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| Schedule | Wednesday, March 4, 2020 11:00 AM — 12:00 PM CST |
| Venue | University Center Fountain View Suite - UC350 |
| Organizer | Jean Rakow |

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1. Call to Order

Presented by Susan Springfield

2. Roll Call and Declaration of Quorum

Presented by Susan Springfield

3. Audit Committee Leadership

Presented by Carol Roberts

4. Approval of Minutes - December 4, 2019

For Approval

Presented by Susan Springfield

THE UNIVERSITY OF MEMPHIS
BOARD OF TRUSTEES

MINUTES OF THE AUDIT COMMITTEE
December 4, 2019
Jackson, TN

The Audit Committee of the University of Memphis Board of Trustees met at 12:00 p.m. CST, on Wednesday, December 4, 2019, on the University of Memphis' Lambuth campus in Jackson, TN.

I. CALL TO ORDER

Trustee Carol Roberts called the meeting to order.

II. ROLL CALL AND DECLARATION OF QUORUM

Melanie Murry, Legal Counsel and Board Secretary, called the roll and confirmed the following Audit Committee members were present, either in person:

Trustee Edwards*
Trustee Graf*
Trustee Johnson*
Trustee Roberts*
Trustee Springfield*

Trustee North and Trustee Kemme were also present.

*Voting members

Secretary Murry announced the presence of a quorum.

III. APPROVAL OF MINUTES FROM SEPTEMBER 4, 2019

Trustee Roberts called for a motion to approve the September 4, 2019 Audit Committee meeting minutes that were included in the meeting materials. The motion was made by Trustee Springfield and properly seconded. A voice vote was taken and was unanimously approved.

IV. SUMMARY OF AUDIT REPORTS

Trustee Roberts recognized Chief Audit Executive, Ms. Vicki Deaton, to discuss various items. Ms. Deaton reported on the audit reports issued since the previous meeting. The three (3) reports issued were the Clery Act Compliance Audit report (effective with the opportunity for improvement), Animal Care Program and Financial Audit reports (effective with the opportunity for improvement),

and the Audit of the President's Expenses for the fiscal year from July 1, 2019-June 30, 2019 (effective).

V. SUMMARY OF FRAUD, WASTE, ABUSE REPORTS RECEIVED

Ms. Deaton reported on the audit reports of fraud, waste, and abuse to the Office of Internal Audit and Consulting. Four (4) new reports have been submitted since the last board meeting (fraud, waste or abuse and conflict of interest) Two (2) complaints were carried over from the last meeting. Three (3) complaints were resolved with reports issued by Internal Audit and one was referred to other offices on campus and was reported resolved. Two (2) investigations are ongoing.

VI. EXTERNAL AUDIT REPORT: University of Memphis Foundation

Trustee Roberts and Ms. Vicki Deaton clarified the presentation of the financial statements and the Office of Internal Audit and Consulting's role in the process. The office collects and disseminates the reports of every audit that is conducted by external entities to the appropriate departments on campus.

The University of Memphis Foundation financial statements of June 30, 2019 were presented. The University is the sole beneficiary of the not-for-profit tax-exempt Research Foundation chartered in 1964. The Foundation employed an external CPA firm to conduct the audit. The opinion was unqualified and did not identify deficiencies of internal control that would be considered a material weakness. There were no instances of non-compliance with certain regulations or contractual agreements that were tested.

VII. EXTERNAL AUDIT REPORT: University of Memphis Research Foundation

The University of Memphis Research Foundation audit report for June 30, 2019 was conducted by an external CPA firm who conducted the audit. The UofM Research Foundation has a wholly owned subsidiary, The University of Memphis Research Foundation Ventures, that is a component unit reported in these financials. The opinion was unqualified, and the auditors did not find any deficiencies in internal controls or noncompliance of laws, regulations, contracts or agreements with the items that were tested.

VIII. EXTERNAL AUDIT REPORT: University of Memphis Auxiliary Services Foundation

The Auxiliary Services Foundation's financial statements from June 30, 2019 information was presented. The Auxiliary Services Foundation is a component unit of the University of Memphis and was established in April of 2019 to act as an agent to operate auxiliary enterprises which directly benefit the University of Memphis. The opinion was unqualified, and the auditors did not identify deficiencies in internal control or noncompliance of laws, regulation, contracts or agreements with the items that were tested.

IX. EXTERNAL AUDIT REPORT: The Herff Trust

The Herff Trust financial statements from June 30, 2019 were presented. The Foundation contracted with an external CPA firm to conduct the audit. The Trust, a blended component unit of the University, was established in 1966 for the benefit of the School of Law and the School of Engineering at the University of Memphis as well as other uses as the Committee (Trustees) may deem appropriate. The opinion was unqualified, and the auditors did not identify deficiencies in internal control or noncompliance of laws, regulation, contracts or agreements with the items that were tested.

X. INFORMATION SECURITY UPDATE

Dr. Jackson presented the Information Security update.

- New Hires are now required to complete Security Awareness Training with 30 days of their onboarding. Training for existing employees is open until February 2020. Desktop security initiative for central administration units is complete.
- Information Technology Services is reviewing technology for blocking malicious websites (URL filtering and URL re-writing) to provide additional protections.
- IT Security engagement report was presented. The results were similar to the prior period.
- Splunk is being used to consolidate logs to identify suspicious behavior. Seventy attempted phishing attacks were believed to have been identified in the first quarter. The numbers are expected to increase.
- Meetings with the SGA President and Vice President have occurred to extend The IT Security protections to students.
- Next steps for IT Security were discussed. These include technology for blocking malicious web sites, disabling outdated email protocols, FY2020 Network Core/Firewall upgrade, review of endpoint protection tools, enhance process for proactively identifying and reporting potential security issues and expansion of desktop security initiative to academic departments.

Subsequent discussion occurred around uid's, vanity emails and the required frequency of changing passwords.

XI. ITS NETWORK UPDGRADE

Dr. Robert Jackson reported that it is time to replace the aging components of the UofM core network that interfaces with the internet.

Dr. Jackson explained the wi-fi network upgrade that is in progress. The current network design that the University relies on has Jones Hall as the main source for the internet connection and the single point of failure. The new network infrastructure is a mesh network among various buildings that will have redundant points of contact between buildings. And Jones Hall will no longer be the single point of failure. There will also be a secondary fail over egress point located on South (Park Avenue) campus.

XII. ADDITIONAL BUSINESS

There was no additional Committee business.

XIII. ADJOURNMENT

The meeting was adjourned at to Executive Session.

5. FY20 Risk Assessment

For Approval

Presented by Raajkumar Kurapati

The University of Memphis Board of Trustees

Recommendation

For Approval

Date: March 4, 2020

Committee: Audit Committee

Recommendation: FY 2020 Risk Assessment

Presented by: Raaj Kurapati, Chief Financial Officer

Background:

This presentation provides details on the completed FY 2020 risk assessment.

In accordance with the Tennessee Financial Integrity Act, University management is responsible for establishing adequate internal controls to achieve the objectives of the organization and execute an annual risk assessment (TCA-9-8-102). Management's risk assessment process was established in 2006 and is currently facilitated by the Division of Business and Finance. The risk assessment process identifies business risks and measures, their potential impact to the university and their probability of occurrence. The assessment produces a risk heat map, called Risk Footprint that ranks the risks by impact and probability. Management then inventories mitigating actions that are designed to reduce the impact or probability of the risk. If management determines a risk is not being appropriately managed, a corrective action plan may be developed. TCA 9-18-104 requires an annual report to the Commissioner of Finance and Administration and the Comptroller of the Treasury from the President on management's risk assessment.

Committee Recommendation:

The Audit Committee recommends approval of the FY 2020 risk assessment.

Risk Assessment Report

Audit Committee

Raaj Kurapati
Chief Financial Officer

March 4, 2020
University Center



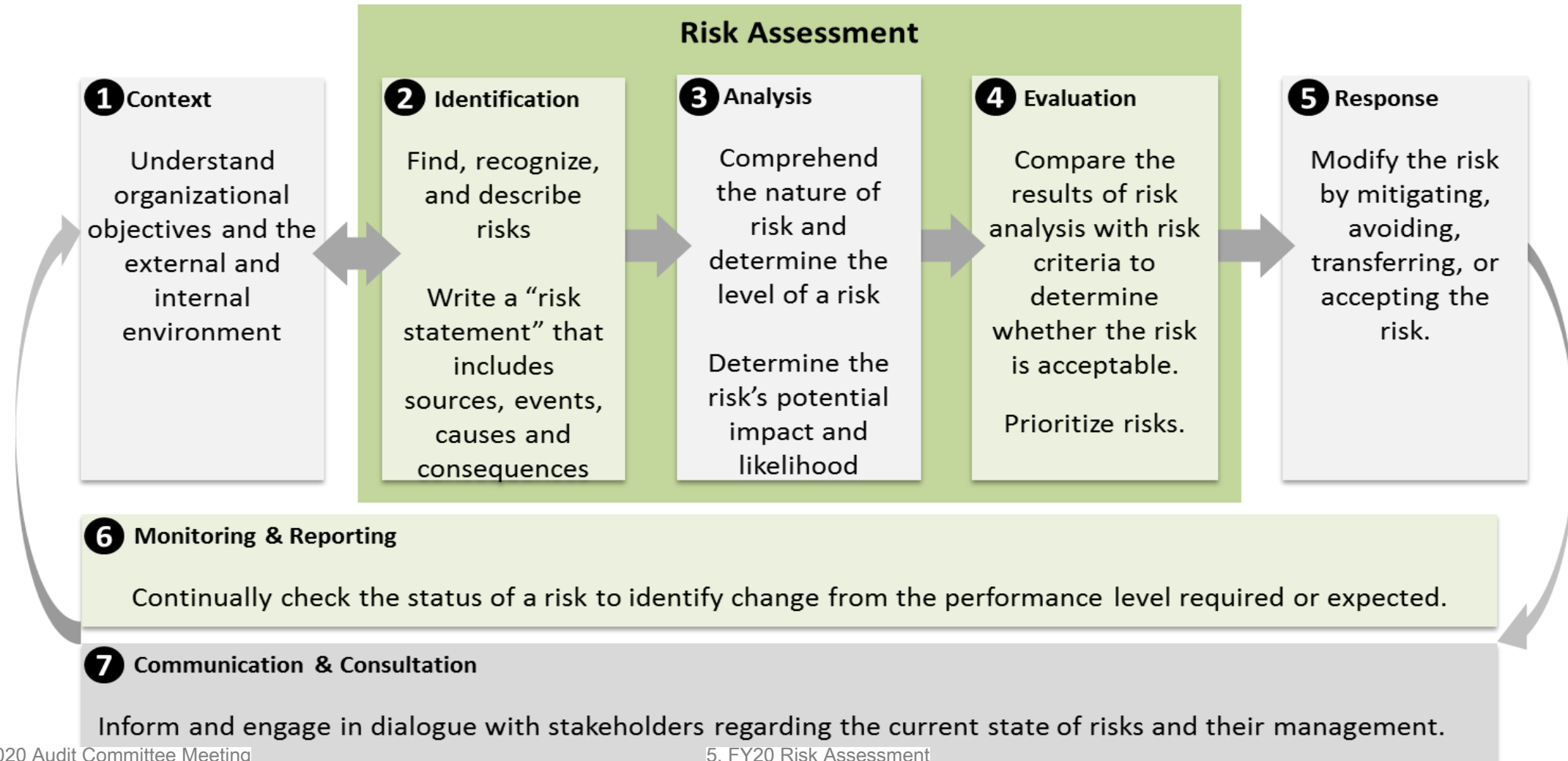
- Risk Assessment is a framework for organizing ideas and concerns about potential risks within an organization, department, or process.
- Often combined with a “control assessment” to show how policies and practices help mitigate the risks (or fail to do so).
- Enterprise Risk Management – A structured, consistent and continuous process across the whole organization for identifying, assessing, deciding on responses to and reporting on opportunities and threats (risks) that affect the achievement of its objectives.

Risk Assessment – an integral part of ERM



THE UNIVERSITY OF
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Board of
Trustees



Why is ERM necessary ?

- Fundamental to organizational control and a critical part of providing sound corporate governance
- Essential element of strategic management
- Important component in achieving objectives
- Increases efficiency and effectiveness of operations
- **Ensure compliance with Tennessee Financial Integrity Act (TCA 9-18-102)**

- Crawford Model, a color-coded method for identifying and rating risks based on *Impact* and *Probability*
 - Red = High
 - Yellow = Medium
 - Green = Low
- Changes in FY 2020 –
 - i. Further expanded faculty involvement to include representatives from Faculty Senate
 - ii. Response from Provost to Faculty on controls to mitigate risks identified by faculty.

- 'Bottom-up' approach by facilitated discussion with process owners and department leaders.
- Process level risks identified and rated – Risk Footprint
- Process level controls identified – Control Footprint
- Senior management review process level Risk Footprints
- Compile Enterprise Risk Footprint – summary of significant risks affecting the University
- Inventory of Mitigating Controls for Enterprise Risks

These were the material risks identified as part of the 2019 ERM exercise:

- Lack of adequate research spaces
- Serious violation from decentralized compliance
- Data Breach/ Sensitive Data Exposure
- Failure to effectively utilize IT security awareness principles
- Significant enrollment decline and lack of growth in retention
- Reduction in available student financial aid negatively affecting student affordability
- Title IX non-compliance

Risks identified with compensation actions/controls:

Risk: Lack of adequate research spaces

- Pursue funding for a STEM facility through state appropriations
- Process to request space reassignment through the Office of Space planning and utilization

Risk: Serious violation from decentralized compliance

- Creation of Compliance Council to facilitate compliance coordination among various departments
- Hiring of a Compliance Coordinator to facilitate institutional efforts
- Designation and establishment of compliance communication lines, functions and protocols

Risk: Data Breach/Sensitive Data Exposure and failure to effectively utilize IT Security Awareness Principles

- Information Security Program (i.e. technologies and policies on Acceptable Use of IT Resources, Data Access and Data Security).
- Continued implementation and updating of technologies to combat data breach such as learning and analytics, vulnerability scans and patches, operating system patches etc.

