

























June 2022 Audit Committee Meeting

Schedule	Wednesday, June 1, 2022 10:00 AM — 11:00 AM CDT
Venue	Maxine A. Smith University Center - Fountain View Boardroom (352)
Organizer	Sparkle Burns

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Presented by Carol Roberts	

1. Call to Order and Opening Remarks

Presented by Carol Roberts

2. Roll Call and Declaration of Quorum

Presented by Melanie Murry

3. Approval of Meeting Minutes for March 1, 2022

For Approval

Presented by Carol Roberts

**THE UNIVERSITY OF MEMPHIS
BOARD OF TRUSTEES
AUDIT COMMITTEE MEETING MINUTES
MARCH 1, 2022**

The Audit Committee of the University of Memphis Board of Trustees met on Tuesday, March 1, 2022, in-person on the University of Memphis main campus in Memphis, TN.

I. CALL TO ORDER AND OPENING REMARKS

Chairman Edwards announced that Trustee Springfield could not attend the committee meeting due to business and he asked Trustee Roberts to facilitate.

Trustee Roberts called the meeting to order.

II. ROLL CALL AND DECLARATION OF QUORUM

Trustee Roberts announced the roll needed to be called. Board Secretary Melanie Murry called the roll.

The following trustees were in attendance:

Trustee Graf
Trustee Roberts
Trustee Johnson
Trustee Riley
Trustee Edwards

Secretary Murry announced the presence of a quorum and acknowledged additional trustees that were in attendance:

Trustee North
Trustee Kemme

III. APPROVAL OF MEETING MINUTES FOR DECEMBER 8, 2021

Trustee Roberts called for motion to approve the meeting minutes for December 8, 2021. The motion was made by Chairman Edwards and properly seconded.

Trustee Roberts asked if a voice vote would suffice. Secretary Murry checked if Trustee Ellison had joined electronically, and it was confirmed he had not joined. Secretary Murry advised that a voice vote could occur.

A voice vote was taken and unanimously approved.

IV. SUMMARY OF AUDIT REPORTS ISSUED

Trustee Roberts recognized Chief Audit Executive, Vicki Deaton to present items four (4) through nine (9).

Ms. Deaton presented the summary of internal audit reports issued. Ms. Deaton explained that the Fixed Asset Audit was a University-wide audit and 103 fixed assets were sampled across 32 financial organizations. Recommendations were made to 67 organizations, however, due to the number of the organizations, Internal Audit and Consulting was not able to get action plans from each organization. Internal Audit and Consulting did make recommendations to the organizations and informed them that follow up may be done in the future. Ms. Deaton discussed the second audit, which was IT Governance. Ms. Deaton stated this audit was an assessment which Internal Audit is required to perform to comply with the Institute of Internal Audit Standards and Guidance. Ms. Deaton provided an overview of the standards and informed the committee what information was used and gathered to make the assessment and determine if the University's IT governance was in compliance with the criteria applied.

Trustee Roberts asked how often the Fixed Asset audit was conducted. Ms. Deaton answered and said this was the first time in years since the University conducted the Fixed Asset audit. Ms. Deaton gave an overview of how the audit was completed in the past. Chief Financial Officer, Raaj Kurapati also commented and stated that a physical confirmation by asset owners is an annual exercise and gave remarks regarding the assistance needed from the financial managers.

Trustee Roberts recognized Trustee Graf to give comments. Trustee Graf referenced the data from the IT Governance audit. Ms. Deaton stated if there were no other questions she would move on to the next item. No questions were presented.

V. ADUIT ISSUE FOLLOW-UP

Ms. Deaton presented the audit issue follow-up. Ms. Deaton stated these were outstanding audit issues that Internal Audit and Consulting worked on this quarter. Ms. Deaton informed the committee that there were issues from three (3) audits - the Contract Monitoring Controls audit, the NACHA - Web Transactions Data Security audit, and the Risk

Assessment - Human Resources Internal Control Footprint audit. Ms. Deaton gave an overview of how the Risk Assessment audit was conducted. Ms. Deaton stated Internal Audit and Consulting identified three (3) risks that needed to be improved within Human Resources during the Risk Assessment HR Controls audit.

Ms. Deaton stated if there were no questions from the committee, she would move on to the next item. There were no questions.

VI. EXTERNAL AUDIT REPORT – UNIVERSITY OF MEMPHIS FOUNDATION FINANCIAL STATEMENTS, 6/30/2021 and 6/30/2020

Ms. Deaton presented the external audit report for the University of Memphis Foundation Financial Statements for 6/30/2021 and 6/30/2020. Ms. Deaton informed the committee members that the report was in the meeting materials and gave an overview of the University of Memphis Foundation and the audit report. Ms. Deaton said this year the foundation engaged independent CPA firm, Dixon Hughes Goodman LLP and the firm's unmodified opinion was dated December 6, 2021. The firm did not identify any deficiencies that would be considered material weaknesses or any instances on noncompliance.

VII. EXTERNAL AUDIT REPORT – UNIVERSITY OF MEMPHIS AUXILLIARY SERVICES FOUNDATION FINANCIAL STATEMENTS, 6/30/2021

Ms. Deaton presented the external audit report for the University of Memphis Auxiliary Services Foundation Financial Statements for 6/30/2021. Ms. Deaton gave an overview of the Auxiliary Services Foundation. The foundation engaged the CPA firm Fouts and Morgan, who issued their opinion on December 14, 2021, that the financial statements were presented fairly. The firm did not express an opinion on internal controls but said no deficiencies with internal controls or instances of non-compliance were found.

Ms. Deaton stated if there were no questions from the committee she would move to the next item. The committee did not have any questions.

VIII. EXTERNAL REPORT, APPLICATION OF AGREED- UPON PROCEDURES TO THE UNIVERSITY OF MEMPHIS' INTERCOLLEGIATE ATHLETICS PROGRAM STATEMENT OF REVENUES AND EXPENSES, 6/30/2021

Ms. Deaton presented the external report for the application of agreed upon procedures to the University of Memphis' Intercollegiate Athletics Program Statement of Revenues and Expenses for 6/30/2021. Ms. Deaton stated this is a report completed by the State Auditors annually to ensure the University is complying with NCAA Bylaw 3.2.4.17. Ms. Deaton

informed the committee that an opinion was not given but there was an exception, which was a correction of the value of institutional endowments.

Trustee Roberts asked for clarification regarding the opinions and exceptions and Ms. Deaton answered Trustee Roberts question by reiterating that the report is called agreed upon procedures because the University and the reporting firm agree that only certain things will be evaluated.

Ms. Deaton concluded her presentation and advised if there were no other questions she would move to the next item. No questions were posed.

IX. INTERNAL AUDIT CLIENT SATISFACTION SURVEY 2021

Ms. Deaton presented the Internal Audit Client Satisfaction Survey for 2021. Ms. Deaton informed the committee that Internal Audit and Consulting performs a Client Satisfaction Survey annually and gave an overview of the IIA standards requiring this of Internal Audit and Consulting. Ms. Deaton explained that the survey is distributed to those Internal Audit and Consulting has collaborated with on different occasions. Ms. Deaton explained the survey process to the committee and that the survey was sent to 79 people, with 42 responses received.

Trustee Graf and Trustee Roberts discussed how excellent the results were given the number of responses received back from the survey. Ms. Deaton informed the committee that her and her staff will convene and discuss the responses received and will evaluate the feedback to improve as an office.

Ms. Deaton concluded her presentation. Trustee Roberts asked if there were any questions or comments for Ms. Deaton. None were provided.

X. FY2021 RISK ASSESSMENT

Trustee Roberts recognized Chief Financial Officer, Raaj Kurapati to present the FY2021 risk assessment. Mr. Kurapati informed the committee that in-person meetings occurred with the process owners and leaders, and five (5) major risks were identified. To manage those risks a list of mitigating controls were created and presented to the committee. Mr. Kurapati provided the objectives for 2022 which includes acquiring software and updating the risk assessment on a quarterly basis. Mr. Kurapati informed the committee approval was needed to implement the risk assessment.

Trustee Roberts asked the committee if they had any questions about the risk content within the meeting materials. Dr. Rudd expressed his appreciation to the individuals

involved in targeting the risks. Dr. Rudd also discussed enrollment and student financial needs related to the risk assessment. Dr. Nenon also offered comments regarding the collaborative efforts from various department and Chairman Edwards commented that the efforts made spoke to the culture of the University.

Trustee Roberts asked if there were any other comments. None were provided. Trustee Roberts called for a motion to have the FY2021 Risk Assessment recommended to the Board as presented in the meeting materials. The motion was made by Trustee Johnson and properly seconded. A voice vote was taken and unanimously approved.

XI. FY2021 ANNUAL FINANCIAL REPORT AND INTERNAL CONTROL AUDIT STATUS

Trustee Roberts recognized Mr. Kurapati to continue his presentation for FY2021 annual financial report and internal control audit status. Mr. Kurapati stated the audits of the University of Memphis, Auxiliary Services, University of Memphis Research Foundations, and Herff Trust all received unmodified opinions, but there were some management findings which Risk Management addressed. Mr. Kurapati informed the committee that the opinion for the University is not listed due to it still being in the draft phase but the opinion like the others is unmodified.

Mr. Kurapati discussed the University end position and the net assets within the foundation. Within the capital assets, the most recent addition is the R. Brad Martin Wellness Center and there continues to be an increased appreciation due to the Music Building. Within the liability table there is an appreciation which is due to the land bridge and the recreation center. The liability did not show growth like the assets because the University refinance its debt.

