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University of South Carolina  
BOARD OF TRUSTEES

Audit, Compliance and Risk Committee

February 18, 2022

The Audit, Compliance and Risk Committee of the University of South Carolina Board of Trustees met at 9:55 a.m. on Friday, February 18, 2022 in the Floyd Boardroom of the Pastides Alumni Center and by Microsoft Teams.

Committee members present were Ms. Rose Buyck Newton, Chair; Mr. Brian C. Harlan; Mr. Richard A. Jones Jr.; Mr. Robin D. Roberts; Dr. C. Dorn Smith III, Board Chair; and Mr. Thad H. Westbrook, Board Vice Chair. Ms. Emma W. Morris 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. Alex English, Mr. Miles Loadholt, Mr. Hubert F. Mobley, Mr. John C. von Lehe Jr., Mr. Eugene P. Warr Jr., and Mr. Mack I. Whittle Jr. Dr. C. Edward Floyd, Mr. Toney J. Lister, and Ms. Leah B. Moody joined by Microsoft Teams.

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

Others in attendance were Interim President Harris Pastides; Secretary Cameron Howell; Vice President of Human Resources Caroline Agardy; USC College of Nursing

Dean Jeannette Andrews; Interim Vice President for Development Stacey Bradley; Director for Strategic Initiatives Jack Claypoole; Vice President for System Affairs Derham Cole; Interim Provost Stephen Cutler; Conflict of Interest Compliance Manager Frank DiSilvestro; Chief Audit Executive Pamela Dunleavy; Audit Manager Kim Dwiggin; Palmetto College Chancellor Susan Elkins; Associate Vice President of Finance and Budget Kelly Epting; Interim Vice President for Research Julius Fridriksson; President's Chief of Staff Stacy Fritz; Vice President for Information Technology and Chief Information Officer Doug Foster; University Architect and Associate Vice President for Facilities Derek Gruner; College of Engineering and Computing Dean Hossein Haj-Hariri; USC Upstate Chancellor Bennie Harris; USC Aiken Chancellor Daniel Heimmermann; USC Controller Mandy Kibler; Executive Director of Economic Engagement Bill Kirkland; Associate Vice President and Chief Procurement Officer Venis Manigo; Director of Government Relations Derrick Meggie; Director Financial and Operational Audit Team Glenn Murray; USC Beaufort Chancellor Al Panu; General Counsel and Executive Director of Compliance Programs Terry Parham; Director of Government Relations Craig Parks; Chief Operating Officer Jeff Perkins; Vice President for Student Affairs and Vice Provost Dennis Pruitt; College of Arts and Sciences Dean Joel Samuels; University Treasurer, Associate Vice President and Chief of Staff for the Division of Administration and Finance Joe Sobieralski; Assistant Vice President, Media and External Engagement Jeff Stensland; Athletics Director Ray Tanner; Vice President for Communications Larry Thomas; Vice President for Enrollment Management Scott Verzyl; Executive Vice President and Chief Financial Officer Ed Walton; and Board of Trustees support staff Cary Graham.

## OPEN SESSION

### I. Call to Order

Chair Newton called the meeting to order, welcomed those in attendance, and asked everyone in the room to introduce themselves. Secretary Howell confirmed Trustees joining by Microsoft Teams. Chair Newton called on Mr. Stensland to introduce members of the press. Mr. Stensland introduced Corey Diaz with USA Today Network, Caleb Bozard with the *Daily Gamecock*, Lauren Larsen with the *Daily Gamecock*, Jessica Holdman with the *Post and Courier*, and Lucas Daprile with the *State*.

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

## MOTION TO ENTER EXECUTIVE SESSION

Chair Newton stated there was a need for an Executive Session to discuss personnel matters regarding a potential conflict of interest and discipline of an employee. Mr. Harlan made the motion to enter Executive Session and Mr. Jones seconded the motion. A vote was taken, and the motion carried unanimously.

Chair Newton stated no action would be taken in Executive Session and invited the following to remain: Trustees, Mr. Harrell, Dr. Korsgaard, Mr. Seaton, Interim President Pastides, Secretary Howell, Dr. Cutler, Mr. Walton, Mr. Parham, Ms. Agardy, Dean Haj-Hariri, Ms. Dunleavy, Mr. Murray, Ms. Dwiggin, and Board of Trustees staff.

## EXECUTIVE SESSION

– Executive Session Removed

## RETURN TO OPEN SESSION

### II. External Audits

#### A. USC Aiken and USC Beaufort Financial Statement Audits, FY 2021-22

Chair Newton stated the USC Aiken and USC Beaufort Financial Statement Audits for FY21-22 were posted to the Board portal for review, and called for questions for Ms. Kibler. There were none. Chair Newton stated the reports were received as information.

#### B. NCAA Agreed Upon Procedures Engagements

Chair Newton stated the NCAA Agreed Upon Procedures Reports were posted to the Board portal for review, and called for questions for Ms. Kibler. There were none. Chair Newton stated the reports were received as information.