Questions/Comments

**University of Memphis
Enterprise
Risk Footprint
December 2019**

| RISKS | | | | | | | | | | | | | | | | | | | | | |
|-------|---|----|--|----|--|----|---|----|--|----|--|----|---|----|---|----|---|----|--|----|------------------------------|
| # | ACTIVITIES | | 1 | | 2 | | 3 | | 4 | | 5 | | 6 | | 7 | | 8 | | 9 | | 10 |
| 1 | Significant Institutional Risks | HH | Lack of adequate research spaces - STEM Building | HH | Serious violation from decentralized compliance function without comprehensive knowledge base, appropriate resources and oversight | HM | Data Breach / Sensitive Data Exposure | HM | Failure to utilize effective IT Security Awareness Principles | HM | Decline in enrollment and retention growth | HM | Reduction in available student financial aid negatively impacting affordability for all student markets | HM | Title IX non-compliance | | | | | | |
| 2 | Research and Innovation | HL | Failure to comply with Federal-wide assurance (human subjects) | MH | Breach of Contract , Obligation or protocol | MM | Failure to provide appropriate resources to researchers causing a failure to recruit and retain researchers | MM | Inadequate administrative policies and procedures | MM | Lack of incentive/expectation to pursue research | MM | Failure of faculty/employees to follow intellectual property policy | | | | | | | | |
| 3 | Information Technology | HL | Failure of Business Continuity / Disaster Recovery During Disaster | MH | Inadequate staffing / employee retention | ML | Failure of core enterprise systems and applications | ML | Network / Telecomm Failure | ML | Unauthorized Physical Access to / Inappropriate Use of Data or Systems | ML | Failure to provide and support adequate instructional technologies | LH | Unaddressed System / Software Vulnerabilities | | | | | | |
| 4 | Leadership and Compliance | HL | Insufficient funding and declining revenue to support basic mission | MH | Lack of funds for PR and adequate promotion of university | MM | Audit resources are not adequate to provide reasonable coverage of the redefined audit universe. | MM | Failure to effectively manage crisis situation | MM | Lack of influence within THEC/State | MM | Significant decrease in fundraising revenue | ML | Failure to have knowledge of or properly interpret a new or existing law, rule or regulation that has a substantial impact | | | | | | |
| 5 | Instruction and Academic Support | HL | Attracting and retaining the best faculty for research and instruction, including competitive salaries for regular and adjunct faculty members | HL | Failure to maintain adequate records for the purposes of accreditation (SACs and all of the sub disciplines) and internal reviews | HL | Inadequate programs that help students succeed (e.g., advising, tutoring services, internship programs, retention services, psychological counseling services, intrusive advising,etc.) | HL | Failure to adequately (financial & leadership) support Quality Enhancement Plan | MM | Ineffective utilization of Library facilities and space | MM | Incentives and policies that encourage continued productivity of faculty and staff | MM | Lack of appropriate support services and facilities for faculty instruction and research, including adjusting workload based on faculty productivity (e.g. securing external funding, completing research projects, and teaching large classes) | MM | Lack of resources to offer competitive salaries to attract and retain the best support staff (academic, research support, etc.) and for GA stipends to support research faculty; in addition to increasing research capacity to attain Carnegie 1 status. | | | | |
| | Instruction and Academic Support (cont'd) | MM | Failure to ensure quality of adjunct instruction and provide resources to support adjunct instructors. | MM | Failure to recruit high ability students for Honors Program | MM | Failure to make data available for decision making | MM | Failure to attract sufficient international students to globalize the university | ML | Insufficient number of faculty; tenure and non-tenure track. | | | | | | | | | | |
| 6 | Enrollment Services | HL | Strategies to adequately resource and support growth in innovative programs including UofM Global | HL | Failure to comply with state and federal requirements (i.e. FERPA, etc) | HL | Failure to maintain compliance with federal and state financial aid programs | HL | Student Data breach or mismanagement of confidential data | MH | Administrative decisions made that are in conflict with academic policy and academic catalog | MH | Decentralization of processes with no central oversight (students treated differently depending on major) | MM | Perceptions of Campus Safety | | | | | | |
| 7 | Student Academic Success | MM | Inadequate number of highly trained professionals to facilitate retention and graduation for students of varying abilities, socio ecomic backgrounds, first generation, race ethnicity, genders, age etc | MM | Lack of tools, and technologies to assess and provide appropriate intervention for high risk students | MM | Loss of federal, state and philanthropic foundation funding to support student academic success programs | MM | Failure of employees and students to follow NCAA and University rules | | | | | | | | | | | | |
| 8 | Finance and Personnel Management | MM | Increased AR and uncollectible from third party arrangements | MM | Insufficient technical knowledge base to meet data analytics demands | MM | Unauthorized contractual agreements | MM | Inability to recruit and retain high performing employees | ML | Compromised data security/integrity due to phishing, unauthorized access, employee fraud etc | ML | Misuse or diversion of cash and investment funds | ML | Failure to draw down financial aid from G5 and disburse on a timely basis | ML | Failure to process payroll and deposit payroll taxes timely | | | | |
| 9 | Facilities | HL | Natural disaster destroys major portion of campus | MM | Inadequate funding for deferred maintenance | MM | Failure to perform preventative maintenance | MM | Timely prediction of needed repairs | MM | Inadequate/outdated space for programmatic needs | MM | Loss of institutional knowledge | ML | Building / Infrastructure systems failure that leaves building unusable | ML | Loss or interruption of utilities service | | | | |
| | Facilities (cont'd) | ML | Frequent exposure to hazardous / unsafe conditions | ML | Environment not conducive to mission of the University | ML | Lack of timely emergency response | ML | Budget overruns and construction delays | | | | | | | | | | | | |
| 10 | Revenue Generating Activities | HL | Lack of sufficient affordable and desirable housing options for students | HL | Catastrophic Residential property loss | HL | Failure to comply with federal, state, local codes and regulations related to student housing | HL | Failure to maintain life safety detector / equipment, properties and major system failure relating to auxiliary activities | MM | Failure to achieve revenue projections and meet budget | MM | Inadequate staffing | ML | Failure to monitor and enforce contracts or meet contract obligations | LH | Unauthorized access to properties and criminal acts | ML | Loss / Interruption of major supply source | LH | Commodity price fluctuations |
| 11 | Athletics | HL | Failure to maintain NCAA athletic certification | HL | Failure to retain / develop corporate / community partnerships | HL | Lack of membership in major conference | HL | Stagnant or decreased donor contributions | MH | Inadequate staffing | MH | Failure to comply with NCAA ticket guidelines | HL | Failure to cultivate donors | HL | Terrorist threat during events | | | | |
| | Athletics (cont'd) | HL | Outbreak of disease / illness | HL | Failure of computer system, loss of data | MM | Revenue shortfall for Athletics | MM | Athletics failure to operate within budget | MM | Findings from Annual Internal Audit of Rules Compliance | MM | Failure to oversee activities of booster clubs | | | | | | | | |

Legend:

HH, HM = Extensive Risk Management & Considerable Risk Management (all Levels of Control* plus a traditional audit)
 HL, MH = Manage and Monitor (all Levels of Control but no traditional audit)
 MM, ML, LH = Monitor (only Execution Controls & Supervisory Controls)
 LM, LL = Accept (accept the risk and have no controls)

6. 2019 Annual Financial Report and Internal Control Audit Status

Presentation

Presented by Raajkumar Kurapati

The University of Memphis Board of Trustees

Information
For Discussion

Date: March 4, 2020

Committee: Audit Committee

Topic: FY 2019 Annual Financial Report and Internal Control Audit Status

Presented by: Raaj Kurapati, Chief Financial Officer

The Office of the Comptroller of the Treasury, Division of State Audit, completed its audit of the University of Memphis (the University) on December 16th, 2019. The audit is projected to be released by March 2020. The auditors expect to issue an unmodified opinion on the presentation of financial statements. The audited Financial Report on the University of Memphis for the year ending June 30, 2019 will contain the Independent Auditor's Report, Management's Discussion and Analysis, Basic Financial Statements, Required Supplementary Information and other Supplementary Information. The report will be submitted to the Board of Trustees when released.

The audit was conducted in accordance with auditing standards generally accepted in the United States of America (GAAS) and standards for financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. The objectives and scope of the audit were as described in the Engagement letter from the Comptroller of the Treasury, Division of State Audit, and dated July 8th, 2019.

2019 Annual Financial Report & Internal Control Audit

Audit Committee

Raaj Kurapati
Chief Financial Officer

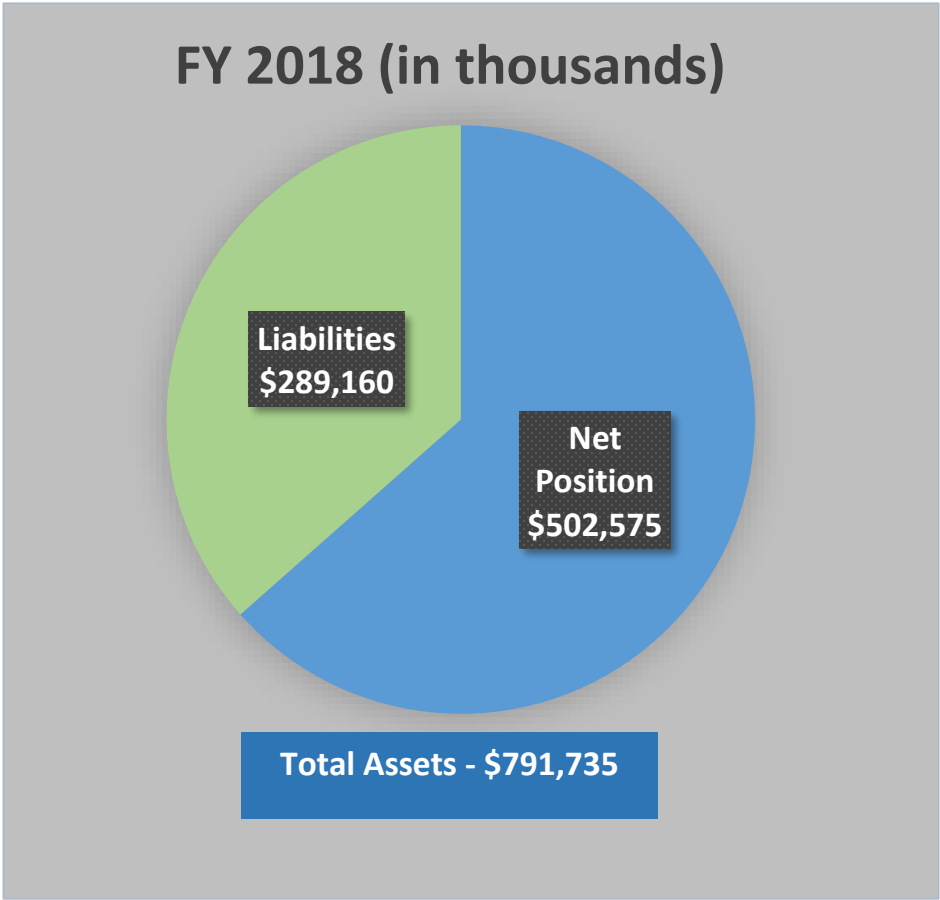
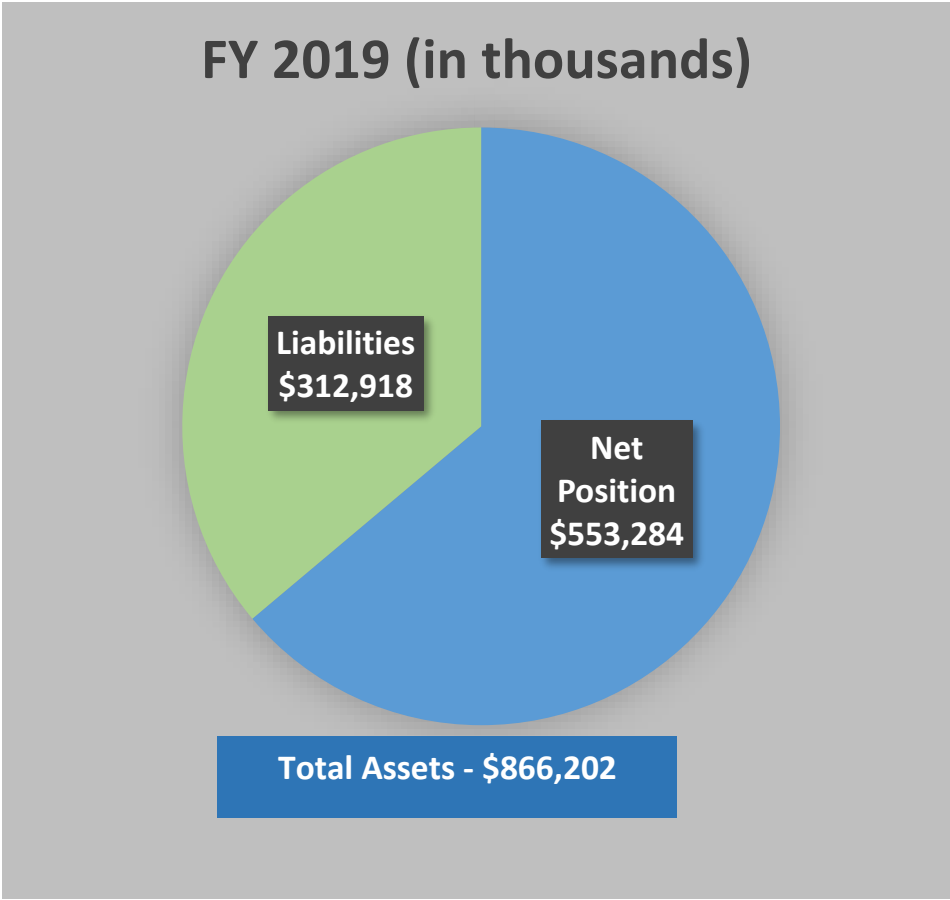
March 4, 2020
University Center



- Financial Statements are prepared in accordance with Generally Accepted Accounting Principles applicable to governmental colleges and universities as prescribed by GASB (Governmental Accounting Standards Board)
- Annual audits are conducted by the Tennessee State Comptroller's Office.
 - University is included in the State of Tennessee Consolidated Financials
 - Includes A-133 audit (audits of non-federal entities receiving federal funds). Report will be included in State's single audit reporting package
- Audit for FYE June 30, 2019 has been completed with an **Unmodified Audit Opinion**.
- Final Audit report and financial statements not yet released by State Audit

Comparative Financial Statement Summaries

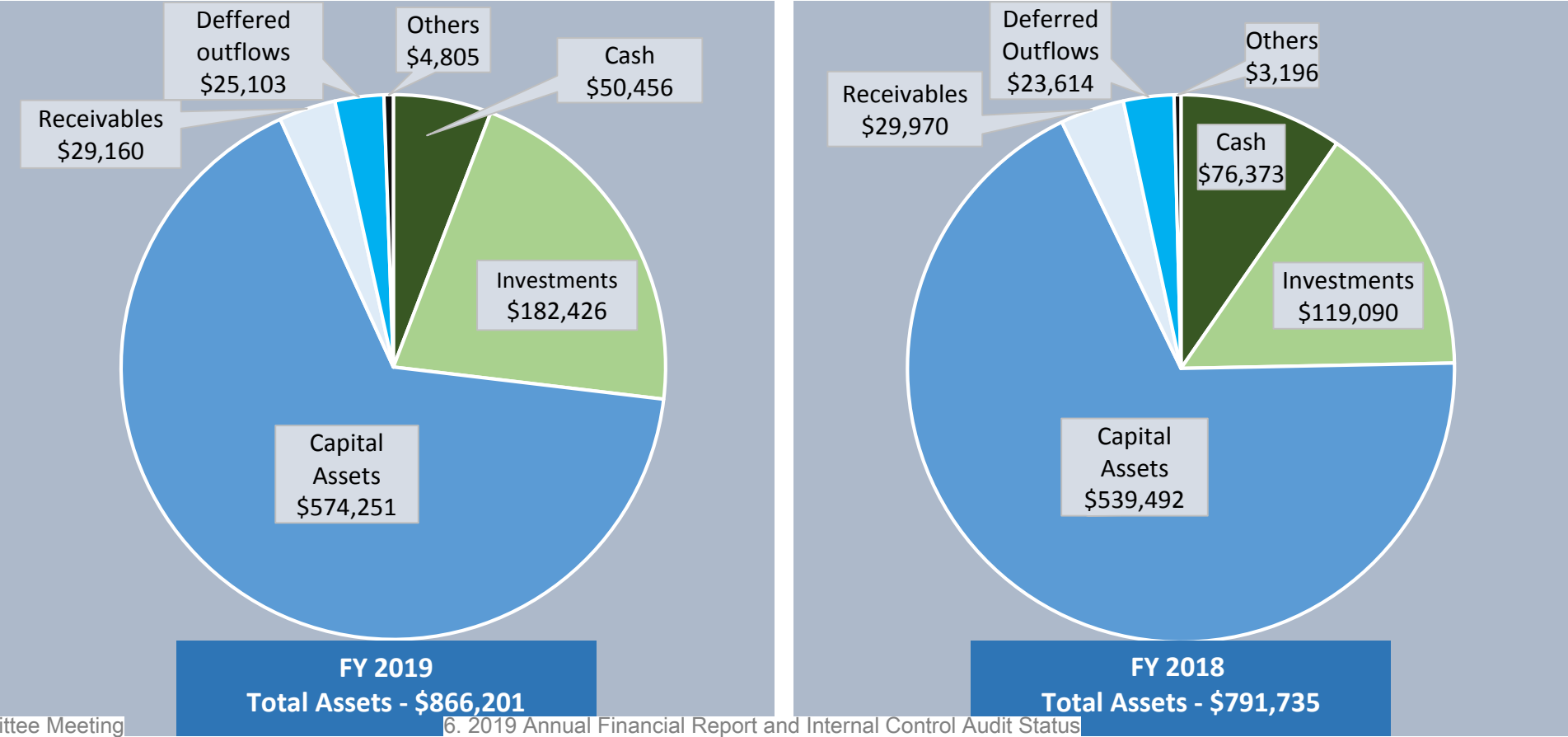
FYE June 30 2019 and 2018



Comparative Financial Statement Summaries

FYE June 30 2019 and 2018

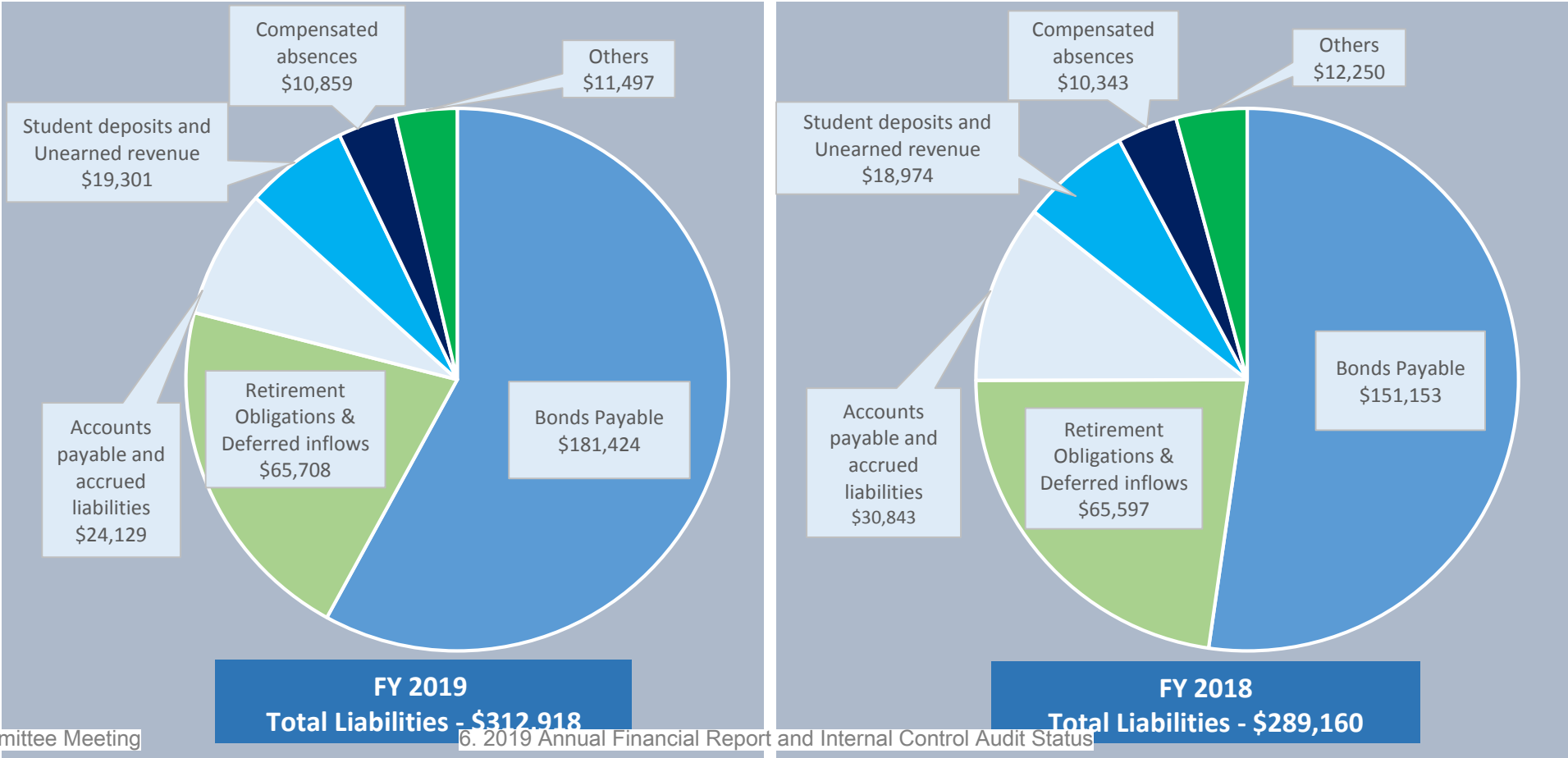
Composition of Assets (in thousands)