Trustee Johnson asked Mr. Kurapati how much money the University received in “pandemic funds?” Mr. Kurapati responded by saying there were three (3) funds: HERFF I, HERFF II and ARP and the University received just under a \$100 million. Dr. Rudd commented that a few years ago the University refinanced one of its dorms and because of that the debt reserves and capital reserves for those facilities emerged. Dr. Rudd stated this was a good decision for the University.

Mr. Kurapati presented a slide that detailed the University’s revenues. From the net, tuition and fees decreased due to the allowance that was provided to the students. Trustee Roberts asked if this was another form of financial aid students were able to receive. Mr. Kurapati responded by saying that Trustee Roberts was correct, and the University is looking to evaluate programs for need base scholarship because currently the University does not have a program.

Mr. Kurapati proceeded to present the operating budget. Mr. Kurapati stated the operating budget decreased. Mr. Kurapati discussed the Herff Trust, University of Memphis Foundation and Auxiliary Services Foundation and said the Herff Trust continues to see a year-to-year appreciation, the University of Memphis Foundation also continues to grow, and the Auxiliary Services Foundation funds capital projects for the University and the foundation has been instrumental with providing funding for Athletics. Mr. Kurapati asked if there were any questions, none were provided. Mr. Kurapati discussed the Research Foundation next and said the foundation is managed by the Associate Vice President for Research and Innovation, Dr. Jasbir Dhaliwal and a governing board. The foundation also employs 400 students. Mr. Kurapati presented a slide that showed where the pandemic funds given to the University were spent. Trustee Roberts, Chairman Edwards and Dr. Rudd offered comments about how the funding was used for the students. Trustee Roberts asked Trustee Riley if she thought the students understood what the University was doing holistically from a student perspective. Trustee Riley stated students understood what was being done and the resources provided were helpful.

Mr. Kurapati continued his presentation by presenting the Composite Financial Index (CFI), which is monitored by the state. Mr. Kurapati stated the four (4) primary ratios involved in the score improved, and University had the highest score along with the other flag ship institution.

Mr. Kurapati concluded his presentation and opened for questions and concerns. Trustee Roberts asked if there were any other questions, none were provided.

Trustee Roberts offered comments about the outstanding results. Dr. Nenon asked Mr. Kurapati was to discuss the challenges institutions encounter from the State regarding funding. Mr. Kurapati responded by giving an overview of how the state decides on fundings for the institutions and stated institutions are responsible for funding the other part of the money the state does not grant. Dr. Nenon had a follow-up question and asked what the University received, and Mr. Kurapati answered and said \$3.2 million. Trustee Kemme offered comments about the burden institutions encounter funding their portion and Dr. Rudd offered clarification to Trustee Kemme's remarks related to the tuition gap.

XII. COMPLIANCE UPDATE

Trustee Roberts recognized Interim Director for the Office of Institutional Equity, Ceecy Reed.

Ms. Reed began presenting the compliance update. Ms. Reed stated the Office of Institutional Equity and Compliance (OIE) began completing compliance assessments on the

selected departments. Even though the assessments have begun OIE faced challenges in Fall 2021 and Spring 2022, however measures have been put in place for those challenges.

Ms. Reed said the Complaint Triage Team received several complaints this fiscal year. From July 2021 to present the Compliant Triage Team, received 10 complaints. 2 of the complaints are still active and 8 of the complaints are closed. Ms. Reed presented the statistics for the University's Title IX, Title VI and other complaints received by OIE. Since July 1, 2021, OIE received 88 Title IX complaints. 68 of the Title IX complaints are closed and 20 are still open. 7 Title VI complaints were received by OIE. 5 of the Title VI complaints are closed and 2 are still open. Ms. Reed said OIE received 10 other complaints (i.e., harassment and discrimination which includes religion or disability) of which 7 complaints have been closed and 3 are still open.

Ms. Reed discussed the trainings offered by OIE and the implementation plans that must be submitted on October 1st to the state.

Ms. Reed concluded her presentation and opened for questions. Trustee Roberts asked if the number of Title IX complaints received this fiscal year was the normal. Ms. Reed responded by saying the number of Title IX complaints received this fiscal year did not exceed the complaints received last year. Trustee Roberts had a follow-up question to Dr. Rudd and asked how he felt about the University's Title IX compliance. Dr. Rudd responded by saying he is comfortable with what the University is doing with Title IX compliance, but he does think improvement is needed in the University's overall response time, evaluating findings, and interpreting core infrastructure changes. Dr. Rudd's reasoning for these areas of improvement is due to the OIE not having enough staff. Secretary Murry commented that the OIE has not been able to retain a director and not having the appropriate resources and trainings has added to the challenges. Secretary Murry stated even though OIE is facing challenges the University recognizes those challenges and tries close the gaps and seek assistance from other offices.

Trustee Roberts asked that the resources needed for OIE be high priority and ensure the incoming president is aware of the challenges OIE is facing, understands the measures being taken and understands what the University is dealing with currently.

XIII. FOUNDATION WEBSITE REDESIGN PLANNING

Trustee Roberts recognized Chief Financial Officer, Raaj Kurapati to present the foundation website redesign planning.

Mr. Kurapati began and stated to provide transparency for the University Foundations a redesign effort for the website has been implemented. Mr. Kurapati said the foundation does currently have a website, but it is not as robust as it should be. The Auxiliary Services Foundations and Herff Trust do not have websites, but the Research Foundation does. The

website redesign will focus on all three (3) foundations: UofM Foundation, Auxiliary Services Foundation, and the Herff Trust. There will be links directing users to the Research Foundation.

Mr. Kurapati provided an overview and showed the committee the new redesign of the website.

Mr. Kurapati concluded his presentation. Trustee Roberts asked if there were any comments or questions. Chairman Edwards gave remarks about the importance of transparency for the foundations. Dr. Rudd referenced a comment made by Mr. Kurapati and discussed the approval process Universities have to endure for resources over \$100,000 and agreed with Chairman Edwards comments regarding the transparency of the University Foundations.

Trustee Roberts asked if there were any other comments, none were provided.

XIV. ADDITIONAL BUSINESS

No additional business

XV. ADJOURNMENT

Trustee Roberts adjourned to executive session.

4. Summary of Audit Reports Issued

Presentation

Presented by Vicki Deaton

The University of Memphis Board of Trustees

Presentation
For Information

Date: June 1, 2022

Committee: Audit Committee

Presentation: Summary of Audit Reports Issued

Presented by: Vicki D. Deaton, Chief Audit Executive

Background:

Two audit reports were issued since the last meeting. Summarized information is included in the attached table.

Name of Audit Report	Date of Audit Report	Audit Engagement Report Opinion	Observations	Minor Issues - Addressed Verbally	Minor Issues	Moderate Issues	Major Issues	Recommendations for Consideration by University Management	Issues Outstanding from Prior Audit
Scholarship Awards Audit Report	5/11/2022	Effective with the Opportunity for Improvement	0	0	3	0	0	0	0
P-Card Expenditure Audit Report	5/12/2022	Effective with the Opportunity for Improvement	0	0	3	0	0	0	0

5. Audit Issue Follow-up

Presentation

Presented by Vicki Deaton

The University of Memphis Board of Trustees

Presentation
For Information

Date: June 1, 2022

Committee: Audit Committee

Presentation: Summary of Audit Issue Follow Up

Presented by: Vicki D. Deaton, Chief Audit Executive

Background:

Attached is a summarized list of audit issues with action plans that were evaluated for completion this quarter.

Action Plan Estimated Completion Date	Name of Audit	Date of Audit Report	Audit Engagement Opinion	Issue #	Issue Description	Issue Rating	Party Responsible for Action Plan Completion	Current Status (as of May 2022)	New Action Plan Estimated Completion Date
2/28/2022	Center for Innovative Teaching and Learning Financial & Compliance Audit	9/16/2021	Effective with the Opportunity for Improvement	CITL 1	Security Awareness Training Compliance	Moderate = Insufficient and Requires Improvement	Becky Ward, Business Officer III	Complete	NA
9/16/2021	Center for Innovative Teaching and Learning Financial & Compliance Audit	9/16/2021	Effective with the Opportunity for Improvement	CITL 2	Employee Separation and Clearance Form Completion	Minor = Effective with Opportunity for Improvement	Becky Ward, Business Officer III, and each CITL Unit Director/Assistant Director	Complete	NA
9/16/2021	Center for Innovative Teaching and Learning Financial & Compliance Audit	9/16/2021	Effective with the Opportunity for Improvement	CITL 3	Insufficient Controls over Fixed Assets	Minor = Effective with Opportunity for Improvement	Becky Ward, Business Officer III	Complete	NA
9/30/2021	Center for Innovative Teaching and Learning Financial & Compliance Audit	9/16/2021	Effective with the Opportunity for Improvement	CITL 4	Insufficient Controls over Alternative Work Arrangements	Minor = Effective with Opportunity for Improvement	Courtney Brafford, Director UofM Global, and Becky Ward, Business Officer III	Complete	NA
9/16/2021	Center for Innovative Teaching and Learning Financial & Compliance Audit	9/16/2021	Effective with the Opportunity for Improvement	CITL 5	Access Device Inventory Compliance	Minor = Effective with Opportunity for Improvement	Becky Ward, Business Officer III	Complete	NA
Not Obtained - Used 1 Year from Audit Report Date	Risk Assessment – Research Internal Control Footprint Audit	2/23/2021	Effective with Opportunity for Improvement	RA-Research 1	Training Business Officers on Grant Management	Management Reported Internal Control Effective with Opportunity for Improvement	Raajkumar Kurapati, Executive Vice President of Business and Finance & Chief Financial Officer, Jasbir Dhaliwal, Executive Vice President for Research & Innovation	Not Complete - Internal Control Improvements in Progress	Estimated Completion Date Requested
Not Obtained - Used 1 Year from Audit Report Date	Risk Assessment – Research Internal Control Footprint Audit	2/23/2021	Effective with Opportunity for Improvement	RA-Research 2	Professional Development for Grants Accounting Staff	Management Reported Internal Control Effective with Opportunity for Improvement	Raajkumar Kurapati, Executive Vice President of Business and Finance & Chief Financial Officer, Jasbir Dhaliwal, Executive Vice President for Research & Innovation	Not Complete - Internal Control Improvements in Progress	Estimated Completion Date Requested
Not Obtained - Used 1 Year from Audit Report Date	Risk Assessment – Research Internal Control Footprint Audit	2/23/2021	Effective with Opportunity for Improvement	RA-Research 3	Screening Int'l Travel for Country Risk Notices	Management Reported Internal Control Effective with Opportunity for Improvement	Raajkumar Kurapati, Executive Vice President of Business and Finance & Chief Financial Officer, Jasbir Dhaliwal, Executive Vice President for Research & Innovation	Not Complete - Internal Control Improvements in Progress	Estimated Completion Date Requested

