addis summarized results from a university-wide consultation, which assessed nine entities using Federal Emergency Management Agency (FEMA) and Tennessee Emergency Management Agency (TEMA) continuity guidelines to evaluate business continuity preparedness. Findings emphasized the need for a university-wide policy distinct from emergency response planning, especially in areas like agricultural extension and research, which have unique geographic distribution across the state. Keith Carver, Senior Vice Chancellor and Senior Vice President of UT Institute of Agriculture (UTIA), expanded on the lessons learned from

the Helene flooding that affected six UT Extension offices in East Tennessee. He described proactive efforts to develop continuity planning across all UTIA units, leveraging internal faculty expertise in crisis communication and ensuring alignment with campus and system-level emergency resources.

UT Privacy Program

The meeting continued with a presentation on the new systemwide Privacy Program, delivered by Shauna Jennings, Director of Privacy and Associate General Counsel. Ms. Jennings provided an overview of activities during her first 18 months, which included building relationships across UT campuses, streamlining and aligning definitions of directory information under FERPA¹, contributing to AI policy development, and helping shape a new records management policy. She described current initiatives such as partnering with CampusGuard to assess HIPAA² compliance, launching a Privacy Impact Assessment process for major projects, and assembling a GDPR³ compliance working group. Her forward-looking goals include creating a centralized UT privacy website to serve as an informational resource for the campus community. Ms. Jennings emphasized that privacy must be a shared cultural value, not merely a legal or policy matter.

Campus Safety – UT Martin

Chief Michael O'Neill of UT Martin's Department of Public Safety provided an overview of public safety operations. Chief O'Neill highlighted the department's restructuring, collaboration with local agencies, and strategic use of student workers in dispatch and traffic management. While UT Martin sits in a county with average crime rates for Tennessee, the campus has one of the lowest crime rates among its peer institutions, particularly in major offenses. He detailed his department's 2025 goals, which focus on modernizing equipment, improving parking logistics, and enhancing training through interdepartmental collaboration and community engagement. He also praised the strong administrative support he has received.

Legislative Updates

Deputy General Counsel Rachel Powell shared legal updates on Title IX and the Clery Act.⁴ She explained that although the U.S. Department of Education issued new Title IX regulations in 2024 (expanding definitions and adding pregnancy protections), a federal court vacated the entire rule package in January 2025, reverting enforcement to the 2020

¹ *Family Educational Rights and Privacy Act (FERPA)*.

² *Health Insurance Portability and Accountability Act (HIPAA)*.

³ *General Data Protection Regulation (EU) 2016/679 (GDPR)*.

⁴ *Jeanne Clery Campus Safety Act (Clery Act)*.

framework. As such, the University has continued to maintain its existing policies. She also briefed the Committee on the new, federal Stop Campus Hazing Act, which amends the Clery Act and introduces three new requirements: (i) inclusion of hazing statistics in annual security reports using a federal definition; (ii) new campus policy statements on hazing and prevention programs; and (iii) campus hazing transparency reports, which will publicly identify sanctioned student organizations and related details. Implementation is staggered, with policy development and reporting requirements due throughout 2025 and 2026.

In response to questions raised by the Committee members, Ms. Powell clarified that Tennessee state law provides a single definition of hazing that all campuses are required to use in investigations and student conduct matters. However, under the new federal law, there is also a separate federal definition of hazing, used only for Clery reporting purposes. This dual-definition framework will add an additional level of complexity in terms of regulatory requirements. In terms of new hazing prevention and awareness policies, she stated that, while all campuses will meet the same federal requirements, there may be some variation in how each implements awareness campaigns and programs given differences in campus size and population. She emphasized that each program must be research-informed, as mandated by the law, and that the campuses are currently developing these efforts with input from Clery coordinators and cross-campus working groups.

Consent Agenda

Committee Chair Jenkins called the attention of the Committee members to the information items included in the Consent Agenda (Tabs 5.1 through 5.6). He clarified that the item labeled “External Audit Management Letter” is a management representation letter rather than a letter highlighting audit findings. No items were removed from the Consent Agenda for discussion. A complete list of the informational items included on the Consent Agenda appears at the end of these minutes.

Other Business and Closing Remarks

With no further business to come before the Committee, the Committee Chair adjourned the public portion of the meeting and announced that the Committee would next meet in a non-public, executive session in accordance with Tennessee law to discuss confidential and/or privileged matters.

Respectfully Submitted,

/s/ Cynthia C. Moore
Cynthia C. Moore
Secretary and Special Counsel

Consent Agenda – Information Items

- 2024 Audit Plan Update
- Outstanding Audit Issues
- Travel Exception Report
- NCAA Agreed Upon Procedures Report
- External Audit Management Letter
- Research Security Update