Comparative Financial Statement Summaries

FYE June 30 2019 and 2018

Composition of Liabilities (in thousands)



Comparative Financial Statement Summaries

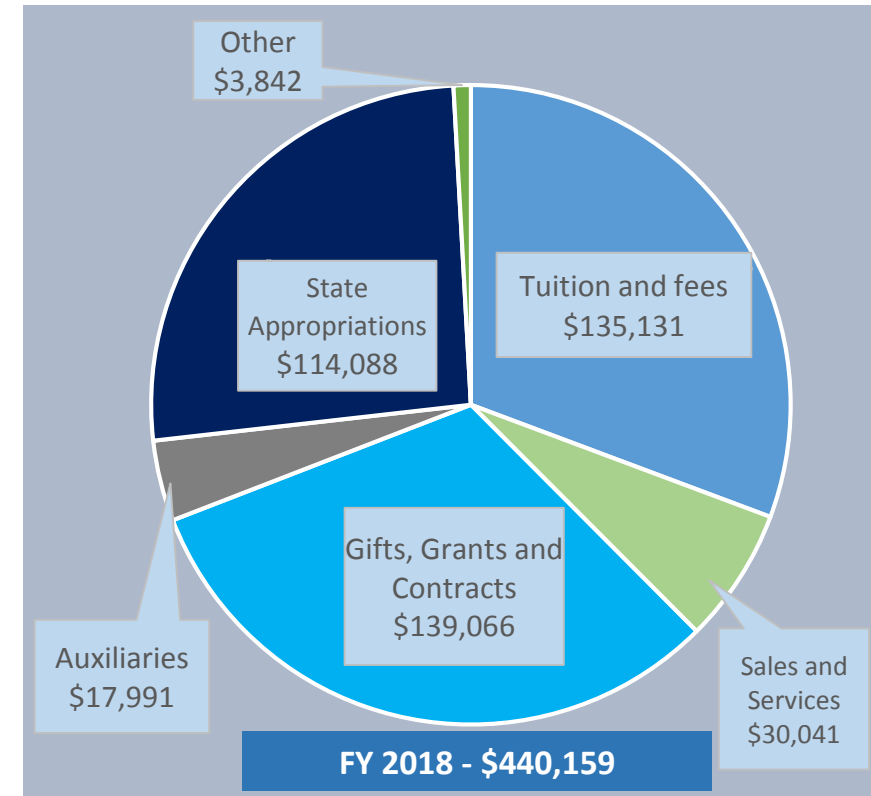
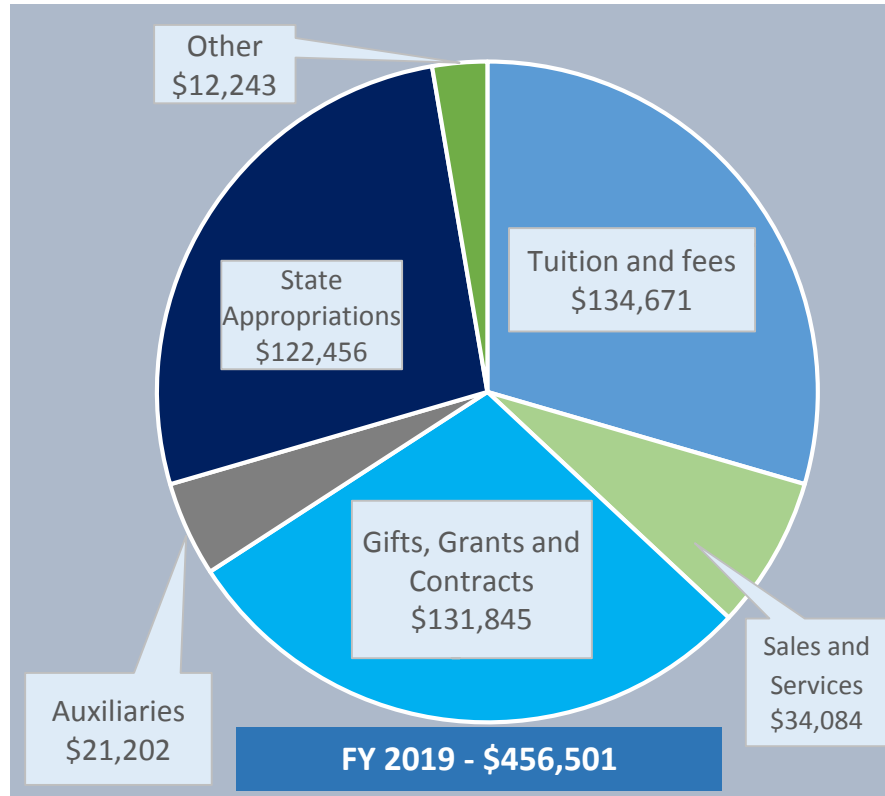
FYE June 30 2019 and 2018



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Board of
Trustees

Sources Of Revenue* (in thousands)

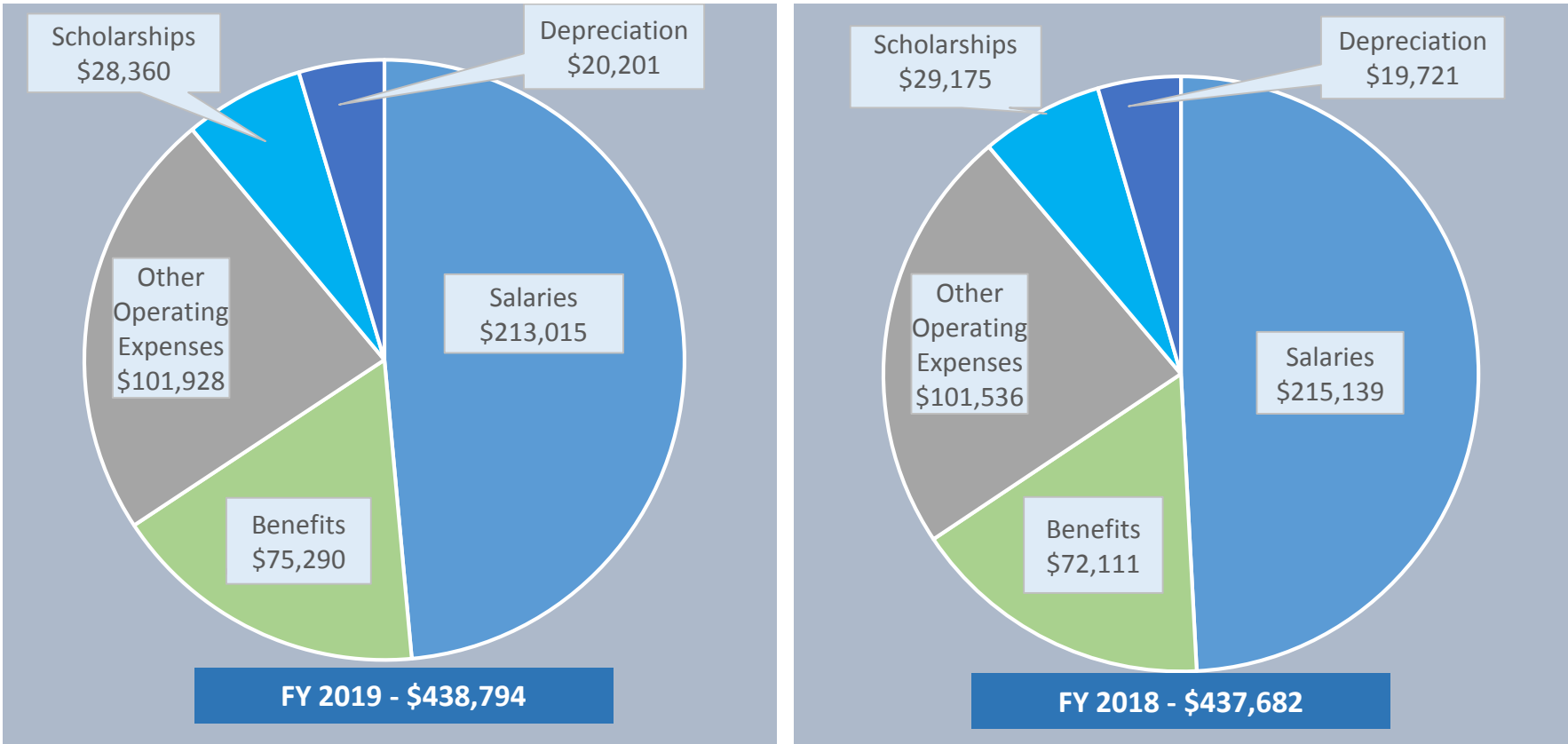


*Does not include Capital Gifts and appropriations

Comparative Financial Statement Summaries

FYE June 30 2019 and 2018

Operating Expenses (in thousands)



Questions?

7. Summary of Audit Reports Issued Report

Presented by Vicki Deaton

The University of Memphis Board of Trustees

Presentation

For Information

Date: March 4, 2020

Committee: Audit Committee

Presentation Title: Summary of Audit Reports Issued

Presented by: Vicki D. Deaton, Chief Audit Executive

Synopsis:

One audit report was issued since the last meeting – the Business Continuity Plan Program Assessment. The engagement opinion was that the program is insufficient and requires improvement. A recommendation was made that University management develop and implement an official University business continuity strategy.

See the attached table for more information about the audit report.

| Audit Reports Issued (3/4/2020 Audit Committee Meeting) | | | | | | | | |
|---|----------------------|---------------------------------------|-----------------------------------|-------------|--------------|-----------------|--------------|-------------------------------------|
| Name of Audit | Date of Audit Report | Audit Engagement Report Opinion | Minor Issues - Addressed Verbally | Observation | Minor Issues | Moderate Issues | Major Issues | Issues Outstanding from Prior Audit |
| Business Continuity Plan Program Assessment | 1/17/2020 | Insufficient and Requires Improvement | 0 | 0 | 0 | 1 | 0 | NA |
| | | | | | | | | |

Internal Audit Agenda Items

Audit Committee

Vicki D. Deaton
Chief Audit Executive

March 4, 2020
University Center



Summary of Audit Reports Issued

| Audit Reports Issued (3/4/2020 Audit Committee Meeting) | | | | | | | | |
|---|----------------------|---------------------------------------|-----------------------------------|-------------|--------------|-----------------|--------------|-------------------------------------|
| Name of Audit | Date of Audit Report | Audit Engagement Report Opinion | Minor Issues - Addressed Verbally | Observation | Minor Issues | Moderate Issues | Major Issues | Issues Outstanding from Prior Audit |
| Business Continuity Plan Program Assessment | 1/17/2020 | Insufficient and Requires Improvement | 0 | 0 | 0 | 1 | 0 | NA |
| | | | | | | | | |

Business Continuity Plan (BCP) Program Assessment Report

Business Continuity Planning

- is a proactive risk management technique that is closely related to emergency planning
- refers to the ability to maintain operations during and after a crisis or other business disruption
- details all processes and procedures necessary to deal with any kind of service disruption

BCP Program Assessment Report

Failure to sufficiently plan for business continuity will increase interruption of crucial academic, research, and administrative functions that may jeopardize the University's core mission of providing the highest quality education by focusing on research and service benefiting local and global communities.

The UofM Crisis Management Plan includes that an Emergency Response and Business Continuity Plan is generally required for each Administrative and Academic workspace and should be considered part of every Department's basic health and safety responsibility.

BCP Program Assessment Report

Audit Issue: Due to BCP responsible management turnover and the ultimate disbanding of the BCP Committee, the University's business continuity strategy has remained in its initial stage.

Audit Recommendations:

1. University management should establish a new BCP Committee in consultation with the University's Emergency Preparedness Coordinator.
2. The BCP Committee, in collaboration with upper University management and the University's Risk Assessment Coordinator, should identify and promote an official University overall business continuity strategy in accordance with University policy, the University's Crisis Management Plan, and the University's Risk Assessment.

Business Continuity Plan

Audit Committee

Raaj Kurapati
Chief Financial Officer

March 4, 2020
University Center



Create a Business Continuity Plan (BCP) for prevention and recovery of potential threats:

- Natural disasters
- Cyber attacks, viral outbreaks
- Mechanical failure, power, water or heat loss
- Theft
- Human error

License Quali Ready software to create and manage the BCP

- Quali Ready has a state contract with TBR
- Attend 2-day TBR funded training session
- Hire a Compliance Coordinator to manage BCP, Clery Act, and Crisis Management

Business Continuity Planning committee to develop, review, and update:

1. Business Impact Analysis
2. Recovery Strategies
3. Plan Development
4. Testing and Exercises
5. Maintenance Requirements

February to June 2020

- Finalize the development of a BCP strategy
- Establish the BCP committee
- Review prior BCP plans
- Review Crisis Management Plan for integration into BCP
- License Kuali Ready software

June 2020 to June 2021

- Formalize BCP process, establish BCP policies and standards
- Train staff on Kuali Ready software
- Work with departments to create BCP plans in Kuali Ready
- Review plans for final implementation
- Test and provide training

Questions?

Summary of Fraud, Waste, and Abuse Reports

Summary information is provided for the reports of possible fraud, waste, or abuse, noncompliance with law, and conflict of interest received by Internal Audit since the last Audit Committee meeting.

Summary of Fraud, Waste, and Abuse Reports

| UofM Fraud, Waste, or Abuse Report Summary (3/4/2020 Audit Committee Meeting) | | | | | | | | |
|---|---------------|--|--|-------------------------|--|---------|--|------------------------|
| Case Number | Date Received | Allegation Received by | Description of Allegation | Status | Investigation Outcome | \$ Loss | Date of Final Action by Internal Audit | Additional Explanation |
| 20-003 | 10/10/2019 | Internal Audit FWA Report | Allegations Related to Reporting and Taxing of Employee Use of FedEx Forum Suite | Memo Issued-Case Closed | No Issues with the Reporting or Taxing of Employee Fringe Benefit | NA | 1/14/2020 | |
| 20-004 | 10/31/2019 | Confidential Compliance Memo to Internal Audit | Allegation of Conflict of Interest, Waste and Abuse of University Resources | Memo Issued-Case Closed | No Evidence of Conflict of Interest, No Evidence of Waste or Abuse of University Resources | NA | 1/8/2020 | |
| 20-005 | 11/26/2019 | Phone Call to CAE | Employee Behavior & Misconduct Concerns | Referred to HR | Investigation Complete - Employee Terminated on 12/23/2019 | NA | 1/30/2020 | |
| 20-006 | 12/4/2019 | Internal Audit FWA Report | Nonexempt Employees Forced to Work Off the Clock | ongoing | | NA | | |
| 20-007 | 1/20/2020 | Email to Audit Committee Chair & CAE | Excessive Gratuity on Employee Foundation Reimbursement Request | Memo Issued-Case Closed | Gratuity in Excess of 20% Not Reimbursed by Foundation | \$0 | 2/14/2020 | |
| 20-008 | 1/23/2020 | Phone Call to CAE | Credit Card Fraud On the eCommerce Online Gift Platform | ongoing | | unknown | | |
| 20-009 | 1/23/2020 | Internal Audit FWA Report | Utility Waste | Memo Issued-Case Closed | No Evidence of Utility Waste | NA | 2/6/2020 | |

Audit Issue Follow Up

The action plans addressing audit issues from the following audits were evaluated for completion.