Action Plan Estimated Completion Date	Name of Audit	Date of Audit Report	Audit Engagement Opinion	Issue #	Issue Description	Issue Rating	Party Responsible for Action Plan Completion	Current Status (as of May 2022)	New Action Plan Estimated Completion Date
8/10/2021	Payment Card Industry Data Security Standards Compliance Audit Limited Official Use Only Report	8/10/2021	Insufficient and Requires Improvement	PCI 1	Improvements Needed to Operations of PCI Committee	Moderate = Insufficient and Requires Improvement	Henry Robbins PCI-DSS Analyst, Jennifer Perry, Director of Revenue & Bursar	Complete	NA
8/15/2021	Payment Card Industry Data Security Standards Compliance Audit Limited Official Use Only Report	8/10/2021	Insufficient and Requires Improvement	PCI 2	PCI DSS Scope Applicability to USBS Kiosk Project	Moderate = Insufficient and Requires Improvement	Henry Robbins PCI-DSS Analyst, Jennifer Perry, Director of Revenue & Bursar	Complete	NA
10/31/2021	Payment Card Industry Data Security Standards Compliance Audit Limited Official Use Only Report	8/10/2021	Insufficient and Requires Improvement	PCI 3	Improvements Needed to PCI Compliance Monitoring	Moderate = Insufficient and Requires Improvement	Henry Robbins PCI-DSS Analyst, Jennifer Perry, Director of Revenue & Bursar	Not Complete - Actions in Progress	7/31/2022
10/1/2021	Payment Card Industry Data Security Standards Compliance Audit Limited Official Use Only Report	8/10/2021	Insufficient and Requires Improvement	PCI 4a	Improvements Necessary for Internal Controls over Advancement Network Traffic and Credit Card Processing Platform	Moderate = Insufficient and Requires Improvement	Eric Valdescaro, Senior Director of Advancement Services	Complete	NA
10/31/2021	Payment Card Industry Data Security Standards Compliance Audit Limited Official Use Only Report	8/10/2021	Insufficient and Requires Improvement	PCI 4b	Improvements Necessary for Internal Controls over Advancement Network Traffic and Credit Card Processing Platform	Moderate = Insufficient and Requires Improvement	Henry Robbins PCI-DSS Analyst, Jennifer Perry, Director of Revenue & Bursar	Complete	NA
7/23/2021	Payment Card Industry Data Security Standards Compliance Audit Limited Official Use Only Report	8/10/2021	Insufficient and Requires Improvement	PCI 5	Improvements Necessary for Certain Internal Controls (sensitive issue related to passwords)	Moderate = Insufficient and Requires Improvement	Henry Robbins PCI-DSS Analyst, Jennifer Perry, Director of Revenue & Bursar	Complete	NA
10/31/2021	Payment Card Industry Data Security Standards Compliance Audit Limited Official Use Only Report	8/10/2021	Insufficient and Requires Improvement	PCI 6	Annual Scope Review Documentation Needed	Minor = Effective with Opportunity for Improvement	Henry Robbins PCI-DSS Analyst, Jennifer Perry, Director of Revenue & Bursar	Complete	NA
7/31/2021	Payment Card Industry Data Security Standards Compliance Audit Limited Official Use Only Report	8/10/2021	Insufficient and Requires Improvement	PCI 7	Merchant Level Review Needed	Minor = Effective with Opportunity for Improvement	Henry Robbins PCI-DSS Analyst, Jennifer Perry, Director of Revenue & Bursar	Not Complete - Actions in Progress	7/31/2022
8/31/2021	Payment Card Industry Data Security Standards Compliance Audit Limited Official Use Only Report	8/10/2021	Insufficient and Requires Improvement	PCI 8	PCI Self-Assessment Questionnaire (SAQ) C is not Appropriate for UofM Operations	Minor = Effective with Opportunity for Improvement	Henry Robbins PCI-DSS Analyst, Jennifer Perry, Director of Revenue & Bursar	Not Complete - Actions in Progress	7/31/2022
10/31/2021	Payment Card Industry Data Security Standards Compliance Audit Limited Official Use Only Report	8/10/2021	Insufficient and Requires Improvement	PCI 9	Lack of Staff Training on PCI Compliance	Minor = Effective with Opportunity for Improvement	Henry Robbins PCI-DSS Analyst, Jennifer Perry, Director of Revenue & Bursar	Not Complete - Actions in Progress	7/31/2022
10/31/2021	Payment Card Industry Data Security Standards Compliance Audit Limited Official Use Only Report	8/10/2021	Insufficient and Requires Improvement	PCI 10	PCI Responsibility Acknowledgement	Minor = Effective with Opportunity for Improvement	Henry Robbins PCI-DSS Analyst, Jennifer Perry, Director of Revenue & Bursar	Not Complete - Actions in Progress	7/31/2022
7/31/2021	Payment Card Industry Data Security Standards Compliance Audit Limited Official Use Only Report	8/10/2021	Insufficient and Requires Improvement	PCI 11	Lack of Documentation of PCI Committee and USBS Participation with PCI Related Procurement	Minor = Effective with Opportunity for Improvement	Henry Robbins PCI-DSS Analyst, Jennifer Perry, Director of Revenue & Bursar	Complete	NA

6. Summary of Internal Audit Investigation Presentation

Presented by Vicki Deaton

The University of Memphis Board of Trustees

Presentation For Information

Date: June 1, 2022
Committee: Audit Committee
Presentation: Summary of Internal Audit Investigations
Presented by: Vicki D. Deaton, Chief Audit Executive

Synopsis:

One new allegation report was referred from the Tennessee Comptroller of the Treasury and the investigation was assigned to the Office of Internal Audit and Consulting by the Complaint Triage Team. The investigation was completed, and an Internal Audit Investigation Memo was issued to the Tennessee Comptroller of the Treasury's Division of Investigations and University management. Attached is the summary of investigation information for FY2022.

Restrictions on Report Use: Investigation reports are intended solely for the internal use of the University of Memphis Board of Trustees and the management of the University of Memphis. It is not intended to be, and should not be, used for any other purpose. The distribution of the report to external parties must be approved by the University of Memphis Office of Internal Audit and Consulting, and handled in accordance with institutional policies; however, this report is a matter of public record.

CONFIDENTIAL AUDIT INFORMATION

Allegation Received by	Date Allegation Received	Description of Allegation	Date Assigned to Internal Audit by Complaint Triage Team	Internal Audit Investigation Number	Investigation Status	Investigation Outcome	\$ Loss	Date of Final Action by Internal Audit
TN Comptroller of the Treasury Referral to University Management	3/16/2022	Questions Related to University Trust	3/17/2022	22-001 (TN Comptroller #18-0246	Investigation Complete - Internal Audit Investigation Memo Issued	Herff Trust is Audited by CPA Firm, Herff Trust is a Blended Component Unit in UofM Financial Statements	none	4/11/2022

7. Internal Audit QAR Self-Assessment

Presentation

Presented by Vicki Deaton

The University of Memphis Board of Trustees

Presentation

For Information

Date: June 1, 2022
Committee: Audit Committee
Presentation: Internal Audit Quality Self-Assessment Review
Presented by: Vicki D. Deaton, Chief Audit Executive

Synopsis:

The Office of Internal Audit and Consulting completed a Quality Self-Assessment Review in May 2022. The self-assessment found that the UofM internal audit function generally conforms to The Institute of Internal Auditor's (IIA) *International Standards for the Professional Practice of Internal Auditing (Standards)*, Definition of Internal Auditing, Core Principles for the Practice of Internal Audit (Core Principles), and the Code of Ethics. Please see the attached report.



Office of Internal Audit and Consulting

Internal Audit Quality Self-Assessment Review

May 9, 2022

This report is intended solely for the internal use of the University of Memphis.
It should not be used for any other purpose. Any requests for this report to external parties will be handled in accordance with institutional policies and applicable state statutes.
Contact Internal Audit if an external party makes a request for this report.



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Memphis, TN 38152
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Office of Internal Audit and Consulting

May 9, 2022

Carol Roberts, UofM Board of Trustees Vice-Chair & Audit Committee Chair

324 Administration Building
3720 Alumni Drive
Memphis, TN 38152
trustees@memphis.edu

Dear Chair Roberts,

In accordance with the *International Standards for the Professional Practice of Internal Auditing (Standards)*, issued by the Institute of Internal Auditors (IIA), as well as the IIA Definition of Internal Auditing, Code of Ethics and Core Principles for the Professional Practice of Internal Audit (Core Principles), we implemented a Quality Assurance and Improvement Program for the University of Memphis Office of Internal Audit and Consulting. As required by the *Standards*, this program must include periodic external reviews and internal self-assessments, as well as ongoing internal monitoring covering all aspects of the internal audit activity.

