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University of South Carolina
BOARD OF TRUSTEES

Audit, Compliance and Risk Committee

August 20, 2021

The Audit, Compliance and Risk Committee of the University of South Carolina Board of Trustees met at 9:30 a.m. on Friday, August 20, 2021 in the Floyd Boardroom of the Pastides Alumni Center and by Microsoft Teams video conference.

Committee members present were Ms. Rose Buyck Newton, Chair; Mr. Brian C. Harlan; Mr. Richard A. Jones Jr.; Ms. Emma W. Morris; Dr. C. Dorn Smith III, Board Chair; and Mr. Thad H. Westbrook, Board Vice Chair. Mr. Robin D. Roberts participated by Microsoft Teams video conference. Mr. J. Egerton Burroughs and Mr. Charles H. Williams were absent.

Other Board members present were Mr. C. Dan Adams, Mr. Toney J. Lister, Mr. Miles Loadholt, Mr. Hubert F. Mobley, Ms. Leah B. Moody, Ms. Molly M. Spearman, Mr. Eugene P. Warr Jr., and Mr. Mack I. Whittle Jr. Mr. Alex English, Dr. C. Edward Floyd, and Mr. John C. von Lehe Jr. participated by Microsoft Teams video conference.

Also present were USC Columbia Faculty Senate Chair Dr. Audrey Korsgaard, USC Columbia Student Government President Mr. Alex Harrell, and Strategic Advisor to the Board of Trustees Mr. David Seaton.

Others in attendance were Interim President Harris Pastides; Acting Secretary and General Counsel Terry Parham; Vice President for Human Resources Caroline Agardy; Interim Provost and Dean of the College of Pharmacy Stephen Cutler; Communications

Manager Abe Danaher; Vice President for Development Monica Delisa; Chief Audit Executive Pam Dunleavy; Palmetto College Chancellor Susan Elkins; Vice President of Facilities Planning, Design and Construction and University Architect Derek Gruner; USC Upstate Chancellor Bennie Harris; Chief Executive Officer of the USC Alumni Association Wes Hickman; Interim Director of Academic Programs Trena Houpp; Assistant to the President for System Affairs Eddie King; Senior Deputy Athletics Director Chance Miller; USC Beaufort Chancellor Al Panu; Assistant Director of Information Technology Audit Roscoe Patterson; Chief Operating Officer Jeff Perkins; Vice President for Student Affairs and Vice Provost Dennis Pruitt; University Treasurer and Assistant Vice President of Administrative Operations and Chief of Staff Joe Sobieralski; Interim Vice President of Health and Well-being and Chief Health Officer Jason Stacy; Assistant Vice President of Media and External Engagement Jeff Stensland; Athletics Director Ray Tanner; USC Aiken Provost and Executive Vice Chancellor of Academic Affairs Daren Timmons; Executive Vice President and Chief Financial Officer Ed Walton; Vice President for Diversity, Equity and Inclusion Julian Williams; and Board of Trustees' support staff. Secretary Cameron Howell participated by Microsoft Teams video conference.

OPEN SESSION

I. Call to Order

Chair Newton called the meeting to order, welcomed everyone, and asked Trustees in the room to introduce themselves. Acting Secretary Parham confirmed Trustees in attendance by Microsoft Teams video conference.

Chair Newton called on Mr. Jeff Stensland to introduce members of the media. Mr. Stensland introduced Jerry Bowen with the *Daily Gamecock* and Lucas Daprile with the *State*.

Chair Newton stated notice of the meeting and agenda had been posted and the press notified as required by the Freedom of Information Act; the agenda and supporting materials had been circulated to the Committee; and a quorum was present to conduct business.

II. Internal Audits

Chair Newton called on Chief Audit Executive Ms. Pam Dunleavy to present internal audits.

Ms. Dunleavy stated five internal audit reports were posted to the Board portal for review prior to this meeting.

A. FY20-21 Audit and Advisory Services Annual Report

Ms. Dunleavy reviewed highlights of the FY20-21 Audit and Advisory Services (AAS) annual report, which was posted to the Board portal. AAS spent 81% of effort focused on providing assurance and advisory services by performing audits, investigations, and advisory reviews for FY20-21. This was up 74% and 77% from FY19-20 and FY 18-19, respectively. She reviewed the department staff analysis and year-end budget variances.

B. Risk Assessment and Audit Plan FY21-22

Ms. Dunleavy reviewed the risk assessment and audit plan development process by introducing common themes and identifying high-priority considerations. She highlighted several of the high-priority risks that will be the focus of the current fiscal year. She presented the AAS audit plan for FY21-22 and highlighted departmental goals.

Ms. Dunleavy introduced Assistant Director of Information Technology Audit Roscoe Patterson to present IT disaster recovery audits.

C. USC Beaufort IT Disaster Recovery Audit Report

Mr. Patterson stated the complete USC Beaufort IT disaster recovery audit report was posted to the Board portal for review prior to the meeting. He defined the objectives and scope and briefly outlined audit findings.

D. Columbia IT Disaster Recovery Audit Report

Mr. Patterson stated the complete Columbia IT disaster recovery audit report was posted to the Board portal for review prior to the meeting. He defined the objectives and scope and briefly outlined audit findings.

E. AAS Tracking Report

Ms. Dunleavy provided an update on the status of the AAS's tracking report, which was posted to the Board portal for review prior to the meeting. The AAS tracking report provides an overview of outstanding audit recommendations. Chair Newton stated these reports were received as information.

III. Approval of Policy Reviews

Chair Newton called on Ms. Pam Dunleavy to present five policy reviews for approval.