- Admissions Operations Audit
- Lambuth Campus Financial and Compliance Audit
- Animal Care Program Financial Audit
- Clery Act Compliance Audit

Audit Issue Follow Up

| 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 February, 2020) |
|---------------------------------------|-----------------------------|----------------------|--|-------------------|---|--|--|---------------------------------------|
| 9/1/2019 | Admissions Operations Audit | 5/16/2019 | Effective with Opportunity for Improvement | Admissions Ops 1 | Lack of Business Continuity Plan | Moderate = Insufficient and Requires Improvement | Dr. Eric Stokes, Director of Undergraduate Admissions & Orientation | Complete |
| 5/16/2019 | Admissions Operations Audit | 5/16/2019 | Effective with Opportunity for Improvement | Admissions Ops 2 | Security Awareness Training Compliance | Moderate = Insufficient and Requires Improvement | Dr. Eric Stokes, Director of Undergraduate Admissions & Orientation | Complete |
| 9/1/2019 | Admissions Operations Audit | 5/16/2019 | Effective with Opportunity for Improvement | Admissions Ops 3a | Application Fee Enforcement | Moderate = Insufficient and Requires Improvement | Dr. William Akey, Vice Provost for Enrollment Services and Dr. Eric Stokes, Director of Undergraduate Admissions & Orientation | Complete |
| 12/31/2019 | Admissions Operations Audit | 5/16/2019 | Effective with Opportunity for Improvement | Admissions Ops 3b | Application Fee Enforcement | Moderate = Insufficient and Requires Improvement | Raaj Kurapati, CFO; Greg Atkins, Executive Director of Student Business Services; George Ninan, Controller; and Stuart Thomas, Executive Director of Procurement | Complete |
| 9/1/2019 | Admissions Operations Audit | 5/16/2019 | Effective with Opportunity for Improvement | Admissions Ops 4 | Record Retention and Disposition Compliance | Minor = Effective with Opportunity for Improvement | Dr. Eric Stokes, Director of Undergraduate Admissions & Orientation | Complete |

Audit Issue Follow Up

| 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 February, 2020) |
|---------------------------------------|---|----------------------|--|-----------|---|--|---|---------------------------------------|
| 1/31/2020 | Lambuth Campus Financial & Compliance Audit | 8/6/2019 | Effective with Opportunity for Improvement | Lambuth 1 | Insufficient Facility Access Control - Noncompliance with GE2009 | Moderate = Insufficient and Requires Improvement | Ron Brooks, Vice President for Physical Plant | Partially Complete |
| 10/31/2019 | Lambuth Campus Financial & Compliance Audit | 8/6/2019 | Effective with Opportunity for Improvement | Lambuth 2 | Compliance with Dining Services Contract Regarding Events Exceeding \$200 | Moderate = Insufficient and Requires Improvement | George Ninan, Controller and Executive Director of Financial Reporting | Partially Complete |
| 8/6/2019 | Lambuth Campus Financial & Compliance Audit | 8/6/2019 | Effective with Opportunity for Improvement | Lambuth 3 | Insufficient Controls over Purchasing Cards | Minor = Effective with Opportunity for Improvement | Kerri Reece, Procurement Card Administrator | Complete |
| 10/31/2019 | Lambuth Campus Financial & Compliance Audit | 8/6/2019 | Effective with Opportunity for Improvement | Lambuth 4 | Lack of Supporting Documentation in OnBase for TigerBuy Transactions | Minor = Effective with Opportunity for Improvement | George Ninan, Controller and Executive Director of Financial Reporting | Complete |
| 8/6/2019 | Lambuth Campus Financial & Compliance Audit | 8/6/2019 | Effective with Opportunity for Improvement | Lambuth 5 | Insufficient Travel Controls - Travel Claim Approval by Subordinate | Minor = Effective with Opportunity for Improvement | Thomas Nenon, Executive Vice President for Academic Affairs and Provost | Complete |
| 8/6/2019 | Lambuth Campus Financial & Compliance Audit | 8/6/2019 | Effective with Opportunity for Improvement | Lambuth 6 | Annual Financial Responsibility Certification Compliance | Minor = Effective with Opportunity for Improvement | Niles Reddick, Lambuth Campus Dean and Chief Operating Officer | Complete |

Audit Issue Follow Up

| 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 February, 2020) |
|---------------------------------------|-------------------------------------|----------------------|--|----------------|---|--|---|---------------------------------------|
| 1/31/2020 | Animal Care Program Financial Audit | 11/11/2019 | Effective with Opportunity for Improvement | Animal Care 1 | Animal Care Facility Recharge Rates Not Recalculated Annually | Moderate = Insufficient and Requires Improvement | Beverly Jacobik, Sr. Assoc. Director, Research Compliance; George Ninan, Controller | Complete |
| 12/31/2019 | Animal Care Program Financial Audit | 11/11/2019 | Effective with Opportunity for Improvement | Animal Care 2a | Insufficient Controls over Overtime and Time Reporting & Approval | Minor = Effective with Opportunity for Improvement | George Ninan, Controller | Complete |
| 11/11/2019 | Animal Care Program Financial Audit | 11/11/2019 | Effective with Opportunity for Improvement | Animal Care 2b | Insufficient Controls over Overtime and Time Reporting & Approval | Minor = Effective with Opportunity for Improvement | Beverly Jacobik, Sr. Assoc. Director, Research Compliance | Complete |
| 10/15/2019 | Animal Care Program Financial Audit | 11/11/2019 | Effective with Opportunity for Improvement | Animal Care 3 | Annual Financial Responsibility Certification Compliance | Minor = Effective with Opportunity for Improvement | Beverly Jacobik, Sr. Assoc. Director, Research Compliance | Complete |

Clery Act Compliance Audit Report

The Clery Act (codified in 20 U.S.C. § 1092(f) of the Higher Education Act) requires domestic higher education institutions that participate in federal financial aid programs to maintain security information and distribute an annual campus security report to the campus community by October 1 of each year.

The U.S. Department of Education (DOE) is responsible for monitoring compliance and enforcing the Clery Act.

Clery Act Compliance Audit Report

A Clery Act compliance program should include:

- development and revision of campus safety policies,
- identification and training of responsible parties,
- collaboration with external law enforcement agencies,
- safety education for the campus community, and
- communication of campus crime activity.

Audit Concern: Organization and management of Clery Act compliance is decentralized and multiple departments are each responsible for portions of the UofM's compliance as a whole. The lack of centralized Clery Act compliance management affects multiple aspects of potential noncompliance.

Audit Issue Follow Up

| 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 February, 2020) |
|---------------------------------------|----------------------------|----------------------|--|---------|---|--|---|---------------------------------------|
| 12/31/2019 | Clery Act Compliance Audit | 10/14/2019 | Effective with Opportunity for Improvement | Clery 0 | Clery Act Coordinator Not Designated | Moderate = Insufficient and Requires Improvement | University Management (Dr. M. David Rudd, President, and Raajkumar Kurapati, Executive Vice President and Chief Financial Officer) | Complete |
| 12/31/2019 | Clery Act Compliance Audit | 10/14/2019 | Effective with Opportunity for Improvement | Clery 1 | Inadequate Campus Security Authority Training Management | Moderate = Insufficient and Requires Improvement | University Management (Dr. M. David Rudd, President, and Raajkumar Kurapati, Executive Vice President and Chief Financial Officer) | Complete |
| 10/1/2019 | Clery Act Compliance Audit | 10/14/2019 | Effective with Opportunity for Improvement | Clery 2 | Improvements Needed to Policy Statement Disclosures in the Annual Security Report | Minor = Effective with Opportunity for Improvement | Clery Responsible Management (Members from Police Services, Dean of Students Office, Office of Institutional Equity, Residence Life, and Legal Counsel) | Complete |
| 10/1/2019 | Clery Act Compliance Audit | 10/14/2019 | Effective with Opportunity for Improvement | Clery 3 | Improvements Needed to Annual Fire Safety Report Disclosures | Minor = Effective with Opportunity for Improvement | Clery Responsible Management (Members from Police Services, Dean of Students Office, Office of Institutional Equity, Residence Life, and Legal Counsel) | Complete |

Audit Status Update

- ✓ President Rudd created a Clery Act Committee.
- ✓ President Rudd approved funding for a new position - a Clery Act/Business Continuity/Crisis Management Coordinator.
- ✓ We are developing online Campus Security Authority (CSA) training in our employee training platform.
- ✓ Employee job descriptions will be updated with security duties and required training for all individuals identified as CSAs.
- ✓ We are researching security training opportunities for the entire campus community.
- ✓ We are continuing to work to improve our Annual Security Report (ASR) policy statement disclosures and our Annual Fire Safety Report disclosures to be more in line with Department of Education requirements.

External Audit Report Received

Independent Accountants' Report on the Application of Agreed-Upon Procedures to the University of Memphis' Intercollegiate Athletics Program Statement of Revenues and Expenses

- The Agreed-Upon Procedures evaluated compliance with the National Collegiate Athletic Association (NCAA) Bylaw 3.2.4.15 for the year ended June 30, 2019, and was performed by the Tennessee Comptroller of the Treasury's Division of State Audit.
- No opinion was expressed on compliance with NCAA requirements. The final report was corrected to reflect account adjustments proposed by the auditors.

External Audit Report Received

University of Memphis Hazardous Waste Inspection Report, performed by Tennessee Department of Environment and Conservation (TDEC) Division of Solid Waste Management

- After hazardous waste violations at various UofM facilities over the past year, a subgroup of the Compliance Council worked with management to increase compliance in the future.
- The current report dated January 16, 2020, states that there were no violations identified during the inspection performed on January 7, 2020 at the Community Health Building.

Questions?

8. Business Continuity Planning

Presentation

Presented by Raajkumar Kurapati

Report to the Audit Committee of the Board of Trustees

Presentation
For Information

Date: March 4, 2020

Committee: Audit Committee

Presentation Title: Business Continuity Plan Program Assessment Management Action Plan Status Update

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

Synopsis:

A Business Continuity Plan Program Assessment report was issued on 1/17/2020. This report is included with this agenda item.

“The report opinion was insufficient and requires improvement,” because audit work showed that internal controls were not adequate and additional controls need to be developed and implemented. Based on the results of all audit work performed, internal controls were insufficient and require improvement. The report included a recommendation that University management develop and implement an official University business continuity strategy.

A Management Action Plan was developed by Business and Finance management. A status update is provided in the attached powerpoint presentation.



Office of Internal Audit and Consulting

Business Continuity Plan Program Assessment FY2020

January 17, 2020

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.

University of Memphis
Business Continuity Plan Program Assessment Executive Summary
January 17, 2020

Audit Report Opinion:

Insufficient and Requires Improvement

Title of Key Staff Persons:

Raajkumar Kurapati, Executive Vice President and Chief Financial Officer
 Nickole Conley, Associate Vice President of Research Administration &
 Business Operations, Designated Business Continuity Plan Coordinator

Auditors: Emily Bridges,
 Senior Internal Auditor and
 Chelon Wilson, Senior Internal
 Auditor

Background:

Business continuity planning (BCP) is a proactive risk management technique that is closely related to emergency planning and refers to the ability to maintain operations during and after a crisis or other business disruption. It details all processes and procedures necessary to deal with any kind of service disruption.

The University of Memphis Crisis Management Plan, July 2017 (UofM CMP), states that the plan is a guide for management and coordination of all phases of emergency management operations. This includes restoring the primary mission of the University by enhancing the University's ability to recover from disaster and crisis events. The UofM CMP includes that "an Emergency Response and Business Continuity Plan is generally required for each Administrative and Academic workspace and should be considered part of every Department's basic health and safety responsibility. Division/Department BCPs support the broader UofM Crisis Management Plan.

Failure to sufficiently plan for business continuity will increase interruption of crucial academic, research, and administrative functions that may jeopardize the University's core mission of providing the highest quality education by focusing on research and service benefiting local and global communities. Planning for these scenarios helps ensure as little impact occurs as possible. Key academic, research, and administrative functions will be minimally impacted by a disruptive incident if business continuity is effectively established.

Objectives and Scope:

The primary objectives of this audit are to provide management with an independent assessment of the current state of the University of Memphis' BCP program and to provide best practice advice to BCP program management and upper management of the University. This audit was performed in accordance with the *International Standards for the Professional Practice of Internal Auditing* and therefore included all tests considered necessary to accomplish the audit objectives.

The scope of the audit included:

- The University's BCP program management;
- All University policies, procedures, guidelines, and standards;
- Any other guidelines, regulations, or requirements applicable to the University's BCP program; and
- All currently documented University BCPs.

In accordance with the Tennessee Financial Integrity Act, University management is responsible for establishing adequate internal controls ((Tenn. Code Ann. §§ 9-18-101 through 104)) within the organization.

Conclusion and Results:

The audit objectives were achieved. Based on the results of all audit work performed, internal controls were insufficient and require improvement. A recommendation was made that management develop and implement an official University business continuity strategy.

Nickole Conley, Associate Vice President of Research Administration & Business Operations and the designated Business Continuity Plan Coordinator, developed action plans to address the audit issue. The plan has been acknowledged and supported by Raaj Kurapati, Executive Vice President and Chief Financial Officer. The estimated completion date for the development of a business continuity strategy is June 1, 2020, with all new and revised business unit BCPs being completed by June 30, 2021. Internal Audit plans to follow up as necessary to ensure management has completed the action plans.

University of Memphis
Business Continuity Plan Program Assessment
January 17, 2020

Audit Report Opinion
Insufficient and Requires Improvement

Introduction

Internal Audit has completed an assessment audit of the University of Memphis Business Continuity Plan program and procedures. In accordance with the Tennessee Financial Integrity Act, University management is responsible for establishing adequate internal controls (Tenn. Code Ann. §§ 9-18-101 through 104) within the organization.

Background

Business Continuity Planning

Business continuity planning (BCP) is a proactive risk management technique that is closely related to emergency planning and refers to the ability to maintain operations during and after a crisis or other business disruption. It details all processes and procedures necessary to deal with any kind of service disruption. Key academic, research, and administrative functions will be minimally impacted by a disruptive incident if business continuity is effectively established. An unplanned disaster or disruption can cause the loss of workspace, communications, or systems. Planning for these scenarios helps ensure as little impact occurs as possible. The more prepared an organization is before an incident occurs, the more efficient it will be with the resolution.

The goal of business continuity management is to identify the impact of internal and external threats to an organization's operations and to proactively prepare an organization so the organization can continue critical business operations, protect critical assets, and provide support to customers in case of a disruption. A business continuity plan strategically considers the specific threats and risks to an institution and aims to ensure that the institution can maintain and resume all critical business processes, not only the information technology infrastructure.

Federal Guidance

Multiple federal agencies, including the U.S. Department of Homeland Security (DHS) and the Federal Emergency Management Agency (FEMA), identify business continuity planning as a necessary component in managing the disruption of an organization's critical business processes in the event of a disaster or other business interruption. The DHS created the National Incident Management System (NIMS) as required under Homeland Security Presidential Directive 5. NIMS provides a framework for all organizations to prepare, respond, and recover from all types of disasters and business disruptions.

The DHS indicates adequate BCP is accomplished by identifying risks and analyzing their potential impact to operations; establishing policies, procedures and measures to mitigate the impact of a short-term or long-term disruption; training the organization on the continuity plan; regular testing of the plan; and updating the plan as the institution's processes change.

Risks of Inadequate Business Continuity Planning

In the event of business disruption, inadequate business continuity planning will likely result in reduced revenue, increased expenses, and productivity loss. Failure to sufficiently plan for business continuity will also increase interruption of crucial academic, research, and administrative functions that may jeopardize the University's core mission of providing the highest quality education by focusing on research and service

benefiting local and global communities. Possible consequences also include mismanagement of communication, interruptions of academic schedules and failure of current projects. Ineffective response to a disruption also increases an institution's reputational risk.

Prior Audits

The University of Memphis (UofM) Office of Internal Audit and Consulting has not performed a prior audit of the UofM's Business Continuity Plan program within the last five years.

Objectives, Scope, and Methodology

The primary objectives of this audit are to provide management with an independent assessment of the current state of the University of Memphis' BCP program and to provide best practice advice to BCP program management and upper management of the University. This audit was performed in accordance with the *International Standards for the Professional Practice of Internal Auditing* and therefore included all tests considered necessary to accomplish the audit objectives.

The scope of the audit included:

- The University's BCP program management;
- All University policies, procedures, guidelines, and standards;
- Any other guidelines, regulations, or requirements applicable to the University's BCP program; and
- All currently documented University BCPs.

Conclusion and Results

The audit objectives were achieved. Based on the results of all audit work performed, internal controls were insufficient and require improvement. The issue is detailed below with a recommendation for improvement.

Audit Issues and Recommendations

Issue Rating = Moderate = Insufficient and Requires Improvement

1. Develop and Implement an Official University Business Continuity Strategy

Homeland Security Presidential Directive 5 requires State Agency implementation of the NIMS framework. This requirement is acknowledged in UofM Policy GE2008 Crisis Management Planning. According to GE2008, one of the overall objectives of the NIMS framework and the University's crisis management planning is to minimize disruption to the University's operations. The University of Memphis Crisis Management Plan, July 2017 (UofM CMP), states that the plan is a guide for management and coordination of all phases of emergency management operations. This includes restoring the primary mission of the University by enhancing the University's ability to recover from disaster and crisis events.

The UofM CMP includes that "an Emergency Response and Business Continuity Plan is generally required for each Administrative and Academic workspace and should be considered part of every Department's basic health and safety responsibility. Division/Department Emergency Response and Business Continuity Plans support the broader Campus Crisis Management Plan. The Emergency Preparedness Coordinator will provide a template to assist in developing this plan."

UofM Policy GE2007 Emergency Closings establishes protocols, authorities, and processes for University closures when conditions are deemed unsafe. According to GE2007, certain positions are considered crucial to University operations even when the University is closed. Each department/unit head shall identify these crucial positions in the department's BCP. The BCPs are to be reviewed and updated annually.

During the summer of 2006, the need for BCP at the UofM was identified. A BCP Committee was formed and some information was gathered, but planning was not completed. In the fall of 2015, the University of Memphis launched the development of BCP for a second time. Led by the Division of Business and Finance, University management formed a new BCP Committee to develop an overall business continuity strategy, as shown by information obtained through interviews and from the UofM Business Continuity Planning website. The BCP Committee received some training, met several times, and identified 134 business units requiring a BCP. The Business Continuity Plan Editor online system was developed to guide in the drafting and approval of BCPs as well as serve as a storage database of the plans.