The *Standards* require an external quality assurance review be performed every five years. The UofM Office of Internal Audit and Consulting completed a self-assessment in May 2019 with an independent external validation in June 2019. Internal self-assessment must be performed periodically by person(s) with sufficient knowledge of internal audit practices. This internal self-assessment was completed in May 2022.

The results of our assessment indicate we overall generally conform to the IIA's Definition of Internal Auditing, *Standards*, Code of Ethics, and Core Principles. The results of this self-assessment are attached.

Sincerely,

Vicki D. Deaton
Chief Audit Executive

University of Memphis
Office of Internal Audit & Consulting
Internal Audit Quality Self-Assessment Review
May 9, 2022

Opinion as to Conformity with the IIA's Standards: Generally Conforms

Self-Assessment Performed by the Following Auditors:

Linda Soder, Senior Internal Auditor
Vicki Deaton, Chief Audit Executive

Background:

The University of Memphis (UofM) was founded in 1912 as West Tennessee Normal School. The University currently employs approximately 2,400 people, including 930 full-time faculty, and has a student population of over 21,000 students. The function of Internal Audit was formed at the University about 30 to 35 years ago. The exact date is unknown. Internal Audit has had 2 Chief Audit Executives in the past 10 years, and the staff currently consists of 4 professionals.

From 2004 through 2016, UofM Internal Audit reported to the Tennessee Board of Regents (TBR) System-wide Office of Internal Audit as well as the University of Memphis President. FOCUS Act legislation was passed by the state of Tennessee in 2016, which allowed for an independent governing board at the UofM and other TBR member universities. The legislation increased autonomy and local control for the UofM. The legislation included the establishment of a local governing board for the UofM in 2017. The Audit Committee is one of three standing committees of the UofM Board of Trustees.

The Office of Internal Audit and Consulting reports directly to the Audit Committee but reports administratively to the University President for internal accounting purposes. However, to provide independence and to comply with state statutes and Tennessee Comptroller of the Treasury's requirements, the Office has direct reporting responsibility to the Board of Trustees' Audit Committee.

Requirement for Quality Assessments:

Tennessee Code Annotated Section 4-3-304 (9) requires that internal audit staffs of higher education institutions comply with the IIA's *Standards for the Professional Practice of Internal Auditing*. Those *Standards* require the UofM Office of Internal Audit and Consulting to have a quality assurance and improvement program which includes periodic internal and external quality assessments and ongoing monitoring for conformance with the *Standards*. Internal self-assessments must be performed periodically by person(s) with sufficient knowledge of internal audit practices. External assessments must be performed at least once every five years by a qualified, independent assessor or assessment team from outside the organization. The external assessment can take the form of a full external assessment or a self-assessment with independent external validation. The UofM Office of Internal Audit and Consulting completed a self-assessment in May 2019 with an independent external validation in June 2019. This internal self-assessment was completed in May 2022.

Objective:

The principal objective of this quality self-assessment was to determine the internal audit activity's conformity to The Institute of Internal Auditor's (IIA) *International Standards for the Professional Practice of Internal Auditing (Standards)*, Definition of Internal Auditing, Core Principles for the Practice of Internal Audit (Core Principles), and the Code of Ethics.

Opinion as to Conformity with the Standards:

The overall opinion is that the University of Memphis internal audit function generally conforms to the IIA's *International Standards for the Professional Practice of Internal Auditing*, Definition of Internal Auditing, Core Principles for the Professional Practice of Internal Audit, and the Code of Ethics.

University of Memphis
Office of Internal Audit & Consulting
Internal Audit Quality Self-Assessment Review
May 9, 2022

Opinion as to Conformity with the Standards

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Scope

The scope of the quality self-assessment included the University's internal audit function, as set forth in the University of Memphis (UofM) Office of Internal Audit and Consulting Charter and approved by the Board of Trustees, which defines the purpose, authority, and responsibility of the internal audit function.

Background

The University of Memphis was founded in 1912 as West Tennessee Normal School. The University currently employs approximately 2,400 people, including 930 full-time faculty, and has a student population of over 21,000 students. The function of Internal Audit was formed at the University about 30 to 35 years ago. The exact date is unknown. Internal Audit has had 2 Chief Audit Executives in the past 10 years, and the staff currently consists of 4 professionals.

From 2004 through 2016, UofM Internal Audit reported to the Tennessee Board of Regents (TBR) System-wide Office of Internal Audit as well as the University of Memphis President. FOCUS Act legislation was passed by the state of Tennessee in 2016, which allowed for an independent governing board at the UofM and other TBR member universities. The legislation increased autonomy and local control for the UofM. The legislation included the establishment of a local governing board for the UofM in 2017. There are 3 standing committees of the UofM Board of Trustees:

1. Academic, Research and Student Success Committee
2. Governance and Finance Committee
3. Audit Committee

The Office of Internal Audit and Consulting reports directly to the Audit Committee but reports administratively to the University President for internal accounting purposes. However, to provide independence and to comply with state statutes and Tennessee Comptroller of the Treasury's requirements, Internal Audit has direct reporting responsibility to the Board of Trustees' Audit Committee.

Requirement for Quality Assessments

Tennessee Code Annotated Section 4-3-304 (9) requires that internal audit staffs of higher education institutions comply with the IIA's *Standards for the Professional Practice of Internal Auditing*. Those *Standards* require the UofM Office of Internal Audit and Consulting to have a quality assurance and improvement program which includes periodic internal and external quality assessments and ongoing monitoring for conformance with the *Standards*. Internal self-assessments must be performed periodically by person(s) with sufficient knowledge of internal audit practices. External assessments must be performed at least once every five years by a qualified, independent assessor or assessment team from outside the organization. This external assessment can take the form of a full external assessment or a self-assessment with independent external validation. The UofM Office of Internal Audit and Consulting completed a self-assessment in May 2019 with an independent external validation in June 2019. This internal self-assessment was completed in May 2022.

Observations

Gaps to Conformance

No gaps to conformance were identified.

Successful Internal Audit Practices

In the past few years, the Office of Internal Audit and Consulting implemented several initiatives to add value and improve communications with stakeholders.

- Led in the development of the Complaint Triage Team – a team consisting of Internal Audit, University Council, Human Resources, and the Office of Institutional Equity - responsible for the University's process for reporting and investigating improper, wasteful, fraudulent, or illegal activities.
- Participated on the Compliance Council – a council that facilitates the sharing of compliance information and best practices across departments, develops compliance awareness and a compliance calendar, plans compliance trainings, and identifies risks while promoting a culture of ethical behavior.
- Utilized the Internal Audit Communication Matrix to provide documented procedures that can be relied on to inform expectations and standardize communication of all audit work to the Audit Committee and University Management.
- Provided standard Audit Committee agenda items to ensure consistent communications with the Audit Committee.
- Utilized the Audit Committee meeting calendar to provide guidance to ensure annual review of necessary documents.
- Utilized the Engagement Opinion Methodology & Issue Rating System to assist the Audit Committee in fulfilling the responsibilities mandated in their Charter.
- Produced the Office of Internal Audit and Consulting Year End Report to formally present audit results to the Audit Committee.
- Presented at various meetings, including regularly at the Business and Finance Division's monthly Focus on Finance and Human Resources, to promote the value of Internal Audit.
- Assisted with educating other assurance providers of their responsibilities to communicate with the Audit Committee and served as a liaison between the other assurance providers and the Audit Committee.

Opportunities for Continuous Improvement

The concept of general conformance to the IIA *Standards* recognizes that there may still be room for improvement. Auditors strive for continuous improvement and Quality Assurance Reviews provide a natural process for identifying those opportunities. The following recommendations have the potential to improve the internal audit function in relation to the *Standards*, but do not change the overall conclusion that the internal audit function generally complies with the IIA's *Standards*, Definition of Internal Auditing, Code of Ethics, and Core Principles.

- The Internal Audit Charter was last revised in 2018. The charter should be reviewed and updated to ensure that Internal Audit's purpose, scope, and services are clearly documented.
- The Internal Audit Charter lists only 3 of the 4 IIA mandatory guidance elements. Core Principles for the Profession of Internal Auditing is not listed. The charter should be updated to include all 4 IIA mandatory guidance elements.
- One of the Core Principles requires Internal Audit to be future-focused. Future-focused provides Internal Audit with a basis for considering trends and emerging issues that could impact the University. Internal Audit's future focus should be demonstrated by
 - Developing an Internal Audit vision statement
 - Developing an Internal Audit strategic plan

Summary - Conformances to the IIA Standards:

		GC	PC	DNC
Overall Evaluation:		X		
Attribute Standards:				
1000	Purpose, Authority, and Responsibility	X		
1100	Independence and Objectivity	X		
1200	Proficiency and Due Professional Care	X		
1300	Quality Assurance and Improvement Program	X		
Performance Standards:				
2000	Managing the Internal Audit Activity	X		
2100	Nature of Work	X		
2200	Engagement Planning	X		
2300	Performing the Engagement	X		
2400	Communicating Results	X		
2500	Monitoring Progress	X		
2600	Communicating the Acceptance of Risks	X		
Code of Ethics:		X		
Generally Conforms (GC) means that the relevant structures, policies and procedures of the internal audit activity, as well as the processes by which they are applied, comply with the requirements of the individual standard or elements of the Code of Ethics in all material respects, with some potential opportunities for improvement.				
Partially Conforms (PF) means the internal audit activity is making good-faith efforts to comply with the requirements of the individual standard or elements of the Code of Ethics or a section or major category but falls short of achieving some major objectives.				
Does Not Conform (DNC) means the internal audit activity is not aware of, is not making good-faith efforts to comply with or is failing to achieve many or all of the objectives of the individual standards or elements of the Code of Ethics or a section or major category.				