A. BTRU 1.06, Audit & Advisory Services

Ms. Dunleavy stated edits to BTRU 1.06, "Audit & Advisory Services," were needed to reflect changes in the Board of Trustee Committee names and changes to the Institute of Internal Auditors standards. The edits were posted to the Board portal for review prior to the meeting.

B. BTRU 1.18, Conflicts of Interest and Commitment

Ms. Dunleavy stated edits to BTRU 1.18, "Conflicts of Interest and Commitment," were needed to correct references, fix broken links, and correct

scrivener's errors. The edits were posted to the Board portal for review prior to the meeting.

C. BRTU 1.20, Dishonest Acts and Fraud

Ms. Dunleavy stated AAS completed a review of policy BTRU 1.20, "Dishonest Acts and Fraud," and there were no edits recommended.

D. BTRU 1.22, Reporting Violations of State and Federal Laws or Regulations

Ms. Dunleavy stated edits to BTRU 1.22, "Reporting Violations of State and Federal Laws and Regulations," were needed to update Board of Trustees Committee names and correct scrivener's errors. The edits were posted to the Board portal for review prior to the meeting.

E. BTRU 1.24, Internal Control Policy

Ms. Dunleavy stated edits to BTRU 1.24, "Internal Control Policy," were needed to update language to reflect current practice in informing employees of their internal control responsibilities related to financial management. The edits were posted to the Board portal for review prior to the meeting.

Chair Newton called for a motion to approve the edits to Board policies as presented and posted to the Board portal. Ms. Morris so moved, and Mr. Jones seconded the motion. A vote was taken, and the motion carried. Chair Newton stated the Board policy reviews and edits approved will be included in the Audit, Compliance and Risk Committee's written consent agenda for consideration at the next full Board meeting.

IV. Risk and Compliance Reports

Chair Newton called on Ms. Dunleavy to present risk and compliance reports.

A. Conflict of Interest Status Report

Ms. Dunleavy stated the conflict of interest status report shows the completion of compliance disclosures, supervisory reviews, and management plans. Ms. Dunleavy reviewed percentage completion rates. She stated the report was posted to the Board portal for review prior to the meeting.

B. Report of Other External Audits and Reviews

Ms. Dunleavy stated a summary of other external audits and reviews was posted to the Board portal for review prior to the meeting.

Chair Newton stated the risk and compliance reports were received as information.

V. Approval of Voluntary Separation Programs

Chair Newton called on Vice President for Human Resource Caroline Agardy to present voluntary separation programs (VSP) for approval. Ms. Agardy stated the College of Arts and Science, the College of Social Work, and the College of Hotel, Restaurant, and Sport Management each submitted VSP and would like to implement the plans based on their unique needs and budgets. She stated the details of each VSP were posted to the Board portal for review prior to the meeting. She reviewed eligibility criteria, projected cost savings, timelines, and components for each.

Chair Newton called for a motion to approve the voluntary separation programs as presented and posted to the Board portal. Mr. Harlan so moved, and Mr. Roberts seconded the motion. A vote was taken, and the motion carried. Chair Newton stated these voluntary separation programs will be included in the Audit, Compliance and Risk Committee's written consent agenda for consideration at the next full Board.

VI. Audit, Compliance and Risk Committee

A. Education Session – Name, Image, Likeness

Chair Newton called on Athletics Director Ray Tanner to introduce the speaker for the education session on Name, Image, and Likeness (NIL). Mr. Tanner introduced Senior Deputy Athletics Director Chance Miller.

Mr. Miller reviewed the history of events and legislative actions related to recent rulings that allow student athletes to profit from their brand through a variety of channels. He stated federal legislation is pending. In anticipation of formal legislation, the University partnered with three companies to assist student athletes. Altius Sports Partners was engaged to provide education and guidance. INFLCR, a social media contact-sharing platform, was engaged to help student athletes build their individual brands. COMPASS was engaged to provide an administrative solution that captures all disclosures from USC student athletes.

The University's goals for USC student athletes is to provide education and maximize student athletes' NIL opportunities. He noted that no direct or indirect involvement in a NIL deal with a student athlete is allowed.

Chair Newton thanked Mr. Miller and stated the information presented regarding student athlete Name, Image, and Likeness was received as information.

B. Matrix Review

Chair Newton stated the Audit, Compliance and Risk Committee's matrix was updated and posted to the Board portal.

C. Committee Self-Assessment

Chair Newton stated an Audit, Compliance and Risk Committee self-assessment was provided to each Board member and asked that the assessment be completed and returned to her.

MOTION FOR EXECUTIVE SESSION

Chair Newton stated there was a need for an Executive Session to discuss an employment matter related to the annual performance evaluation of the Chief Audit Executive. Mr. Harlan made a motion to enter Executive Session and Ms. Morris seconded the motion. A vote was taken, and the motion carried unanimously. Chair Newton invited the following to remain: voting Trustees, Interim President Pastides, and Ms. Agardy. She stated no action would be taken in Executive Session and asked those not invited to stay to please step out.

EXECUTIVE SESSION

–Executive Session Removed

RETURN TO OPEN SESSION

VII. Other Matters

Chair Newton called for any other matters to come before the Committee.

Dr. Smith made a motion to increase the Chief Audit Executive's, Ms. Pam Dunleavy, salary by 1.5 percent. Mr. Harlan seconded the motion. A vote was taken, and the motion carried.

Chair Newton called for any other matters to come before the Committee. There were none.

VIII. Adjournment

Chair Newton declared the meeting adjourned at 10:47 a.m.

Respectfully submitted,

Cameron Howell
Secretary