The BCP Committee has not met since the initial stages of BCP development (2015 or 2016) and is considered to be disbanded in early spring, 2017. Because the BCP Committee is no longer functioning, Internal Audit was unable to determine how University business continuity policies and standards are set and approved by upper University management or if the BCP program leadership (BCP Committee) is involved in the development of the University's business continuity policies and standards.

The UofM Business Continuity Plan Editor currently identifies 134 business units requiring a business continuity plan. Out of 134 business units, only 10 have drafted their plans. None of the plans have been completed through the committee review and approval phase.

Due to BCP responsible management turnover and the ultimate disbanding of the BCP Committee, the University's business continuity strategy appears to have remained in its initial stage. However, Business and Finance management designated a Business Continuity Plan Coordinator during the initial phases of this audit. According to the Executive Vice President and Chief Financial Officer, the BCP program will now be managed by the Associate Vice President of Research Administration & Business Operations.

Recommendation

The Associate Vice President of Research Administration & Business Operations and designated BCP Coordinator should consult with the University's Emergency Preparedness Coordinator (currently designated as Police Services management) and officially establish a new BCP Committee to centralize the management of business continuity development and implementation. The BCP Committee, in collaboration with upper University management and the University's Risk Assessment Coordinator, should identify and promote an official University overall business continuity strategy in accordance with University policy, the University's Crisis Management Plan, and the University's Risk Assessment.

The BCP Committee's responsibilities should include meeting regularly to:

- formalize a process for establishing and approving BCP policies and standards which provide official guidance on business continuity;
- facilitate employee training and awareness;
- ensure annual reviews of departmental and institutional BCPs; and
- ensure BCPs are regularly tested and updated to reflect any needed changes.

Management Action Plans

Responsible Party: Raaj Kurapati, Executive Vice President and Chief Financial Officer

Estimated Completion Date: 6/1/2020

Thank you for your audit report on the University of Memphis Business Continuity Plan (BCP) Program Assessment. Effective July 1, 2019, Physical Plant, Campus Planning and Design and Police Services were combined with Business and Finance. Prior to this reorganization, Business Continuity planning was a responsibility shared, primarily, between two divisions at the

University. Ms. Nickole Conley was hired in the role of AVP for Research Administration and Business Operations in September of 2019. She is also now the designated Business Continuity Plan Coordinator. With this appointment, Business Continuity planning will be an area of focus with the following actions planned for spring 2020 to develop and implement a University-wide Business Continuity Plan and Strategy:

1. A review of prior exercises which identified units in need of a BCP in 2015-2016. Based on this review we will assess if these units are still in need of a BCP and/or if additional units are in need of a BCP.
2. A committee will be re-established consisting of Police Services, Environmental Health & Safety, Physical Plant and UofM leadership (Provost, CFO, VPs and AVPs) to create and address the strategy of the university's Crisis Management Plan (CMP). Bi-annually, meetings and reviews will be held to establish and ensure that the CMP continues to address and uphold UofM policy GE2008, Crisis Management Planning.
3. UofM will designate one individual within each Administrative or Academic workspace to develop an "Emergency Response and Business Continuity Plan" that addresses the health and safety responsibilities for the area. Individuals designated into these roles will provide BCPs annually for their units, along with addressing any necessary changes due to physical or organizational structural changes.
4. UofM Business Continuity Plan Coordinator will work with Police Services and Physical Plant to establish a sound strategy and process for UofM policy GE2007, Emergency Closings. During this process positions will be identified within units and designated as the BCP contact. Contacts will be updated annually, and units will be tasked with updating the Business Continuity Plan Coordinator with any changes.
5. All plans will be reviewed and approved to ensure an adequate level of internal controls. Police Services and the leadership committee will be responsible for the final review and approval of BCP plans.

Responsible Party: Raaj Kurapati, Executive Vice President and Chief Financial Officer

Estimated Completion Date: 6/30/2021

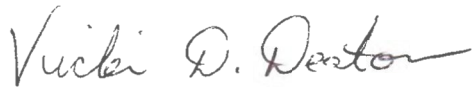
After we have identified all units in need of a BCP, we will begin developing new and revised BCPs immediately with the aim of such being completed by the end of FY2021.

Additional Information Provided to Management

Internal Audit conducted research concerning best practices for business continuity planning in higher education. More detailed information about best practices in higher education business continuity planning was separately communicated to the Executive Vice President and Chief Financial Officer and the Associate Vice President of Research Administration & Business Operations and designated BCP Coordinator.

Internal Audit personnel would like to extend our appreciation to the management of the Division of Business and Finance.

Internal Audit plans to follow up as necessary to ensure management has completed the action plans.



Vicki D. Deaton
Chief Audit Executive

Distribution:

Carol Roberts, Chair of the Audit Committee

Dr. M. David Rudd, President

Melanie Murry, University Counsel

Thomas Nenon, Executive Vice President for Academic Affairs and Provost

Robert Jackson, Chief Information Officer

Raaj Kurapati, Executive Vice President and Chief Financial Officer

Nickole Conley, Associate Vice President of Research Administration & Business Operations, Designated Business Continuity Plan Coordinator

George Ninan, Controller, Executive Director of Financial Reporting, and Designated Risk Assessment Coordinator

Mary Balee, Chief of Police

Derek Myers, Assistant Chief of Police

Ron Brooks, Vice President of Physical Plant

Business Continuity Plan

Audit Committee

Raaj Kurapati
Chief Financial Officer

March 4, 2020
University Center



Create a Business Continuity Plan (BCP) for prevention and recovery of potential threats:

- Natural disasters
- Cyber attacks, viral outbreaks
- Mechanical failure, power, water or heat loss
- Theft
- Human error

License Quali Ready software to create and manage the BCP

- Quali Ready has a state contract with TBR
- Attend 2-day TBR funded training session
- Hire a Compliance Coordinator to manage BCP, Clery Act, and Crisis Management

Business Continuity Planning committee to develop, review, and update:

1. Business Impact Analysis
2. Recovery Strategies
3. Plan Development
4. Testing and Exercises
5. Maintenance Requirements

February to June 2020

- Finalize the development of a BCP strategy
- Establish the BCP committee
- Review prior BCP plans
- Review Crisis Management Plan for integration into BCP
- License Kuali Ready software

June 2020 to June 2021

- Formalize BCP process, establish BCP policies and standards
- Train staff on Kuali Ready software
- Work with departments to create BCP plans in Kuali Ready
- Review plans for final implementation
- Test and provide training

Questions?

9. Summary of Fraud, Waste, or Abuse Reports

Report

Presented by Vicki Deaton

The University of Memphis Board of Trustees

Presentation

For Information

Date: March 4, 2020

Committee: Audit Committee

Presentation Title: Summary of Fraud, Waste, or Abuse Reports Received

Presented by: Vicki D. Deaton, Chief Audit Executive

Synopsis:

Five new reports of fraud, waste, or abuse, noncompliance with law, or conflict of interest were received by the Office of Internal Audit and Consulting since the last quarterly meeting. Two reports received last quarter were resolved and investigation memos were issued this quarter. Two of the new reports received were investigated by Internal Audit and a memo was issued. One of the new reports received was referred to Human Resources and the issue has been resolved. Two investigations by Internal Audit are in progress.

Attached is a summarized list of fraud, waste, or abuse reports received by the UofM Office of Internal Audit and Consulting, with additional information regarding the status of the investigations or referrals.

Pursuant to the protection afforded by Tennessee Code Annotated §§ 10-7-504(i) and 10-7-508(a), this information shall be used for Limited Official Use purposes only. Because this document has been designated **“Limited Official Use Only”**, it may only be made available to those who have a need to know the information in the performance of their official duties for the University. This information must be safeguarded and protected from unauthorized disclosure. This information and any referenced materials are considered part of our confidential working papers not open to public inspection pursuant to state law. Our sharing of this information with you is pursuant to the internal processes of this engagement and is not intended as a publication or distribution of this information. Therefore, you are requested to appropriately safeguard its confidentiality and appropriately restrict its further disclosure. Please notify us of any requests for this information as it is under restricted access.

You may share and distribute within the University to those that have a need to have this information.

UofM Fraud, Waste, or Abuse Report Summary (3/4/2020 Audit Committee Meeting)

| Case Number | Date Received | Allegation Received by | Description of Allegation | Status | Investigation Outcome | \$ Loss | Date of Final Action by Internal Audit | Additional Explanation |
|-------------|---------------|--|--|-------------------------|--|---------|--|------------------------|
| 20-003 | 10/10/2019 | Internal Audit FWA Report | Allegations Related to Reporting and Taxing of Employee Use of FedEx Forum Suite | Memo Issued-Case Closed | No Issues with the Reporting or Taxing of Employee Fringe Benefit | NA | 1/14/2020 | |
| 20-004 | 10/31/2019 | Confidential Compliance Memo to Internal Audit | Allegation of Conflict of Interest, Waste and Abuse of University Resources | Memo Issued-Case Closed | No Evidence of Conflict of Interest, No Evidence of Waste or Abuse of University Resources | NA | 1/8/2020 | |
| 20-005 | 11/26/2019 | Phone Call to CAE | Employee Behavior & Misconduct Concerns | Referred to HR | Investigation Complete - Employee Terminated on 12/23/2019 | NA | 1/30/2020 | |
| 20-006 | 12/4/2019 | Internal Audit FWA Report | Nonexempt Employees Forced to Work Off the Clock | ongoing | | NA | | |
| 20-007 | 1/20/2020 | Email to Audit Committee Chair & CAE | Excessive Gratuity on Employee Foundation Reimbursement Request | Memo Issued-Case Closed | Gratuity in Excess of 20% Not Reimbursed by Foundation | \$0 | 2/14/2020 | |
| 20-008 | 1/23/2020 | Phone Call to CAE | Credit Card Fraud On the eCommerce Online Gift Platform | ongoing | | unknown | | |
| 20-009 | 1/23/2020 | Internal Audit FWA Report | Utility Waste | Memo Issued-Case Closed | No Evidence of Utility Waste | NA | 2/6/2020 | |

10. Audit Issue Follow-up

Report

Presented by Vicki Deaton

Report to the Audit Committee of the Board of Trustees

Presentation
For Information

Date: March 4, 2020
Committee: Audit Committee
Presentation Title: Audit Issue Follow Up
Presented by: Vicki D. Deaton, Chief Audit Executive

Synopsis:

Attached is a summarized list of audit issues from the following audit projects that were evaluated for completion this quarter.

- Admissions Operations Audit
- Lambuth Campus Financial and Compliance Audit
- Clery Act Compliance Audit
- Animal Care Program Financial Audit

| 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 February, 2020) |
|---|--|-------------------------|--|----------------------|---|---|--|--|
| 9/1/2019 | Admissions Operations Audit | 5/16/2019 | Effective with Opportunity for Improvement | Admissions Ops 1 | Lack of Business Continuity Plan | Moderate = Insufficient and Requires Improvement | Dr. Eric Stokes, Director of Undergraduate Admissions & Orientation | Complete |
| 5/16/2019 | Admissions Operations Audit | 5/16/2019 | Effective with Opportunity for Improvement | Admissions Ops 2 | Security Awareness Training Compliance | Moderate = Insufficient and Requires Improvement | Dr. Eric Stokes, Director of Undergraduate Admissions & Orientation | Complete |
| 9/1/2019 | Admissions Operations Audit | 5/16/2019 | Effective with Opportunity for Improvement | Admissions Ops 3a | Application Fee Enforcement | Moderate = Insufficient and Requires Improvement | Dr. William Akey, Vice Provost for Enrollment Services and Dr. Eric Stokes, Director of Undergraduate Admissions & Orientation | Complete |
| 12/31/2019 | Admissions Operations Audit | 5/16/2019 | Effective with Opportunity for Improvement | Admissions Ops 3b | Application Fee Enforcement | Moderate = Insufficient and Requires Improvement | Raaj Kurapati, CFO; Greg Atkins, Executive Director of Student Business Services; George Ninan, Controller; and Stuart Thomas, Executive Director of Procurement | Complete |
| 9/1/2019 | Admissions Operations Audit | 5/16/2019 | Effective with Opportunity for Improvement | Admissions Ops 4 | Record Retention and Disposition Compliance | Minor = Effective with Opportunity for Improvement | Dr. Eric Stokes, Director of Undergraduate Admissions & Orientation | Complete |
| 1/31/2020 | Lambuth Campus Financial & Compliance Audit | 8/6/2019 | Effective with Opportunity for Improvement | Lambuth 1 | Insufficient Facility Access Control - Noncompliance with GE2009 | Moderate = Insufficient and Requires Improvement | Ron Brooks, Vice President for Physical Plant | Partially Complete |
| 10/31/2019 | Lambuth Campus Financial & Compliance Audit | 8/6/2019 | Effective with Opportunity for Improvement | Lambuth 2 | Compliance with Dining Services Contract Regarding Events Exceeding \$200 | Moderate = Insufficient and Requires Improvement | George Ninan, Controller and Executive Director of Financial Reporting | Partially Complete |
| 8/6/2019 | Lambuth Campus Financial & Compliance Audit | 8/6/2019 | Effective with Opportunity for Improvement | Lambuth 3 | Insufficient Controls over Purchasing Cards | Minor = Effective with Opportunity for Improvement | Kerri Reece, Procurement Card Administrator | Complete |
| 10/31/2019 | Lambuth Campus Financial & Compliance Audit | 8/6/2019 | Effective with Opportunity for Improvement | Lambuth 4 | Lack of Supporting Documentation in OnBase for TigerBuy Transactions | Minor = Effective with Opportunity for Improvement | George Ninan, Controller and Executive Director of Financial Reporting | Complete |
| 8/6/2019 | Lambuth Campus Financial & Compliance Audit | 8/6/2019 | Effective with Opportunity for Improvement | Lambuth 5 | Insufficient Travel Controls Travel Claim Approval by Subordinate | Minor = Effective with Opportunity for Improvement | Thomas Nenon, Executive Vice President for Academic Affair and Provost | Complete |
| 8/6/2019 | Lambuth Campus Financial & Compliance Audit | 8/6/2019 | Effective with Opportunity for Improvement | Lambuth 6 | Annual Financial Responsibility Certification Compliance | Minor = Effective with Opportunity for Improvement | Niles Reddick, Lambuth Campus Dean and Chief Operating Officer | Complete |
| 12/31/2019 | Clery Act Compliance Audit | 10/14/2019 | Effective with Opportunity for Improvement | Clery 0 | Clery Act Coordinator Not Designated | Moderate = Insufficient and Requires Improvement | University Management (Dr. M. David Rudd, President, and Raajkumar Kurapati, Executive Vice President and Chief Financial Officer) | Complete |

| 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 February, 2020) |
|---|--|-------------------------|--|----------------|--|---|---|--|
| 12/31/2019 | Clery Act Compliance Audit | 10/14/2019 | Effective with Opportunity for Improvement | Clery 1 | Inadequate Campus Security Authority Training Management | Moderate = Insufficient and Requires Improvement | University Management (Dr. M. David Rudd, President, and Raajkumar Kurapati, Executive Vice President and Chief Financial Officer) | Complete |
| 10/1/2019 | Clery Act Compliance Audit | 10/14/2019 | Effective with Opportunity for Improvement | Clery 2 | Improvements Needed to Policy Statement Disclosures in the Annual Security Report | Minor = Effective with Opportunity for Improvement | Clery Responsible Management (Members from Police Services, Dean of Students Office, Office of Institutional Equity, Residence Life, and Legal Counsel) | Complete |
| 10/1/2019 | Clery Act Compliance Audit | 10/14/2019 | Effective with Opportunity for Improvement | Clery 3 | Improvements Needed to Annual Fire Safety Report Disclosures | Minor = Effective with Opportunity for Improvement | Clery Responsible Management (Members from Police Services, Dean of Students Office, Office of Institutional Equity, Residence Life, and Legal Counsel) | Complete |
| 1/31/2020 | Animal Care Program Financial Audit | 11/11/2019 | Effective with Opportunity for Improvement | Animal Care 1 | Animal Care Facility Recharge Rates Not Recalculated Annually | Moderate = Insufficient and Requires Improvement | Beverly Jacobik, Sr. Assoc. Director, Research Compliance; George Ninan, Controller | Complete |
| 12/31/2019 | Animal Care Program Financial Audit | 11/11/2019 | Effective with Opportunity for Improvement | Animal Care 2a | Insufficient Controls over Overtime and Time Reporting & Approval | Minor = Effective with Opportunity for Improvement | George Ninan, Controller | Complete |
| 11/11/2019 | Animal Care Program Financial Audit | 11/11/2019 | Effective with Opportunity for Improvement | Animal Care 2b | Insufficient Controls over Overtime and Time Reporting & Approval | Minor = Effective with Opportunity for Improvement | Beverly Jacobik, Sr. Assoc. Director, Research Compliance | Complete |
| 10/15/2019 | Animal Care Program Financial Audit | 11/11/2019 | Effective with Opportunity for Improvement | Animal Care 3 | Annual Financial Responsibility Certification Compliance | Minor = Effective with Opportunity for Improvement | Beverly Jacobik, Sr. Assoc. Director, Research Compliance | Complete |

11. Clery Act Audit Status Update

Report

Presented by Vicki Deaton

Report to the Audit Committee of the Board of Trustees

Presentation
For Information

Date: March 4, 2020
Committee: Audit Committee
Presentation Title: Clery Act Compliance Audit Status Update
Presented by: Vicki D. Deaton, Chief Audit Executive

Synopsis:

A Clery Act Compliance Audit report was issued on 10/14/2019. The report opinion was effective with the opportunity for improvement. Based on the results of all audit work performed, internal controls were generally adequate and effective. However, a recommendation was provided for consideration by management in addition to 1 moderate issue and 2 minor issues that were identified where controls and processes could be improved.