8. Annual Review & Approval of Internal Audit Charter

For Approval

Presented by Vicki Deaton

Report to the Audit Committee of the Board of Trustees

Report
For Approval

Date: June 1, 2022
Committee: Audit Committee
Report Title: Review and Approval of Office of Internal Audit and Consulting Charter
Presented by: Vicki D. Deaton, Chief Audit Executive

Synopsis:

The purpose, authority, and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with The Institute of Internal Auditor's (IIA) *International Standards for the Professional Practice of Internal Auditing (Standards)*, Definition of Internal Auditing, Core Principles for the Practice of Internal Audit (Core Principles), and the Code of Ethics. The internal audit charter establishes the internal audit activity's position within the organization, including the nature of the chief audit executive's functional reporting relationship with the board; authorizes access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.

To comply with requirements of State of Tennessee statutes and the University of Memphis Audit Committee Charter, the attached University of Memphis Office of Internal Audit and Consulting Charter is presented to the Audit Committee. According to the Audit Committee Charter, the Audit Committee must "review, approve, and update the Internal Audit charter annually or more frequent if necessary."

The University of Memphis Office of Internal Audit and Consulting Charter was last reviewed and approved at the June 2, 2021 Board of Trustees meeting. Several revisions are currently proposed in response to the Quality Self-Assessment Review's observations for improvement. The revisions are highlighted in the attached charter.

University of Memphis
Office of Internal Audit & Consulting Charter
June 1, 2022

Introduction

The University of Memphis is within the state university system in Tennessee. The University is governed by an independent board, the Board of Trustees (Board), established by state statutes. The University of Memphis Audit Committee is a standing committee of the Board. In accordance with state statutes, the Office of Internal Audit and Consulting (Internal Audit) reports directly to the Audit Committee. All Internal Audit activities are conducted per all state statutes relative to Internal Audit and Audit Committees. In addition, the state statutes require that Internal Audit activities are governed by adherence to The Institute of Internal Auditor's (IIA) *International Standards for the Professional Practice of Internal Auditing (Standards)*, Definition of Internal Auditing, **Core Principles for the Practice of Internal Audit (Core Principles)**, and the Code of Ethics. This mandatory guidance constitutes the fundamental requirements for the professional practice of internal auditing and the principles against which to evaluate the effectiveness of the internal audit activity's performance.

Purpose

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve the University of Memphis' operations. Internal Audit helps the University accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

University of Memphis management has responsibility for risk management, control, and governance. Therefore, University management has the primary responsibility for risk assessment, compliance oversight, and establishing and maintaining a sufficient system of internal controls. Internal Audit serves in an advisory role and assists University management in the effective discharge of their duties and responsibilities by evaluating activities, recommending improvements, and providing other information designed to promote effective controls.

Internal Audit Plan

Annually, the Chief Audit Executive (CAE) develops an internal audit plan based on the **University's management prepared risk assessment, state statute requirements, current higher education risk and audit guidance, past audit projects at the University, and input from University management.** The plan is submitted to the Audit Committee for review and approval. The CAE reviews and adjusts the plan as necessary in response to changes in Internal Audit's resource levels or changes to the University's risks, operations, programs, systems, and controls. Any significant deviation from the approved internal audit plan is communicated to and approved by the Audit Committee.

Services

Internal Audit performs assurance services by assessing evidence to provide an independent opinion or conclusion regarding a University entity, operation, function, process, system, or other subject matter. The nature and scope of assurance engagements are determined by the approved internal audit plan and staff of Internal Audit. There are generally three parties involved in assurance services: (1) the person or group directly involved with the entity, operation, function, process, system, or other subject matter — the process owner, (2) the person or group making the assessment — Internal Audit, and (3) the person or group using the assessment — the user.

Consulting services are advisory in nature and are usually performed at the specific request of an engagement client. The nature and scope of the consulting engagement are subject to agreement with the engagement client. Consulting services generally involve two parties: (1) the person or group offering the advice — Internal Audit, and (2) the person or group seeking and receiving the advice — the engagement client. When performing consulting services, the Internal Auditor should maintain objectivity and not assume management responsibility.

Investigations are conducted under the authority of the Audit Committee, who through the State of Tennessee Audit Committee Act and the University of Memphis Audit Committee Charter, has the authority to conduct or authorize investigations into any matter within its scope of responsibility. Internal auditors perform administrative investigations to provide information regarding allegations of illegal, improper, wasteful, or fraudulent activity to the Audit Committee, the Board, University management, and state and federal agencies as required. Internal auditors do not have statutory authority in Tennessee state government to perform criminal investigations.

Authority, Responsibility, and Scope

Internal Audit's performance of assurance and consulting services may include the examination and evaluation of the effectiveness of all aspects of University operations. Internal Audit has full and direct access to all University records, which includes electronic and manual records, personnel relative to their performance of duties and responsibilities, and access to all University physical properties. All documents and information obtained by Internal Audit will be treated in a confidential manner to comply with all policies, laws, and regulations regarding protection of University information.

Internal Audit does not have direct responsibility for, or authority over, any of the activities, functions, or tasks it reviews. Internal Audit's review does not relieve others of their responsibilities. The University's Internal Auditors must maintain a high degree of independence. They must not be assigned duties or be involved in activities that are the responsibility of University management. Internal Audit should only engage in activities that they would normally be expected to review or evaluate as part of the normal Internal Audit function.

Internal Audit is not independent for the purpose of issuing an opinion on the University's annual financial statements per the requirements for an external auditor under Tennessee Board of Accountancy regulations. The Tennessee Comptroller of the Treasury's Division of State Audit serves as the external auditors for the University based upon state statutes.

Organizational Structure

The Office Internal Audit and Consulting reports directly to the Audit Committee but reports administratively to the University President for internal accounting purposes. However, to provide independence and to comply with state statutes and Tennessee Comptroller of the Treasury's requirements, Internal Audit has direct reporting responsibility to the Board of Trustee's Audit Committee. Internal Audit employees have organizational independence and strive to fulfill their responsibilities with professional objectivity.

Reporting and Monitoring

All audit work is summarized in written reports distributed to University management to ensure that significant issues noted in audits and other projects are properly addressed by University management. In addition, summaries of all internal audit activities are distributed to the Audit

Committee and all significant issues are emphasized to the Audit Committee. Internal Audit will answer questions and provide additional details for any Internal Audit activity when requested by the Audit Committee. Internal Audit is responsible for following up on issues noted in audits or other projects conducted by Internal Audit to ensure issues are addressed by University management. Any issues not properly addressed by University management will be reported to the Audit Committee.

All Internal Audit reports are provided to the Tennessee Comptroller of the Treasury's Division of State Audit in their role as external auditors for the University. All investigation reports are provided to the Tennessee Comptroller of the Treasury's Division of State Audit and the Division of Investigations.

Periodic Review of Office of Internal Audit & Consulting Charter

The Chief Audit Executive will periodically assess this charter to determine whether the purpose, authority, and responsibilities defined in this charter are adequate to enable the Office of Internal Audit and Consulting to accomplish objectives under the IIA Standards and state statutes. The results of the periodic assessment of this charter will be communicated to University management and the Audit Committee.

9. FY2023 Audit Plan

For Approval

Presented by Vicki Deaton

Report to the Audit Committee of the Board of Trustees

Report
For Approval

Date: June 1, 2022
Committee: Audit Committee
Report Title: Proposed FY2023 Internal Audit Plan
Presented by: Vicki D. Deaton, Chief Audit Executive

Synopsis:

The Proposed FY2023 Internal Audit Plan for the University is presented for review and approval by the Audit Committee. Audit Committee approval of the Internal Audit Plan is required by the “State of Tennessee Audit Committee Act of 2005” (TCA 4-35-101 thru 108), the University of Memphis Audit Committee Charter, and the Office of Internal Audit & Consulting Charter.

66%	<u>Audits</u> <u>Risk Based Audits</u> <p>College of Health Sciences Financial & Compliance Audit School of Hospitality & Resort Management Financial & Compliance Audit Space Planning & Utilization Gift Processing Fixed Asset Review (Annual Follow Up) Safety Governance & Management</p> <u>Risk Based Information Technology Projects</u> <p>IT Security Review - Center for Research in Educational Policy IT Security Review - Department of Communication & Film</p> <u>Audits Required by Statutes</u> <p>Annual audit of President's expenses TCA 49-7-3001 TCA 49-14-106</p> <u>Prior Year Audit Project Completion</u> <u>Audits Requested by Management</u> <p>State Audit FY2022 Year End Work (cash and inventory work for State Auditors at year end for external audit per Management request)</p>
5%	<u>Follow-up of Past Audit Issues</u> <p>Internal Audit issues identified in past audits and as required by state statute</p>
5%	<u>Investigations/Participation on Complaint Triage Team</u>
12%	<u>Consulting and Advisory Role</u> <p>Special Audit Requests, Consulting Projects, Assistance to Legal Counsel, Attorney Client Projects (as requested by Management) Advisory Role (advisory role on various committees and miscellaneous inquiries for assistance during the year)</p>
12%	<u>Audit Committee Projects & Administration</u>
100%	

Background Information – Proposed FY2023 Audit Plan

In higher education, the audit universe is normally categorized by the following functional areas:

- Academic
- Administrative
- Other

At the University of Memphis, the 3 functional areas include the following 28 audit entities:

Academic

- Academic Affairs/Office of the Provost
- College of Arts & Sciences
- College of Business & Economics
- College of Communication & Fine Arts
- College of Education
- College of Engineering
- College of Health Sciences
- College of Nursing
- College of Professional & Liberal Studies
- School of Communication Sciences and Disorders
- School of Hospitality & Resort Management
- School of Law
- School of Public Health
- University Libraries