#### C. Open Projects

##### – Uniform Guidance Audit, FY 2021-22

Chair Newton stated the Uniform Guidance Audit for FY21-22 is not complete at this time and is scheduled to be completed for the April meeting of the Committee. A full update will be provided at that time.

### III. Internal Audits

Chair Newton called on Ms. 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. CRRSAA Higher Education Relief Fund II Audit Report

Ms. Dunleavy stated USC received \$56.1 million from Coronavirus Response and Relief Supplemental Appropriations Act Higher Education Relief funds. The

report shows no reportable issues with the use of funds.

B. Effort Reporting Audit Report

Ms. Dunleavy stated this process is used to certify that the portion of the employee's salary charged to sponsored programs is reasonable in relation to the work performed. The Uniform Guidance establishes the administrative requirements for Effort Reporting. The Effort Reporting Module of PeopleSoft was implemented this past year. Ms. Dunleavy stated the system overall has been found to operate effectively and adheres to the statutory requirements.

C. Succession Planning Audit Report

Ms. Dunleavy stated the University's succession planning process targets leadership and pivotal positions for planning. Human Resources is responsible for communicating requirements and providing tools and consultation to units to support this process. Ms. Dunleavy stated there has been overall improvement both in participation in the process and in the process itself.

D. President's Office and Board Office Expenditures Calendar Year 2021

Ms. Dunleavy stated tracking of the President's Office and Board Office expenditures continues to show they are well-managed and there are no observations to report.

E. Information Security Program Compliance Audit Report

Ms. Dunleavy stated the Information Security Program Compliance Audit Report is a process that involves security surveys completed by 58 security liaisons throughout USC organizational units. The surveys are then used to determine any security vulnerabilities within University IT systems. Ms. Dunleavy reviewed the audit

recommendations.

#### F. Tracking Report

Ms. Dunleavy reviewed the Tracking Report, which tracks the status of open audit recommendations. She noted two recommendations that have been open for more than two years. Ms. Dunleavy stated she is confident these two are still progressing.

Chair Newton thanked Ms. Dunleavy and stated the internal audit reports were received as information.

#### IV. Approval of Proposed Audit & Advisory Services' Budget FY 2022-23

Chair Newton called on Ms. Dunleavy to present the proposed FY 2022-23 Audit & Advisory Services' budget. Ms. Dunleavy provided an overview of the Audit & Advisory Services FY 2022-23 proposed budget.

Chair Newton thanked Ms. Dunleavy and stated the update was received as information.

#### V. Risk and Compliance Reports

##### – Report of Other External Audits and Reviews

Chair Newton stated the report of other external audits and reviews was posted to the Board portal for review. Chair Newton called for questions for Ms. Dunleavy; there were none.

Chair Newton stated the report was received as information.

#### VI. Voluntary Separation Program – College of Education

Chair Newton called on Vice President of Human Resources Caroline Agardy to present a voluntary separation program for approval. Ms. Agardy stated this program is a

cost-saving one that allows the University to eliminate or realign positions. The College of Education wants to participate this year and has proposed that a maximum of 7 faculty members participate. Ms. Agardy reviewed the criteria for eligibility, both for the College of Education and for individual faculty members. She then reviewed the projected cost savings. Ms. Agardy stated the University must report program results to the Division of State Human Resources by August 15 of the next fiscal year.

After Chair Newton called for questions, Ms. Agardy clarified the terms of eligibility that can allow program participants to later return to employee status.

Chair Newton called for a motion to approve the College of Education's voluntary separation program. Mr. Roberts made the motion, and Mr. Harlan seconded the motion. A vote was taken, and the motion carried unanimously.

Chair Newton stated the motion was approved and this agenda item would be included on the Audit, Compliance and Risk Committee's written consent agenda for consideration by the full Board later that day.

## VII. Audit, Compliance and Risk Committee

### A. Education Session – Conflict of Interest Process

Chair Newton called on Chief Audit Executive Pam Dunleavy to present an education session on the conflict of interest process. Ms. Dunleavy introduced AAS's Conflict of Interest Compliance Manager, Frank DiSilvestro. Ms. Dunleavy stated the role of this new position is to advise, educate, and monitor the University community on conflict of interest, including policies and procedures on the topic.

Mr. DiSilvestro discussed his initial work and actions taken in this new role.

He then reviewed the seven elements of the program's framework, adapted from the

U.S. Sentencing Guidelines: Policies & Procedures, Compliance Officer & Committee, Training & Education; Monitoring & Auditing; Reporting & Investigating; Enforcement & Discipline; Response & Prevention. Mr. DiSilvestro reviewed work he has done in each of these areas, as well as his goals and top priorities.

Chair Newton thanked Ms. Dunleavy and stated the report was received as information.

B. Matrix Review

Chair Newton stated the Audit, Compliance and Risk Committee's planning matrix was posted to the Board portal. She stated the Uniform Guidance Audit and evaluation of the external audit firm were both delayed.

VIII. Other Matters

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

IX. Adjournment

Chair Newton declared the meeting adjourned at 11:05 a.m.

Respectfully submitted,

Cameron Howell  
Secretary