1. Recommendation to Officially Designate a Clery Act Compliance Coordinator
2. Inadequate Campus Security Authority Training Management
3. Improvements Needed to Policy Statement Disclosures in the Annual Security Report
4. Improvements Needed to Annual Fire Safety Report Disclosures

University management and Clery Act compliance responsible management developed action plans to address all issues. Action plans to address issues 3 and 4 above were complete by the report issue date.

Status Update:

Raaj Kurapati, Executive Vice President and Chief Financial Officer, reported that the following actions have been taken by management to complete the Management Action Plans agreed to by management to address the issues and recommendations contained in the Clery Act Compliance Audit report.

President Rudd created a Clery Act Committee and named the following individuals:

Ms. Tammy Hedges, Executive Vice President of University Relations
Ms. Tiffany Cox, Director of the Office of Institutional Equity
Ms. Mary Balee, Chief of Police
Ms. Nickole Conley, Associate Vice for Research Administration and Business Operations
Mr. Raaj Kurapati, Executive Vice President and Chief Financial Officer

This group will probably be the steering group of the Clery Act Committee and will oversee the working group of the committee. The working group will have representatives from various areas on campus that have Clery Act compliance responsibilities.

Ms. Nickole Conley is currently serving as the Clery Act Coordinator. But it is evident from our analysis of the responsibilities associated with Clery Act monitoring and reporting, Business Continuity Planning, and Crisis Management, that there is a need for dedicated attention to these matters.

President Rudd has approved funding for a new position and instructed that we move ahead with creating and filling a Clery Act/Business Continuity/Crisis Management Coordinator position.

We are working with the Office of Human Resources to develop online Campus Security Authority (CSA) training in Learning Curve, our employee training platform. The training will use materials developed by the Office of Legal Counsel for the training of CSAs. Employee job descriptions will be updated with security duties and required training for all individuals identified as CSAs. Learning Curve will track and document completion of required CSA training.

We are researching Clery Act training modules and are coordinating with the Office of Institutional Equity (OIE) on security training opportunities for the entire campus community.

We are continuing to work to improve our Annual Security Report (ASR) policy statement disclosures and our Annual Fire Safety Report disclosures to be more in line with Department of Education requirements.



Office of Internal Audit and Consulting

Clery Act Compliance Audit FY2020

October 14, 2019

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.

University of Memphis
Clery Act Compliance Audit
October 14, 2019

Audit Report Opinion:

Effective with the Opportunity for Improvement

Title of Key Staff Persons:

Clery Responsible Management (Members from Police Services, Dean of Students Office, Office of Institutional Equity, Residence Life, and Legal Counsel)

Auditors: Emily Bridges, Senior Internal Auditor and Chelon Wilson, Senior Internal Auditor

Background:

The Clery Act was established in 1990 as a response to the 1986 rape and murder of Jeanne Clery by another student at Lehigh University in Pennsylvania. The act is codified in 20 U.S.C. § 1092(f) of the Higher Education Act and requires domestic higher education institutions that participate in federal financial aid programs to maintain security information and distribute an annual campus security report to the campus community by October 1 of each year. The act's legislative intent is to facilitate greater transparency concerning campus policies on crime and the disclosure of crime statistics to the campus community and potential students and employees. A Clery Act compliance program should include development and revision of campus safety policies, identification and training of responsible parties, collaboration with external law enforcement agencies, safety education for the campus community, and communication of campus crime activity.

The U.S. Department of Education (DOE) is responsible for monitoring compliance and enforcing the Clery Act. Monitoring is executed by conducting Program Reviews to evaluate an institution's compliance. Violations may result in civil penalties imposed on the school, currently up to \$57,317 per instance of noncompliance.

Objectives and Scope:

The primary objective of this audit was to determine with reasonable assurance, the effectiveness of the UofM's compliance with the requirements of the Clery Act. This audit was performed in accordance with the *International Standards for the Professional Practice of Internal Auditing* and therefore included all tests considered necessary to accomplish the audit objectives. The scope of the audit was limited to an examination of the most recently published UofM *Annual Campus Security and Fire Safety Report* (2018), an analysis of the report's referenced crime statistics, corresponding police incident reports and arrest records for the same period, and a review of applicable established policies, procedures, and programs.

In accordance with the Tennessee Financial Integrity Act, University management is responsible for establishing adequate internal controls ((Tenn. Code Ann. §§ 9-18-101 through 104)) within the organization.

Conclusion and Results:

The audit objectives were achieved. Based on the results of all audit work performed, internal controls were generally adequate and effective. However, a recommendation is provided for consideration by management in addition to 1 moderate issue and 2 minor issues that were identified where controls and processes could be improved.

1. Recommendation to Officially Designate a Clery Act Compliance Coordinator
2. Inadequate Campus Security Authority Training Management
3. Improvements Needed to Policy Statement Disclosures in the Annual Security Report
4. Improvements Needed to Annual Fire Safety Report Disclosures

University Management and Clery Responsible Management have developed action plans to address all issues. Some action plans are complete.

University of Memphis
Clery Act Compliance Audit
October 14, 2019

Audit Report Opinion

Effective with the Opportunity for Improvement

Introduction

Internal Audit has completed a compliance audit of the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (Clery Act). In accordance with the Tennessee Financial Integrity Act, University management is responsible for establishing adequate internal controls (Tenn. Code Ann. §§ 9-18-101 through 104) within the organization.

Background

The Clery Act was established in 1990 as a response to the 1986 rape and murder of Jeanne Clery by another student at Lehigh University in Pennsylvania. The act is codified in 20 U.S.C. § 1092(f) of the Higher Education Act and requires domestic higher education institutions that participate in federal financial aid programs to maintain security information and distribute an annual campus security report to the campus community by October 1 of each year. The act's legislative intent is to facilitate greater transparency concerning campus policies on crime and the disclosure of crime statistics to the campus community and potential students and employees.

Disclosure requirements for the report include, but are not limited to the following:

- crime statistics for the prior three years;
- policy statements on campus safety policies, procedures, and security measures;
- descriptions of campus crime prevention and safety awareness programs;
- and campus procedures relating to alleged sex offenses.

Additionally, 20 U.S.C. § 1092(i) requires that institutions maintaining on-campus student housing facilities disclose the following:

- fire statistics;
- descriptions of each on-campus fire safety system;
- fire safety education policies and training programs;
- and procedures for evacuation of student housing in case of a fire.

Institutions are permitted to distribute the annual security report and the annual fire safety report as one document if the title clearly states it contains both reports. The University of Memphis (UofM) annually distributes one report, the *Annual Campus Security and Fire Safety Report*, to satisfy the requirements of both statutes.

Due to the extensive requirements of the act, adequate compliance with the statute is an on-going process and is not limited to merely distributing an annual security report. A Clery Act compliance program should include development and revision of campus safety policies, identification and training of responsible parties, collaboration with external law enforcement agencies, safety education for the campus community, and communication of campus crime activity.

The U.S. Department of Education (DOE) is responsible for monitoring compliance and enforcing the Clery Act. Monitoring is executed by conducting Program Reviews to evaluate an institution's compliance.

Violations may result in civil penalties imposed on the school, currently up to \$57,317 per instance of noncompliance. Consequences of noncompliance may be significant. Most recently, in September 2019, the DOE fined Michigan State University \$4.5 million. The University of Montana was fined \$966,614 for violations in 2018 while Penn State was fined nearly \$2.4 million in 2016. Additionally, a university cited for noncompliance may be suspended from participating in federal student aid programs. Aside from the monetary loss due to fines, potential restrictions on receiving federal financial aid, and possible legal risks; noncompliance also jeopardizes an institution's reputation and may foster a campus culture of ambivalence or lack of awareness regarding campus safety, or the appearance of one.

Prior Audits

The UofM Office of Internal Audit and Consulting has not performed a prior audit of the UofM's compliance with the Clery Act within the last five years. However, the DOE conducted a Program Review in May 2010. The review consisted of examining police records for the 2008 calendar year in addition to Clery Act related policies, procedures, and programs. The DOE issued the Program Review Report in August 2011 and the Final Program Review Determination in August 2016.

The Final Program Review Report indicates the examination resulted in four findings:

1. Failure to comply with the timely warning issuance and police requirement.
2. Annual Security Report was not prepared and distributed as a single comprehensive document.
3. Failure to properly classify and disclose crime statistics.
4. Failure to maintain an accurate and complete daily crime log.

Findings 1, 2, and 3 cited the UofM for serious violations of the Clery Act while Finding 4 cited the UofM for multiple violations. No fines were assessed against the UofM as a result of the findings. The report indicates the UofM addressed these violations in part by enhancing timely warning and notification procedures through taking measures to increase enrollment in the UofM's Tiger Text program, publishing a compliant annual security report beginning in 2010, improving procedures for crime statistics collection and disclosure, and improvements to the UofM's daily crime log.

Objective, Scope, and Methodology

The primary objective of this audit was to determine with reasonable assurance, the effectiveness of the UofM's compliance with the requirements of the Clery Act. This audit was performed in accordance with the *International Standards for the Professional Practice of Internal Auditing* and therefore included all tests considered necessary to accomplish the audit objectives.

The scope of the audit was limited to an examination of the most recently published UofM *Annual Campus Security and Fire Safety Report* (2018), an analysis of the report's referenced crime statistics, corresponding police incident reports and arrest records for the same period, and a review of applicable established policies, procedures, and programs. Interviews with relevant staff were also conducted. Information obtained during the review was compared to requirements of the Clery Act to determine the UofM's compliance. Clery Act guidance is published in the DOE's *Handbook for Campus Safety and Security* (2016) and was referenced extensively during the examination. A DOE Program Review could include a broader scope and different methodology.

Conclusion and Results

The audit objectives were achieved. Based on the results of all audit work performed, internal controls were generally adequate and effective. However, a recommendation is provided for consideration by management in addition to several issues that were identified where controls and processes could be improved.

Recommendation for Consideration by University Management

The information below is provided for management's review and consideration. This matter represents an opportunity for management to focus attention on centralizing Clery Act compliance management and improving compliance effectiveness and efficiency while reducing noncompliance risks.

Clery Act Compliance Coordinator Not Officially Designated

Currently, the UofM's compliance with the Clery Act is managed through a Clery Committee that consists of individuals from Police Services, the Dean of Students Office, the Office of Institutional Equity (OIE), Residence Life, and the Office of Legal Counsel (Legal). No officially designated Clery Act compliance coordinator exists; and compliance responsibilities have fallen to employees with other primary responsibilities, therefore stretching already limited resources and increasing the risk of noncompliance. The Assistant Chief of Police is the current DOE contact and uploads the required annual statistics in addition to compiling and publishing the annual security report. The Dean of Students Office, OIE, and Residence Life provide Police Services information regarding referrals for sexual misconduct and drug or liquor law violations that are required to be disclosed in the annual security report but may not be reported to Police Services. OIE and Legal have also partnered to provide Clery Act training to campus security authorities in Athletics and Residence Life. Campus security authority (CSA) is a Clery specific term that refers to several groups associated with the university who may receive allegations of Clery Act crimes.

Organization and management of compliance is decentralized whereby multiple departments are each responsible for portions of the UofM's compliance as a whole. The lack of centralized Clery Act compliance management affects multiple aspects of potential noncompliance. For instance, if a campus culture exists where all campus security authorities are not aware of their responsibilities; then reports may go unfilled, timely warnings may not be issued, and the crime statistics and daily incident log may not be complete or updated timely as required by statute. Each of these could result in a violation and accumulate a substantial fine of up to \$57,317 per violation.

Recommendation

University management should consider committing resources to designate or hire a Clery Act compliance coordinator in order to centralize Clery Act compliance management and improve compliance effectiveness and efficiency while reducing noncompliance risks. Designating a compliance coordinator would also serve as evidence of the UofM's compliance effort with the Clery Act.

Research conducted by Internal Audit showed Clery Act compliance coordinators of peer institutions generally report to the institution's police department but collaborate with various departments across campus. Responsibilities of a Clery Act compliance coordinator should include, but are not limited to, the following:

- Prepare, publish, and distribute the Annual Security and Fire Safety Report
- Collaborate with multiple departments and offices to ensure all campus security authorities are identified
- Manage and document training of campus security authorities on compliance with the Clery Act
- Facilitate regular Clery Committee meetings
- Gather crime statistics and disciplinary referral data from various sources, including regular requests or acknowledgements from campus security authorities
- Coordinate with other UofM offices to maintain a complete list of buildings and properties owned or controlled by the institution
- Establish Clery Act compliance programs for each separate campus

- Maintain a comprehensive list of campus crime prevention and safety awareness programs
- Ensure UofM compliance with the daily crime and fire log requirements
- Serve as Records Custodian for all Clery Act related records

Management Action Plan

Responsible Party: University Management

Estimated Completion Date: 12/31/2019

Dr. M. David Rudd, President, and Raajkumar Kurapati, Executive Vice President and Chief Financial Officer, will appoint a Clery working group to address centralizing the Clery Act compliance structure. Nickole Conley, Assistant Vice President of Business Operations in the Division of Business and Finance, assumed the responsibility of supervising Police Services on 10/7/2019. In this role, Ms. Conley will collaborate with the Clery working group to designate the Clery Act Compliance Coordinator.

Audit Issues and Recommendations

Issue Rating = Moderate (Insufficient and Requires Improvement)

1. Inadequate Campus Security Authority Training Management

CSAs are responsible for reporting all allegations of Clery Act crimes they receive to the university official or office designated to collect this information for disclosure in the annual security report. According to Chapter 4 of the DOE *Handbook for Campus Safety and Security*, CSAs include:

- a campus police department or a campus security department of an institution;
- any individuals who have responsibility for campus security but who do not constitute a campus police department or a campus security department;
- any individual or organization specified in an institution's statement of campus security policy as an individual or organization to which students and employees should report criminal offenses;
- an official of an institution who has significant responsibility for student and campus activities, including, but not limited to, student housing, student discipline and campus judicial proceedings.

Complete and accurate reporting by CSAs is a fundamental compliance component since institutions are required to issue timely warnings in the event of a serious or continuing threat and disclose accurate statistics.

The DOE *Handbook for Campus Safety and Security* recommends in Chapter 4 that institutions designate an individual or office to coordinate and oversee their CSAs. Additionally, CSAs should be trained on their responsibilities to timely report information they receive to campus police as this is necessary to adequate compliance. For instance, a CSA may receive a report that may be the basis for issuing a timely warning or emergency notification. Failure to identify all CSAs and provide sufficient training may result in failing to identify serious or continuing threats that require campus alerts.

Presently, it appears identification and training of CSAs at the UofM is decentralized and inconsistent. A comprehensive list of CSAs was not available. Some departments such as Athletics and Residence Life receive regular Clery Act training, but others such as advisors of student organizations and faculty advisors may not be receiving the training.

Recommendation

Clery responsible management should designate an individual or office responsible for coordination and oversight of UofM's campus security authorities. The designated individual or office should:

- Analyze current UofM job descriptions to determine a comprehensive list of CSAs (The list should be maintained and updated regularly as new employees are hired and as new positions that fulfill the Clery definition of a CSA are created.)
- Ensure that all employees meeting the Clery Act definition of a campus security authority complete required CSA training (Training completion should be documented and the documentation retained as support for on-going Clery Act compliance.)
- Implement a simple and timely method for CSAs to report possible Clery Act crimes to Police Services (An online reporting tool may strengthen compliance and increase efficiency.)

Management Action Plan

Responsible Party: Clery Responsible Management

Estimated Completion Date: 12/31/2019

Nickole Conley, Assistant Vice President of Business Operations in the Division of Business and Finance, assumed the responsibility of supervising Police Services on 10/7/2019. In this role, Ms. Conley will collaborate with the Clery working group, appointed by Dr. M. David Rudd, President, and Raajkumar Kurapati, Executive Vice President and Chief Financial Officer, to designate the Clery Act Compliance Coordinator. The Clery Act Compliance Coordinator's responsibilities will include coordination and oversight of UofM's campus security authorities.

Issue Rating = Minor (Effective with the Opportunity for Improvement)

2. Improvements Needed to Policy Statement Disclosures in the Annual Security Report

The Clery Act requires that the annual security report disclose a number of policy statements regarding the institution's current campus safety policies and procedures. The DOE *Handbook for Campus Safety and Security* provides more detailed guidance on these required policy statements. The policy statements in the UofM's *Annual Campus Security and Fire Safety Report* (2018) were reviewed. Several instances of possible noncompliance and opportunities to strengthen compliance with the Clery Act were noted during the review of the required policy statement disclosures. These notes were separately communicated to Police Services, the Clery Committee contact for Internal Audit.

Recommendation

Clery responsible management should review Internal Audit's assessment of UofM's disclosed policy statements in the annual security report and the DOE *Handbook for Campus Safety and Security*, then evaluate the need for changes to policy statements in future UofM annual campus security reports.