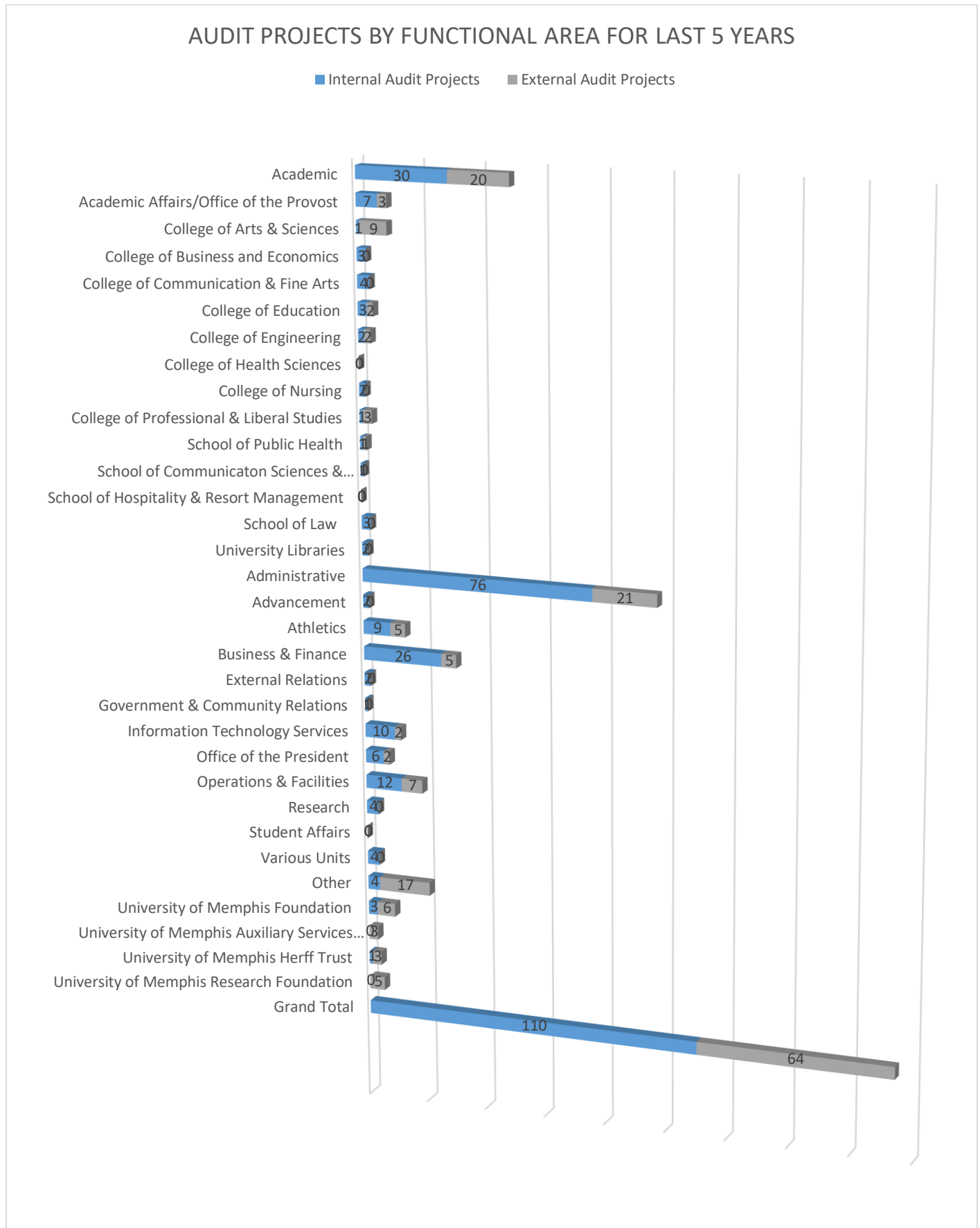
Administrative

- Advancement
- Athletics
- Business & Finance
- External Relations
- Government & Community Relations
- Information Technology Services
- Office of the President
- Operations & Facilities
- Research
- Student Affairs

Other

- University of Memphis Foundation
- University of Memphis Research Foundation (including the wholly-owned subsidiary, UMRF Ventures Inc.)
- University of Memphis Auxiliary Services Foundation
- University of Memphis Herff Trust

The chart below shows audit projects performed by Internal Audit or an outside entity in the 28 UofM audit entities.



Besides the University of Memphis Office of Internal Audit and Consulting, the following entities perform audits, investigations, reviews, agreed-upon procedures, or assessments at the UofM.

TN Comptroller of the Treasury Division of State Audit
TN Comptroller of the Treasury Division of Investigations
TN Comptroller of the Treasury Information Systems Audits
TN Comptroller of the Treasury Performance Audits
Various State of TN Departments and Agencies
Various State of TN Departments for Sponsored Program Review
Various Federal Agencies for Sponsored Program Review
Internal Revenue Service
External Legal Experts
External Certified Public Accounting Firms
External Environmental Auditors
External Subject Matter Experts

In Tennessee governmental entities, internal audit plans are comprised of risk-based audits, required audits, special requests, and investigations. The risk-based portion, (about 70%) of the FY2023 Proposed Audit Plan, is in part derived from the University's risk assessment process that Management prepares to comply with the Tennessee Financial Integrity Act, current higher education risk and audit guidance, and consideration of the University's goals, vision, and mission. The plan also includes required projects and activities, projects carried over or deferred from the prior year, and time for investigations, consulting, and follow up of past audit issues. University management were given the opportunity to provide additional input into the plan, and details of the Proposed FY2023 Audit Plan were shared with executive management.

Below is the budgeted resource allocation by type of activity for the last 3 years.

Budgeted Allocation of Internal Audit Resources	FY2021	FY2022	FY2023
Audits	55%	65%	66%
Follow Up of Audit Issues	5%	5%	5%
Investigations	25%	10%	5%
Consulting/Advisory Role	10%	10%	12%
Audit Committee Projects & Administration	5%	10%	12%
Total	100%	100%	100%

The plan may be impacted and revised during the year due to changing risk factors and special requests from management. Any significant changes to the plan will be reviewed and approved by the Audit Committee.

10. Annual Report of Grievance Activities

- Staff Only

Presentation

Presented by Vicki Deaton

Report to the Audit Committee of the Board of Trustees

Presentation
For Information

Date: June 1, 2022

Committee: Audit Committee

Report Title: Annual Report of Grievance Activities – Support Staff Only

Presented by: Vicki D. Deaton, Chief Audit Executive

Report Synopsis:

According to Policy HR5052, Grievance Process and Conflict Resolution, the University is committed to providing a process for non-exempt support staff to seek prompt resolution to grievances without fear, restraint, interference, discrimination or reprisal.

As required by TCA 49-8-117 the University of Memphis *“shall provide an annual report to the education committee of the senate and the education committee of the house of representatives summarizing grievance activities of the previous year.”*

The grievance activity reports provided for review cover FY2021 as well as the period from July 1, 2021, to May 31, 2022, and includes the grievances status and resolutions.

The University of Memphis
Annual Report Summarizing Grievance Activities-Support Staff Only
July 1, 2020 – June 30, 2021

Grievances filed

Termination for cause.....	0
Suspension without pay.....	0
Demotion.....	0
Work assignments.....	0
Work conditions.....	0
Uncategorized.....	0
Total.....	0

Grievances resolved before reaching the hearing step

Appeal of Termination.....	0
Workplace Conditions.....	0
Total.....	0

Grievances for which a hearing was conducted

Appeal of Terminations	1
Suspension.....	0
Total.....	1

Grievances with pending status

Terminations.....	0
Sexual Harassment.....	0
Work Conditions.....	0
Total.....	0

Grievances Closed

Appeal of Termination.....	1
Suspension.....	0
Work Conditions	0
Dismissed	0
Total.....	1

The University of Memphis
Annual Report Summarizing Grievance Activities-Support Staff Only
July 1, 2021 – May 31, 2022

Grievances filed

Termination for cause.....	1
Suspension without pay.....	0
Demotion.....	0
Work assignments.....	0
Work conditions.....	0
Uncategorized.....	0
Total.....	1

Grievances resolved before reaching the hearing step

Appeal of Termination.....	0
Workplace Conditions.....	0
Total.....	0

Grievances for which a hearing was conducted

Appeal of Terminations	0
Suspension.....	0
Total.....	0

Grievances with pending status

Terminations.....	1
Sexual Harassment.....	0
Work Conditions.....	0
Total.....	1

Grievances Closed

Appeal of Termination.....	0
Suspension.....	0
Work Conditions	0
Dismissed	0
Total.....	0

11. Business Continuity Planning Update

Presentation

Presented by Raajkumar Kurapati

The University of Memphis Board of Trustees

Report For Information

Date: June 1, 2022

Committee: Audit Committee

Presentation: Business Continuity Planning (BCP)

Presented by: Raaj Kurapati, Executive Vice President and Chief Financial Officer

Background:

Update of Business of Business Continuity Plan Current status of Business Continuity Plans demonstrates 143 completed plans in Quali Software. Annual update of department personnel, contacts, and other resources as well as a notification exercise conducted in May 2022. Additionally, TEMA, in conjunction with the Shelby County Office of Emergency Management and Homeland Security table-top exercise to be conducted in May/June of 2022 to measure effectiveness of UofM to a disaster exercise.

