

11/19/14

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

I.5. Audit Committee

Friday, December 5, 2014
Gordon Dining and Event Center
770 W. Dayton St., 2nd Floor
Overture Room
Madison, Wisconsin

8:00 a.m. Audit Committee – Overture Room

- a. Committee Business
 1. Approval of the Minutes of the August 21, 2014 Meeting of the Audit Committee

- b. Approval of Recommendation to Initiate a Request for Proposal (RFP) Process and Implement a Waste, Fraud and Abuse Hotline
[Resolution I.5.b]

- c. Discussion of Recent UW System Office of Internal Audit Reports

- d. Report of the Chief Audit Executive

Internal Audit – Waste, Fraud and Abuse Hotline

AUDIT COMMITTEE

Resolution I.5.b:

That, upon the recommendation of the President of the University of Wisconsin System, the Board of Regents endorses the Chief Audit Executive initiating a request for proposal process (RFP) to select and implement a waste, fraud and abuse hotline.

APPROVAL OF RECOMMENDATION TO INITIATE A REQUEST FOR PROPOSAL (RFP) PROCESS AND IMPLEMENT A WASTE, FRAUD AND ABUSE HOTLINE

BACKGROUND

The University of Wisconsin System (System) does not have a waste, fraud and abuse hotline. Waste, fraud and abuse hotlines are the most effective tool for reporting and detecting waste, fraud and abuse. Additionally, a recent survey of the Big Ten + Audit Group indicated that virtually all institutions responding to the survey have a hotline which is hosted by a third party vendor. Neither UW-Madison nor any of the other UW institutions has a hotline.

REQUESTED ACTION

Approval of Resolution I.5.b, endorsing a recommendation to initiate a request for proposal (RFP) process to select and implement a waste, fraud and abuse hotline.

DISCUSSION

Best practices for waste, fraud and abuse hotline design, implementation and monitoring have developed as a result of the regulatory requirements to have systems to receive and track complaints. Waste, fraud and abuse hotlines also reinforce the code of ethics of the organization by stating that unethical behavior is unacceptable. Waste, fraud and abuse hotlines provide tangible support for the code of conduct by giving employees and other stakeholders a mechanism for reporting violations.

Thoughtful design and planning including participation by appropriate System functions and the institutions can help insure an effective hotline. Around-the clock access, anonymity and multilingual capabilities are key considerations. Waste, fraud and abuse hotlines can also be used to manage regulatory compliance issues and human resource issues, among others.

Third party vendors offer cloud-based or web-based options that are relatively inexpensive in comparison to the dollar value of risks they can help mitigate. These vendors also offer products that track the complaints, provide benchmarking data, and employee education training and communication strategies. Vendors in this area have expertise in designing the appropriate issue notification and resolution processes to ensure that items reported are investigated and resolved in an appropriate and timely manner.

RELATED REGENT POLICIES

None

AUDIT UPDATE

Agenda Items 1.5.c., 1.5.d.

December 5, 2014

Agenda Item 1.5.c.

Major Project Activity

Title	#	Status
Audit of Purchasing Card Expenditures		
• River Falls	2013-52	Report Date – March 5, 2014
• Platteville	2013-53	Report Date – February 4, 2014
• Oshkosh	2013-64	Report Date - May 12, 2014
• Stevens Point	2013-65	Report Date – April 29, 2014
• Extension	2013-67	Report Date – July 10, 2014
• Green Bay	2013-68	Report Date – March 10, 2014
• La Crosse	2013-69	Report Date – March 6, 2014
• Superior	2013-70	Report Date – May 7, 2014
• Whitewater	2013-71	Report Date – June 4, 2014
• Colleges	2013-72	Report Date – July 10, 2014
• Eau Claire	2014-01	Report Date – June 9, 2014
• UW System Administration	2014-02	Report Date – June 16, 2014
• Milwaukee	2014-23	Report Date – October 9, 2014

Major Project Activity, Continued

Title	#	Status
Audit of Compliance with Animal Research Requirements		
• Madison	2014-03	Report Date – September 25, 2014
• La Crosse	2014-04	Report Date – June 9, 2014
• Eau Claire	2014-05	Report Date – June 9, 2014
• Stevens Point	2014-06	Report Date – June 9, 2014
• Stout	2014-08	Report Date – June 9, 2014
• Milwaukee	2014-09	Report Date – June 24, 2014
• Oshkosh	2014-10	Report Date – June 9, 2014
• River Falls	2014-11	Report Date – October 13, 2014
• Whitewater	2014-12	Report Date – July 14, 2014
• Platteville	2014-13	Report Date – September 12, 2014
• Parkside	2014-14	Report Date – June 26, 2014

Major Project Activity, Continued

Title	#	Status
Audit of NCAA Division III Athletics		
• Oshkosh	2014-15	Expected Date – November 2014
• River Falls	2014-16	Active
• Platteville	2014-17	Active
• Superior	2014-18	Active
• Stout	2014-19	Expected Date – December 2014
Audit of Query Library Data Integrity		
• System Administration/Madison	2014-20	Active
Audit of Physical Security and Access		
• Milwaukee	2013-57	Active
• Madison	2013-58	Active
• Whitewater	2013-66	Active
Audit of Employee Payroll Information		
• Madison	2013-63	Report Date – April 16, 2014
• Colleges	2013-19	Report Date – May 30, 2014
Audit of System Travel Regulations		
• Madison	2013-48	Report Date – April 10, 2014

Major Project Activity, Continued

Title	#	Status
Audit of Limited Term Employment (LTE)		
• La Crosse	2014-07	Expected Date – December 2014
• Colleges	2014-21	Expected Date – December 2014
• Eau Claire	2014-22	Report Date – October 29, 2014
• Green Bay	2014-24	Expected Date – December 2014
• Madison	2014-25	Expected Date – December 2014
• Milwaukee	2014-26	Expected Date – December 2014
• Oshkosh	2014-27	Expected Date – December 2014
• Parkside	2014-28	Expected Date – December 2014
• Platteville	2014-29	Expected Date – December 2014
• River Falls	2014-30	Expected Date – December 2014
• Stevens Point	2014-31	Expected Date – December 2014
• Stout	2014-32	Expected Date – December 2014
• Superior	2014-33	Report Date – October 29, 2014
• System Administration	2014-34	Expected Date – December 2014
• Whitewater	2014-35	Expected Date – December 2014
• Extension	2014-36	Expected Date – December 2014

Audits on Hold Due to Lack of Staff

Title

Strategic

- Governance/Ethics

Financial

- Donor Intent

Compliance

- PCI Compliance

Operational

- Grading Data Security

Audits Deferred

Title

- Affordable Care Act Reporting Requirements
- Flexible Degree Option

Consulting/Committee Work

Title

- HRS Controls
- Travel Management and Operations Committee
- Drug Free Work Place

Agenda Item 1.5.d.

Report of the Chief Audit Executive

Title

- System Audit Staffing
- Potential Integration with Institutional Auditors
- Potential 2015 Projects