Management Action Plan

Responsible Party: Clery Responsible Management (Members from Police Services, Dean of Students Office, Office of Institutional Equity, Residence Life, and Legal Counsel)

Estimated Completion Date: October 1, 2019

The UofM's *Annual Campus Security and Fire Safety Report* (2019) writers and reviewers, which include Derek Myers, Assistant Chief of Police, John Michael Ryall, Assistant University Counsel, and Kenneth Anderson, Chief Compliance Officer/Director, Office for Institutional Equity/Title IX

Coordinator, will review Internal Audit's assessment of UofM's *Annual Campus Security and Fire Safety Report* disclosed policy statements.

Management Action Plan Status Update: The 2019 UofM Annual Campus Security and Fire Safety Report was published on Police Services' website and distributed to the campus community on October 1, 2019. Revisions based on Internal Audit's assessment were incorporated into the 2019 report as possible.

Issue Rating = Minor (Effective with the Opportunity for Improvement)

3. Improvements Needed to Annual Fire Safety Report Disclosures

20 U.S.C. § 1092(i) requires that institutions maintaining on-campus student housing disclose in the annual fire safety report the number of fire drills held during the previous calendar year. The DOE *Handbook for Campus Safety and Security* further explains that the disclosure of the number of fire drills should be for each on-campus student housing facility. The UofM's *Annual Campus Security and Fire Safety Report* (2018) discloses a cumulative figure for fire drills conducted in campus housing facilities. Language in the DOE guidance suggests that disclosure of fire drills for each separate housing facility may be required in UofM's annual fire safety report instead of a cumulative figure for all residence halls.

Recommendation

Clery responsible management should improve compliance by disclosing the number of fire drills held for each campus housing facility, rather than a cumulative total, in future UofM annual fire safety reports.

Management Action Plan

Responsible Party: Clery Responsible Management (Members from Police Services, Dean of Students Office, Office of Institutional Equity, Residence Life, and Legal Counsel)

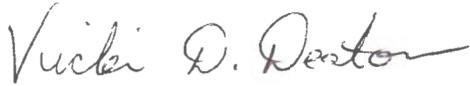
Estimated Completion Date: October 1, 2019

The UofM's *Annual Campus Security and Fire Safety Report* (2019) writers and reviewers, which include Derek Myers, Assistant Chief of Police, John Michael Ryall, Assistant University Counsel, and Kenneth Anderson, Chief Compliance Officer/Director, Office for Institutional Equity/Title IX Coordinator, will review Internal Audit's assessment of UofM's *Annual Campus Security and Fire Safety Report* disclosed fire safety information.

Management Action Plan Status Update: The 2019 UofM Annual Campus Security and Fire Safety Report was published on Police Services' website and distributed to the campus community on October 1, 2019. The recent report was reviewed and disclosed the number of fire drills held for each UofM campus housing facility.

Internal Audit personnel would like to extend our appreciation to the management of Police Services, the Dean of Students Office, the Office of Institutional Equity, Residence Life, and Legal Counsel.

Internal Audit plans to follow up as necessary as part of the FY2020 audit plan to ensure management has completed the action plans.



Vicki D. Deaton
Chief Audit Executive

Distribution:

Carol Roberts, Chair of the Audit Committee

Dr. M. David Rudd, President

Melanie Murry, University Counsel

John Michael Ryall, Assistant University Counsel

Kenneth Anderson, Chief Compliance Officer/Director, Office for Institutional Equity/Title IX Coordinator

Thomas Nenon, Executive Vice President for Academic Affairs and Provost

Raajkumar Kurapati, Executive Vice President and Chief Financial Officer

Nickole Conley, Assistant Vice President of Business Operations

Tammy Hedges, Executive Vice President for University Relations

Mary Balee, Chief of Police

Derek Myers, Assistant Chief of Police

R. Alton Simpson, Director of Environmental Health and Safety

Justin Lawhead, Dean of Students

Darren Wibberding, Associate Dean of Students, Office of Student Accountability

Steve Logan, Director of Residence Life

12. External Audit Report: NCAA Procedures

Presentation

Presented by Vicki Deaton

Report to the Audit Committee of the Board of Trustees

The University of Memphis Audit Committee
Presentation
For Information

Date: March 4, 2020

Committee: Audit Committee

Presentation Title: External Audit Report

Presented by: Vicki D. Deaton, Chief Audit Executive

Report Synopsis:

The University is subject to external audits, program reviews, and similar activities by various agencies and other organizations. According to Policy GE2016 Notification of External Audits and Reviews, it is the responsibility of the primary contact person for the program or activity being reviewed to notify Internal Audit of an external audit or review as early in the process as possible. After the audit or review is complete, the primary contact will usually receive notice of the results in writing. The primary contact (or designee) should forward a copy of the results to Internal Audit. The responsibility for Internal Audit under this policy includes reporting occurrences of external reviews and audits to the Audit Committee, Division of State Audit and others as the circumstances may dictate.

This quarter, Internal Audit received an Independent Accountants' Report on the Application of Agreed-Upon Procedures to the University of Memphis' Intercollegiate Athletics Program Statement of Revenues and Expenses. The Agreed-Upon Procedures evaluated compliance with the National Collegiate Athletic Association (NCAA) Bylaw 3.2.4.15 for the year ended June 30, 2019, and was performed by the Tennessee Comptroller of the Treasury's Division of State Audit.

No opinion was expressed on compliance with NCAA requirements. The final report was corrected to reflect account adjustments proposed by the auditors.



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

January 14, 2020

Dr. David Rudd, President
University of Memphis

Dear Dr. Rudd:

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

Sincerely,

A handwritten signature in black ink, appearing to read "Deborah V. Loveless".

Deborah V. Loveless, CPA, Director
Division of State Audit

cc: Vicki Deaton
Chief Audit Executive

Mr. Mike Batson
Chief Audit Executive
System-wide Internal Audit
Tennessee Board of Regents



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

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

Dr. David Rudd, President
University of Memphis

We have performed the procedures enumerated below, which were agreed to by institution management, solely to assist you in evaluating whether the accompanying statement of revenues and expenses of the University of Memphis' Intercollegiate Athletics Programs is in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 3.2.4.15 for the year ended June 30, 2019. The institution's management is responsible for the statement of revenues and expenses (statement) and the statement's compliance with those requirements. The sufficiency of these procedures is solely the responsibility of the management of the institution. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Exceptions totaling the lesser of \$25,000 or 10% of the line item total to which an agreed-upon procedure has been applied 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

| Procedure | Results |
|--|--|
| <ul style="list-style-type: none">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 statement. | There were no outside organizations not under the control of the institution. |
| <ul style="list-style-type: none">Obtain the statement of revenues and expenses of the athletic programs and related notes for the year ended June 30, 2019, as prepared by management. Compare the amounts reported on the statement with the institution's general ledger. | We found significant differences between the amounts in the athletic accounts in the general ledger and the amounts on the statement. These were corrected on the attached statement and are enumerated below as needed. |

Revenues

- Compare and agree each operating revenue 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 revenues, no other procedures were performed for that specific category. No exceptions noted.
- Compare and agree a sample of operating revenue receipts from the operating revenue supporting schedules to adequate supporting documentation. No exceptions noted.
- Compare each major revenue account over 10% of the total revenues to prior-period amounts and with budget estimates. 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 supplement to this report for this analysis.
- Compare tickets sold during the reporting period, complimentary tickets provided during the reporting period, and unsold tickets to the related revenue reported by the institution in the statement and the related attendance figures and recalculate totals. No exceptions noted.
- Compare and agree student fees reported by the institution in the statement to student enrollments during the same reporting period and recalculate totals. No exceptions noted.
- 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 is able to count each sport. Agree the calculation to supporting documents such as seat manifests, ticket sales reports, and student fee totals. No exceptions noted.
- Compare direct state or other governmental support recorded by the institution during the reporting period with state appropriations, As the institution does not receive direct state or other governmental support, this step was not applicable.

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. No exceptions noted.
- Compare the transfers back to institution with permanent transfers back to institution from the athletics department and recalculate totals. No transfers back to institution were reported; therefore, this step was not performed.
- 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.
- 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. Revenues of this type did not exceed 4% of total revenues; therefore, this step was not performed.
- Select a sample of contractual agreements pertaining to revenues derived from guaranteed contests during the reporting period and compare and agree each selection to the institution's general ledger and/or the statement and recalculate totals. Revenues of this type did not exceed 4% of total revenues; therefore, this step 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 No exceptions noted.

documentation for each contribution and recalculate totals.

- Compare the in-kind contributions recorded by the institution during the reporting period with a schedule of in-kind donations and recalculate the totals. No exceptions noted.
- 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. The institution did not report any revenues from media rights; therefore, this step was not applicable.
- 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. Revenues of this type did not exceed 4% of total revenues; therefore, this step was not performed.
- 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.
- 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; 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.

- 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.
- 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.
- Obtain and inspect agreements related to the institution's revenues from post-season 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.

The institution did not report any revenues for this line item; therefore, this step was not applicable.

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

Revenues of this type did not exceed 4% of total revenues; however, we noted that bowl revenues were not broken down between conference distributions from bowl games and bowl revenues. The attached schedule was corrected for this error.

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.

We found significant differences between the amounts in the athletic accounts in the supporting schedules and the amounts on the statement. Bowl expenses were not broken down between bowl expenses – coaching compensation/bonuses and bowl expenses. In addition, certain expenses were included in direct overhead expenses and uniforms, supplies, and equipment expenses that should have been classified as game day expenses. The attached schedule was corrected for this error.

No exceptions noted.

- Compare each major expense account over 10% of the total expense to prior-period amounts and with budget estimates. 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.
- 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 during the reporting period. Compare and agree related amounts expensed by the institution to the institution's general ledger and/or statement. Recalculate totals.
- 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

No exceptions noted. See the supplement to this report for this analysis.

No exceptions noted.

Expenses of this type did not exceed 4% of total expenses; therefore, this step was not performed.

No exceptions noted.

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.

- 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 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.

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

- 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.

No exceptions noted.

- Select a sample of support staff/administrative personnel employed by third parties during the

No support staff/administrative personnel were employed by third

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.

parties during the reporting period; therefore, this step was not applicable.

- 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.
- 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.

Expenses of this type did not exceed 4% of total expenses; therefore, this step was not performed.

Expenses of this type did not exceed 4% of total expenses; therefore, this step was not performed.

No exceptions noted.

No exceptions noted.

Additional agreed-upon procedures

- 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.

No exceptions noted.

- 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.

No exceptions noted.

- 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 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.

No exceptions noted.

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

The institution did not report any excess transfers to the institution or conference realignment expenses; therefore, this step was not applicable.

No exceptions noted.

No exceptions noted.

No exceptions noted.

institution, and affiliated organizations. Agree the fair value in the schedules to supporting documentation, the general ledger, and audited financial statements, if available.

- Agree the total fair value of institutional endowments to supporting documentation, the institution's general ledger, and audited financial statements, if available.
- 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.

No exceptions noted.

This agreed-upon procedures engagement was conducted 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, the objective of which would be the expression of an opinion or conclusion, respectively, on the accompanying statement of revenues and expenses of University of Memphis's Intercollegiate Athletics Programs for the year ended June 30, 2019. 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.

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,



Deborah V. Loveless, CPA, Director
Division of State Audit
January 14, 2020

University of Memphis
Department of Intercollegiate Athletics
Statement of Revenues and Expenses
For the Year Ended June 30, 2019

| | Football | Men's Basketball | Women's Basketball | Olympic Sports | Non-Program Specific | Total |
|--|------------------|---------------------|-----------------------|-------------------|-------------------------|-------------------|
| Revenues | | | | | | |
| Ticket sales | \$ 5,177,361 | \$ 5,540,715 | \$ 15,690 | \$ 22,078 | \$ - | \$ 10,755,844 |
| Student fees | - | - | - | - | 6,951,155 | 6,951,155 |
| Direct institutional support | - | - | - | - | 9,554,597 | 9,554,597 |
| Indirect institutional support | - | - | - | - | 2,700,860 | 2,700,860 |
| Indirect institutional support - athletic facilities debt service, lease, and rental fees | - | - | - | - | 1,368,900 | 1,368,900 |
| Guarantees | 250,000 | 50,000 | - | 8,050 | - | 308,050 |
| Contributions | - | - | 20,721 | 206,277 | 8,963,643 | 9,190,641 |
| In-kind contributions | - | - | - | - | 3,872,561 | 3,872,561 |
| NCAA distributions | - | 89,588 | - | - | 1,446,232 | 1,535,820 |
| Conference distributions | - | 631,812 | 1,600 | 4,065 | 3,202,280 | 3,839,757 |
| Conference distributions of bowl generated revenues | 775,622 | - | - | - | - | 775,622 |
| Program, novelty, parking, and concession sales | 741,030 | 393,920 | 2,240 | - | - | 1,137,190 |
| Royalties, licensing, advertisements, and sponsorships | - | - | - | - | 3,360,152 | 3,360,152 |
| Athletics restricted endowment and investment income | - | - | - | - | 4,581 | 4,581 |
| Other operating revenues | 138,270 | 36,358 | - | 41,815 | 132,164 | 348,607 |
| Bowl revenues | 110,772 | - | - | - | - | 110,772 |
| Subtotal operating revenues | 7,193,055 | 6,742,393 | 40,251 | 282,285 | 41,557,125 | 55,815,109 |

University of Memphis
Department of Intercollegiate Athletics
Statement of Revenues and Expenses
For the Year Ended June 30, 2019

| | Football | Men's Basketball | Women's Basketball | Olympic Sports | Non-Program Specific | Total |
|--|------------------------|-----------------------|-----------------------|-----------------------|-------------------------|-------------------|
| Expenses | | | | | | |
| Athletic student aid | 3,275,127 | 538,223 | 459,059 | 4,325,403 | 906,062 | 9,503,874 |
| Guarantees | 300,000 | 570,000 | 50,000 | 25,394 | - | 945,394 |
| Coaching salaries, benefits, and bonuses paid by the university and related entities | 6,750,202 | 2,611,237 | 806,845 | 2,337,831 | - | 12,506,115 |
| Support staff/administrative compensation, benefits, and bonuses paid by the university and related entities | 705,081 | 363,206 | 193,398 | 77,290 | 4,869,386 | 6,208,361 |
| Severance payments | - | 1,621,119 | - | - | - | 1,621,119 |
| Recruiting | 394,378 | 117,513 | 98,100 | 210,026 | - | 820,017 |
| Team travel | 1,123,946 | 1,118,531 | 677,898 | 1,227,851 | - | 4,148,226 |
| Sports equipment, uniforms, and supplies | 213,777 | 346,695 | 166,739 | 1,057,618 | 234,531 | 2,019,360 |
| Game expenses | 1,687,450 | 1,105,129 | 16,012 | 197,628 | - | 3,006,219 |
| Fundraising, marketing, and promotion | - | - | - | - | 726,247 | 726,247 |
| Spirit groups | - | - | - | - | 190,371 | 190,371 |
| Athletic facilities debt service, leases, and rental fees | - | - | - | - | 1,368,900 | 1,368,900 |
| Direct overhead and administrative expenses | 1,154,689 | 859,902 | 21,203 | 118,156 | 311,897 | 2,465,847 |
| Indirect institutional support | - | - | - | - | 2,700,860 | 2,700,860 |
| Medical expenses and insurance | 37,005 | 91,120 | 150 | 3,245 | 889,882 | 1,021,402 |
| Membership and dues | 2,650 | 911 | 1,025 | 3,954 | 25,306 | 33,846 |
| Student-athlete meals (non-travel) | 594,939 | 254,780 | 59,756 | 108,795 | - | 1,018,270 |
| Other operating expenses | 377,384 | 310,265 | 115,760 | 134,678 | 2,941,636 | 3,879,723 |
| Bowl expenses | 921,942 | - | - | - | - | 921,942 |
| Bowl expenses - coaching compensation/bonuses | 388,230 | - | - | - | - | 388,230 |
| Subtotal operating expenses | 17,926,800 | 9,908,631 | 2,665,945 | 9,827,869 | 15,165,078 | 55,494,323 |
| Excess (deficiency) of revenues over (under) expenses | \$ (10,733,745) | \$ (3,166,238) | \$ (2,625,694) | \$ (9,545,584) | \$ 26,392,047 | \$ 320,786 |

The accompanying notes are an integral part of this statement.

Other Reporting Items:

| | |
|--|----------------|
| Total athletics-related debt | \$ 8,771,546 |
| Total institutional debt | \$ 161,567,897 |
| Value of athletics-dedicated endowments | \$ 3,159,675 |
| Value of institutional endowments | \$ 106,761,475 |
| Total athletics-related capital expenses | \$ 9,502,666 |

The University of Memphis
Intercollegiate Athletics Department
Notes to the Statement of Revenues and Expenses
For the Year Ended June 30, 2019

NOTE 1. CONTRIBUTIONS

The University of Memphis Foundation office researched the donation records for donors to determine if any cumulatively gave 10% or more of all contributions to athletics. Nike, Inc. donated \$2,049,897 in apparel to athletics. There were no other donors during the fiscal year ended June 30, 2019, which met the 10% disclosure requirement.

NOTE 2. FOUNDATION REVENUES AND EXPENSES

Foundation funds are reported on the statement only to the extent these contributions were utilized by the athletic department in the current reporting period. For the year ended June 30, 2019, the University of Memphis Foundation (UMF) and the Auxiliary Services Foundation (ASF) transferred, disbursed, and/or recorded expense accruals for \$9,936,632 and \$523,106 (for a total of \$10,459,738), respectively, of athletic donations to the University of Memphis, various other vendors, and various athletic departments to cover scholarships and other athletic department expenses.