Business Continuity Plan (BCP)

Audit Committee

Raaj Kurapati
Executive Vice President and Chief Financial
Officer

June 1, 2022

Maxine A. Smith University Center



JUNE 2022

Current Status - 144 Plans Total uploaded into Kauli Ready

- 144 Department BCPs across Academic, Operations and Support functions for the University
 - 3 Template Plans also available for creating new plans
-
- BCPs are considered “living” documents as the Kuali software is cloud based and available to personnel 24/7/365
 - Annual Update – May 20 Reminder to stakeholders of need to maintain current information for departments, especially for emergency contacts



Business Continuity Planning Actions



THE UNIVERSITY OF
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Board of
Trustees

- UofM BCP Notification Exercise
Notification sent May 6, 2022
- Collaborated with University Police Services and DOS to issue a simulated Emergency Notice to all registered Quali Plan Managers to:
 1. Verify Response Availability
 2. Measure Response Times of Personnel to the Message
 3. Determine Arrival to Campus for an Emergency or Disaster Event
- State of TN/TEMA led Table-Top Disaster Exercise for Higher Education to be conducted by Shelby County Emergency Management & Office of Homeland Security in May. Multiple State & Local Police, Fire, EMA & EMS agencies participated. UofM to also participate to test our readiness

Plan to stay in business

- Be informed
- Continuity planning

Talk to your people

- Involve co-workers
- Crisis communication
- Employee health

Protect your investment

- Insurance coverage
- Facilities, buildings, and plants
- Cybersecurity

-

Business Continuity Plans – Future

- Concentrated BCP Plan updates for Academic Affairs
Scheduled - August 2022 as Faculty Return



Continued Efforts to Target:

- **Prevention**
- Crisis Management
- Emergency Management
- Facility & Site Security
 - Access Controls
 - Cameras & Other Technologies

ICS/IMT Disaster Integration

Business Recovery Process

Business Restoration of Services

BCP Operations & Support

3rd Party Entities

12. Compliant Triage Team and Office of Institutional Equity Update

Presentation

Presented by Ceecy Reed

The University of Memphis Board of Trustees

Presentation
For Information

Date: June 1, 2022

Committee: Audit Committee

Presentation: Complaint Triage Team & Office of Institutional Equity (OIE) Update

Presented by: Ceecy J. Reed, Interim Director, Office for Institutional Equity and Title IX Coordinator

Background:

This will be an update on the Complaint Triage Team activity and OIE data.

Complaint Triage Team & Office for Institutional Equity (OIE) Updates

Audit Committee

Ceecy J. Reed
Interim Director, Office for Institutional Equity/
Title IX Coordinator

June 1, 2022

Maxine A. Smith University Center



JUNE 2022

Complaint Triage Team

OIE Complaints

Employee Training

Review/Revision – policies/procedures, department literature, etc.

Complaint Triage Team



THE UNIVERSITY OF
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Board of
Trustees



of Complaints

of Complaints Received FY 2021-2022

- 15

of Complaints Active/Open

- 6

of Complaints Closed/Referred

- 9



of Complaints (i.e., Titles VI, VII, IX)



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Board of
Trustees

- # of Complaints Received FY 2021-2022
159 (T9/129, T6/12, Other/18)
FY 2020-21 – 112 (T9/60, T6/50, Other/2)
- # of Complaints Active/Open
FY 2020-21 – 41
FY 2021-22 – 41 (T9/32, T6/4, T7/2, Other/7) and counting
- # of Complaints Closed/Referred
FY 2021-22 – 118 and counting

EMPLOYEE TRAINING



Effective Search Committee Training

- FY 2021-2022

Faculty/Staff Title VI and Title IX Training – (82% completion)

- Annual
- February 14 through May 15
- Weekly notifications (closes 6/30)

Policies/Procedures

- GE2024
- GE2030
- GE2032
- GE2039
- SOP

OIE Literature

- Informational pamphlets/brochures
- Resources

Questions ?

Thank You!



13. Information Technology Program Update

Presentation

Presented by Robert Jackson

The University of Memphis Board of Trustees

Presentation
For Information

Date: June 1, 2022

Committee: Audit Committee

Presentation: Information Security Program Update

Presented by: Dr. Robert Jackson, Chief Information Officer

Background:

This presentation is an overview of ITS security measures, statistics, and projects, shared with Audit Committee regularly.

Information Security Program Update

Audit Committee

Robert Jackson, EdD
Chief Information Officer

June 1, 2022

Maxine A. Smith University Center



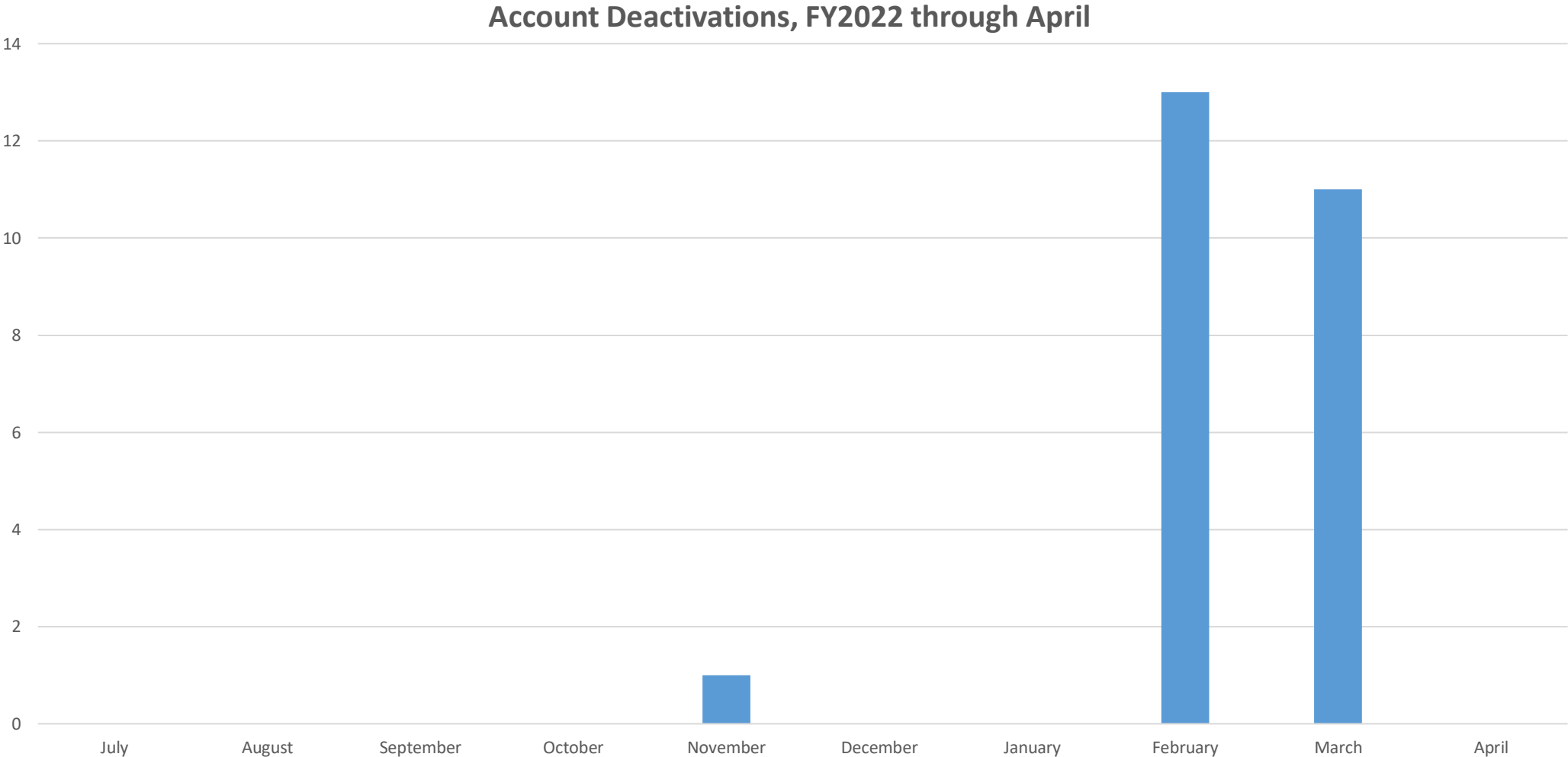
JUNE 2022

- IT Security Awareness Training
 - Reviewing materials for October 2022 training
 - Two targeted internal phishing campaigns completed
 - Final 2022 phishing campaign scheduled for September, to include all faculty and staff