The UMF and the ASF also recorded revenues and expenses in athletic accounts controlled by the foundation.

| | Football | Men's Basketball | Women's Basketball | Other Sports | Nonsport- Specific | Total |
|--------------------------|--------------------|---------------------|-----------------------|--------------------|-----------------------|---------------------|
| Expenses | | | | | | |
| Athletic aid | \$3,275,127 | \$538,223 | \$459,059 | \$3,732,545 | \$ - | \$ 8,044,954 |
| Other operating expenses | - | - | - | - | 1,281,862 | 1,281,862 |
| Capital expenses | 1,090,813 | - | - | 82,109 | - | 1,172,738 |
| Total | \$4,365,940 | \$538,223 | \$459,059 | \$3,814,654 | \$1,281,862 | \$10,459,738 |

Of the \$10,459,738 transferred by the UMF and the ASF, \$1,172,922 was for in-kind capital expenses recorded in the university's unexpended plant fund and is therefore, not included in the Statement of Revenues and Expenses; however, this amount is included in the total athletics-related capital expenses under the other reporting items section of the report.

NOTE 3. INDIRECT FACILITIES AND ADMINISTRATIVE SUPPORT

The statement of revenues and expenses includes an allocation for indirect facilities and administrative support for the year ended June 30, 2019. These allocations were not

Notes to the Statement of Revenues and Expenses (Continued)

recorded on the university's records and are only estimates of the institutional costs. The calculations are based on criteria used by the university for allocating costs to auxiliary service units. They have been included only as required for NCAA reporting purposes.

Indirect facilities charges of \$1,197,163 were allocated to intercollegiate athletics for the period. The facilities support allocation is based on a comprehensive analysis of services for maintenance, trash pickup, grounds, motor pool, custodial, and utilities. The calculation included a service cost estimate and an overhead cost estimate as if the expenses would be billed to an auxiliary service unit. Direct labor cost and materials were included in the total allocation amounts for grounds, maintenance, motor pool, and custodial services. Utilities, trash pickup, and overhead costs were estimated based on square footage of buildings to total expenses.

The indirect administrative support estimated and attributed to intercollegiate athletics for the year was \$1,503,697. The indirect administrative support allocation is based on the following formula:

Total unrestricted salaries before allocation
Less: net institutional support salaries not benefiting auxiliaries
Net salary base

Allocation percentage: auxiliary salaries/net salary base

The percentage is then applied to the total expenses of the departments benefiting auxiliary units to determine the total allocation. Each auxiliary unit then shares in the allocation based on their salaries as a percentage of total auxiliary unit salaries.

NOTE 4. CAPITAL ASSETS

Intercollegiate athletics is required to follow all of The University of Memphis policies and procedures for acquiring, approving, and disposing of capital assets. A university purchase order must be issued for purchases of \$5,000 or more for all equipment purchases. These purchases shall be based upon the principle of competitive bidding. Requisitioning and approving of purchases will begin in the athletic department and will then be forwarded to purchasing for the bidding and issuance of the purchase order. Consistent with university policy, the University Physical Plant Department is notified when any capital asset is no longer useful to the athletic department. The Physical Plant Department picks up the capital asset and places it in campus storage as surplus equipment. If the item cannot be used by another department on campus, the item is placed on a governmental website for sale to the general public.

Athletics capital assets, which include property, plant, and equipment, are reported in the statement of net position at historical cost or at fair value at date of donation, less

Notes to the Statement of Revenues and Expenses (Continued)

accumulated depreciation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's useful life are not capitalized.

A capitalization threshold of \$100,000 is used for buildings, and \$50,000 is used for infrastructure. Equipment is capitalized when the unit acquisition cost is \$5,000 or greater. The capitalization threshold for additions and improvements to buildings and land is set at \$50,000. The capitalization threshold for software is set at \$100,000.

These assets are depreciated using the straight-line method over the estimated useful lives, which range from 5 to 60 years.

The University of Memphis has determined that only a portion of the Physical Education Building and Field House is directly assigned to athletics and has prorated the value of the building accordingly.

NOTE 5. DEBT

The University of Memphis has debt service requirements for the Physical Education Building and the Indoor Football Practice Facility—for which debt was issued in FY18. The university determined that only a portion of the Physical Education Building is directly assigned to athletics and has prorated the debt for the building accordingly. Debt service requirements to maturity for bonds payable at June 30, 2018, for athletic related debt are as follows:

| <u>Year Ending</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|-----------------------|-----------------------|------------------------|
| <u>June 30</u> | | | |
| 2020 | \$ 933,162.00 | \$ 449,434.38 | \$ 1,382,596.38 |
| 2021 | 981,172.97 | 408,682.63 | 1,389,855.60 |
| 2022 | 1,011,706.39 | 365,076.81 | 1,376,783.20 |
| 2023 | 1,015,755.99 | 319,380.29 | 1,335,136.28 |
| 2024 | 1,067,988.04 | 271,671.32 | 1,339,659.36 |
| 2025 – 2029 | 3,465,957.41 | 568,142.00 | 4,034,099.41 |
| 2030 | 295,802.84 | 5,490.10 | 301,292.94 |
| Total | <u>\$8,771,545.64</u> | <u>\$2,387,877.53</u> | <u>\$11,159,423.17</u> |

Supplemental Schedule: Revenues and Expenses Analytical Review

| | 2019 Actual | 2018 Actual | 2019 Budget | Prior-Year Comparison | | Budget vs. Actual Comparison | |
|--|------------------------|------------------|------------------|-----------------------|----------------------|------------------------------|---------------------|
| | | | | \$ Difference | % Difference | \$ Difference | % Difference |
| Operating revenues: | | | | | | | |
| Ticket sales | \$ 10,755,844.00 | \$ 10,004,735.63 | \$ 11,430,000.00 | \$ 751,108.37 | 7.51% | \$ (674,156.00) | -5.90% |
| Student fees | 6,951,155.00 | 7,293,270.02 | 6,975,300.00 | (342,115.02) | -4.69% | (24,145.00) | -0.35% |
| Direct institutional support | 9,554,597.00 | 12,391,380.88 | 9,165,182.00 | (2,836,783.88) | -22.89% ¹ | 389,415.00 | 4.25% |
| Total contributions and gifts in kind | 13,063,202.00 | 11,768,317.39 | 11,362,000.00 | 1,294,884.61 | 11.00% ² | 1,701,202.00 | 14.97% ³ |
| 10% of Revenues | \$ 5,581,510.90 | | | | | | |
| Operating expenses: | | | | | | | |
| Athletic student aid | \$ 9,503,874.00 | \$ 9,766,282.00 | \$ 9,149,000.00 | \$ (262,408.00) | -2.69% | \$ 354,874.00 | 3.88% |
| Coaching salaries, benefits, and bonuses paid by the university and related entities | 12,506,115.00 | 13,184,036.00 | 12,591,096.00 | (677,921.00) | -5.14% | (84,981.00) | -0.67% |
| Support staff/administrative compensation, benefits, and bonuses paid by the university and related entities | 6,208,361.00 | 6,133,072.00 | 5,383,641.00 | 75,289.00 | 1.23% | 824,720.00 | 15.32% ⁴ |
| 10% of Expenses | \$ 5,549,432.30 | | | | | | |

Footnotes:

¹ - For 2018, a higher level of direct insitutional support was required due to lower ticket sales and higher expenses for athletic scholarships, contractual salaries, and necessary capital projects. As a result, 2019 levels returned to a more usual level of institutional support.

² - Contributions increased due to the expected top recruiting class in men's basketball.

³ - The increase in contributions described in footnote 2 was not anticipated to be as significant when the budget was prepared.

⁴ - A new athletic director was hired; however, the former athletic director's contract was still required to be paid. In addition, a chief operating officer for the athletic department was hired, which was not included in the budget.

13. External Inspection Report: Tennessee Department of Environment and Conservation (TDEC)

Presentation

Presented by Vicki Deaton

The University of Memphis Board of Trustees

Presentation

For Information

Date: March 4, 2020

Committee: Audit Committee

Presentation Title: External Inspection Report Received

Presented by: Vicki D. Deaton, Chief Audit Executive

Synopsis:

This quarter, Internal Audit received a Hazardous Waste Inspection Report for the University of Memphis from the Tennessee Department of Environment and Conservation (TDEC) Division of Solid Waste Management.

After hazardous waste violations at various University of Memphis facilities over the past year, a subgroup of the Compliance Council asked management of the various effected departments to develop plans to increase compliance in the future. This report states that there were no violations identified during the inspection performed on January 7, 2020 at the Community Health Building.

The TDEC Inspection Report of the Community Health Building is attached.



**TENNESSEE DEPARTMENT OF ENVIRONMENT AND CONSERVATION
MEMPHIS ENVIRONMENTAL FIELD OFFICE**

8383 WOLF LAKE DRIVE
BARTLETT, TN 38133-4119
PHONE (901) 371-3000 STATEWIDE 1-888-891-8332 FAX (901) 371-3170

January 16, 2020

Al Simpson
University of Memphis
414 J.M. Smith Hall
Memphis, TN 38152

**CERTIFIED MAIL # 91 7108 2133 3932 2042 8116
RETURN RECEIPT REQUESTED**

RE: Hazardous Waste Inspection Report
University of Memphis- Community Health Building
4055 N. Park Loop
Memphis, TN 38152
TNR 00-004-2861

Dear Mr. Simpson:

On January 7, 2020, the Division of Solid Waste Management (DSWM) conducted a Hazardous Waste Compliance Evaluation Inspection (CEI) at the above referenced facility. The CEI was conducted to evaluate the facility's compliance with the *Tennessee Hazardous Waste Management Act*, T.C.A. §68-212-101 et seq., with the *Used Oil Collection Act of 1993* T.C.A. 68-211, Part 10, and with Tennessee's Hazardous Waste Regulations (Division Rule Chapter 0400-12-01) promulgated pursuant to those Acts. No violations were identified as a result of the inspection.

The DSWM appreciates the courtesy and cooperation shown by the University of Memphis during this inspection. If you have any questions concerning this letter or the enclosed report, please do not hesitate to contact me at (901) 543-7829 or Christina.Perez@TN.Gov.

Sincerely,

Christina Perez
State of Tennessee
Division of Solid Waste Management
Memphis Environmental Field Office

Hazardous Waste Inspection Report
University of Memphis-Community Health Building
January 16, 2020
Page 2

Enclosure: Hazardous Waste Inspection Report

c: Christina Perez, DSWM, Memphis Environmental Field Office

cc: CP/HN/nb/07901162020
Central File, Nashville Central Office
Norma Branch, DSWM, Memphis Environmental Field Office
Rick Whitson, DSWM, Johnson City Environmental Field Office
Lisa Hughey, DSWM, Nashville Central Office
Chris Lagan, DSWM, Nashville Central Office

HAZARDOUS WASTE INSPECTION REPORT

University of Memphis-Community Health Building

SITE/PHYSICAL LOCATION

University of Memphis
Community Health Building
4055 N. Park Loop
Memphis, TN 38152
TNR 00-004-2861
County: Shelby

PRIMARY CONTACT

Mr. Alton Simpson
University of Memphis
414 JM Smith Hall
Memphis, TN 38152
Telephone: (901) 678-4672
E-mail: ASimpson@Memphis.Edu

DATE AND START-TIME OF INSPECTION

Tuesday, January 7, 2020, 9:30AM CDT

INSPECTION PARTICIPANTS

Mr. Alton Simpson, Director of Environmental Health and Safety, University of Memphis
Mr. Erik Tyge, Manager of Hazardous Materials, University of Memphis
Ms. Frances Breland, Administrative Assistant to the Dean, University of Memphis
Ms. Christina Perez, DSWM, Memphis Environmental Field Office

REPORT PREPARED BY

Christina Perez
Division of Solid Waste Management
Memphis Environmental Field Office
8383 Wolf Lake Drive
Bartlett, TN 38133-4119
Telephone: (901) 543-7829
Fax: (901) 371-3170
E-mail: Christina.Perez@tn.gov

PURPOSE OF INSPECTION

This routine unannounced compliance evaluation inspection (CEI) was conducted to evaluate the University of Memphis-Community Health Building (CHB) compliance with applicable requirements of the rules and regulations promulgated pursuant to Tennessee's Hazardous Waste Management Act T.C.A. 68-212, Parts 1 and 3, with the Used Oil Collection Act of 1993, T.C.A. 68-211, Part 10, and with the regulations adopted pursuant to those Acts. Inspection findings are based upon site observations, file review, and verbal and written information provided by facility personnel during the inspection, including the identification of all physical locations where wastes are generated and managed by the facility. The facility has the responsibility to advise the DSWM of any information in the report or attached letter that the facility deems to be incorrect or incomplete. Any such communication should be submitted to the Division within fifteen (15) days following receipt of this report.

This was the first unannounced inspection conducted at the facility by the DSWM.

FACILITY DESCRIPTION

The CHB houses classrooms, offices, and laboratories for the University of Memphis' School of Nursing, School of Communication Sciences and Disorders and the Memphis Speech and Hearing Center. The North American Industry Classification System (NAICS) code most suitable for this facility is 611310-"Colleges, Universities, and Professional Schools."

GENERATOR STATUS

At the time of the CEI, CHB was determined to be a conditionally exempt small quantity generator (CESQG) of hazardous waste and was evaluated in accordance with the appropriate regulatory standards.

HAZARDOUS WASTE STREAMS GENERATED

The facility's hazardous waste is used cleaning fluid generated from cleaning medical equipment and hearing aid tips. At the time of the inspection, CHB had one active hazardous waste stream (WS). Information regarding this WS is summarized in Table I.

INSPECTION FINDINGS

The CEI consisted of a walk-through to inspect areas related to the management of hazardous waste, universal waste, used oil, and a review of CHB's hazardous waste records. One Hazardous Waste Storage Area (HWSA) and one Satellite Accumulation Area (SAA) were observed during this CEI. A description of wastes stored in these areas is provided below:

Room 4060-Speech Anatomy Lab (SAA)

No hazardous waste was present at the time of the CEI.

Room 1033 Infection Control/Materials (HWSA)

- One 1-gallon container of used cleaning fluid that was closed and labeled "Hazardous Waste".

Facility Records Review

The CEI finished with a review of CHB's hazardous waste records for the past three years. The CHB facility was determined to be a CESQG of hazardous waste for the years of 2019, 2018, and 2017. Hazardous waste shipping manifests and land disposal restriction notifications/certifications were adequately maintained. The Hazardous Waste Annual Reports were maintained onsite.

VIOLATIONS

During this CEI, there were no violations identified.

REMARKS/RECOMMENDATIONS:

The DSWM appreciates the University of Memphis's cooperation during the CEI. If there are any questions about this report, please call (901) 543-7829 or e-mail at Christina.Perez@TN.Gov.

SIGNED: 

DATE: 1-16-2020

Christina Perez, Hazardous Waste Inspector
State of Tennessee
Memphis Environmental Field Office
Division of Solid Waste Management

REVIEWED: 

DATE: 1/16/2020

Herb Nicholson, P.G., CHMM, Environmental Field Office Manager
State of Tennessee
Memphis Environmental Field Office
Division of Solid Waste Management

TABLE 1

**University of Memphis-Community Health Building
TNR 00-0004-2861**

Waste Stream Information

| WS Number | Description | EPA Waste Codes |
|------------------|-------------------------------------|------------------------|
| 1 | Lab Pack- Outdated & Used Chemicals | D035, U159 |

14. Information Security Update

Presentation

Presented by Robert Jackson

The University of Memphis Board of Trustees

Recommendation

Presentation

Date: March 4, 2020

Committee: Audit Committee

Topic: Information Security Update

Presented by: Robert Jackson, Chief Information Officer

This is an update of the information security program for the University of Memphis.

Information Security Program Update

Audit Committee

Dr. Robert Jackson
Chief Information Officer

March 4, 2020
University Center



FY2020 Q2 IT Security Engagements

| | Escalation Level | | | | | | |
|-------------------------------------|------------------|----------|---------|--------------|----------|---------------|-------|
| | 1- Very Minor | 2- Minor | 3 - Low | 4 - Moderate | 5 - High | 6 - Very High | Total |
| Category | | | | | | | |
| Denial of Service | | | | | | | 0 |
| Malicious Code | | | | | | | 0 |
| Unauthorized Access | | 1 | | | | | 1 |
| Inappropriate Usage | 3 | 2 | | | | | 5 |
| Personally Identifiable Information | | | | | | | 0 |
| Other | | | | | | | 0 |
| | | | | | | | |
| Total | 3 | 3 | 0 | 0 | 0 | 0 | 6 |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| Outcomes included: | | | | | | | |
| • No Action Required (3) | | | | | | | |
| • Issue Remediated (3) | | | | | | | |

Note: 104 accounts were proactively disabled due to suspicious behavior during Oct-Dec 2019.

- Email single sign-on (SSO)
 - Strengthens control over email account access; improves logging capability
 - Disable outdated POP/IMAP protocols – February 2020
 - Disable outdated SMTP/other protocols – March 2020
 - Enable single sign-on for O365 email – May 2020 (enables MFA protection for employees)
- Enable malicious website protections - March 2020
 - URL filtering – the border firewall blocks access to known malicious sites by browsers, IoT devices, malicious software, etc.
 - URL re-writing – URL's embedded within emails are re-written so that when a user clicks the link, the site/content is reviewed for malicious content before the web page is displayed
- FY2020 Network Core / Firewall upgrade – March 2020
 - Potential delay due to coronavirus impact on supply chain
- Implementation of MFA for all students – Summer 2020 (tentative)

Thank you

15. Additional Business

16. Adjournment