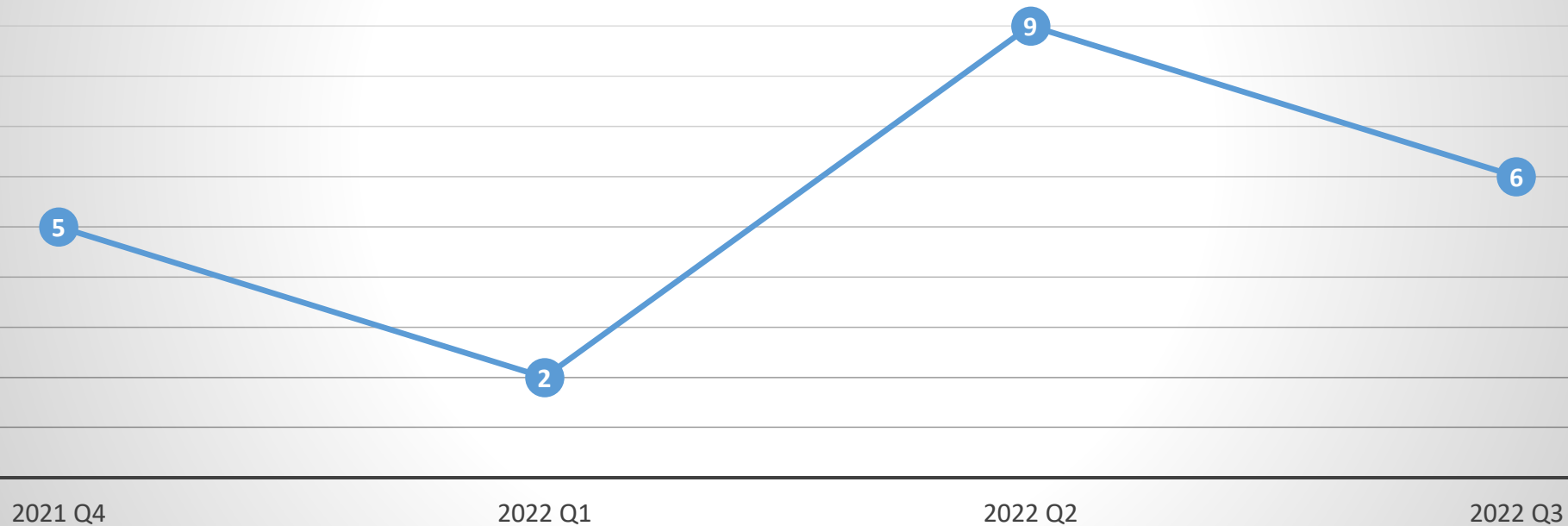
- External Penetration Testing
 - Completed for PCI compliance requirements in April 2022
 - Finalizing general external assessment/penetration testing during Summer 2022

- Collecting network access control data during summer to assist with formulating remediation strategies in Fall 2022

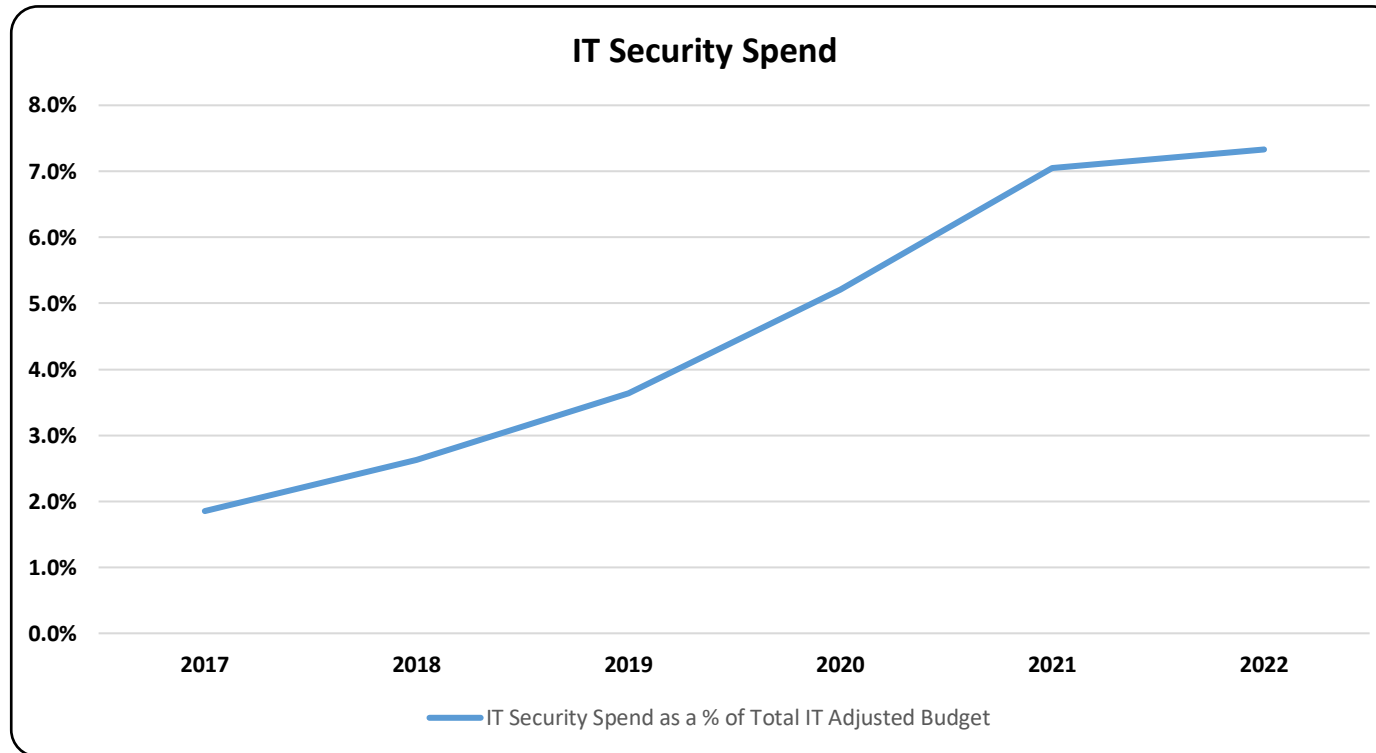
Suspicious Email Account Deactivations



IT Security Engagements Last 4 Quarters



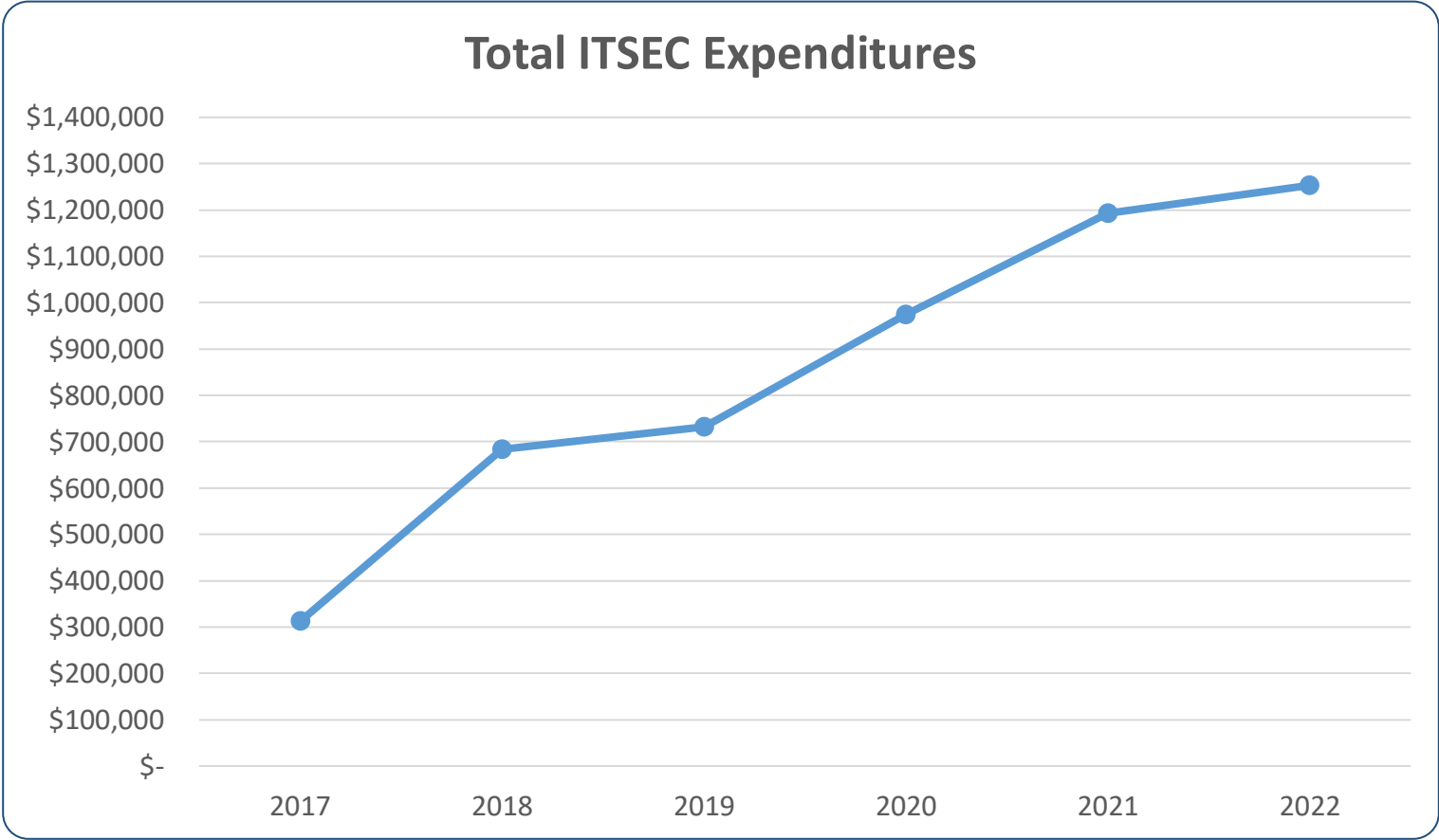
IT Security Spending



Higher education IT spending ranges from 3% - 12%. *

* [higherdiver.com/news/cyberattacks-keep-targeting-colleges-how-can-they-protect-themselves/610551/](https://highereddiver.com/news/cyberattacks-keep-targeting-colleges-how-can-they-protect-themselves/610551/)

IT Security Spending



Targeted Info Sec Program Investments:

Risk Management: \$175,681

Compliance: \$155,000

Total: \$330,681

- Enable NAC (network access control) compliance in academic areas (September 2022)
- Implement privileged access management software for desktops in academic areas (Fall 2022)
- Upon SRI budget approval for FY2023:
 - GDPR (general data protection regulation) gap analysis
 - PCI DSS (payment card industry data security standard) gap analysis
 - Expand email disaster recovery capabilities

Thank you

14. Additional Business

Presented by Carol Roberts

15. Adjournment

Presented by Carol Roberts