

UW System Board of Regents  
Audit Committee  
UW-Madison, Gordon Dining and Event Center  
Overture Room  
December 5, 2014

MEETING OF THE AUDIT COMMITTEE

The meeting of the Audit Committee was called to order at 8:00 a.m. by Regent Gerald Whitburn. Roll call was taken and Regents Whitburn, Farrow, Higgins, Mueller, and Pruitt were in attendance.

I.5.a. Committee Business - Approval of the Minutes of the August 21, 2014 Meeting of the Audit Committee.

Upon the motion of Regent Farrow and the second of Regent Higgins, the Committee unanimously approved the minutes of the August 21, 2014 meeting of the Audit Committee.

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

Regent Whitburn reported that Chief Audit Executive Lori Stortz and President Raymond Cross had brought forward a recommendation to initiate an RFP process to select and implement a waste, fraud and abuse hotline.

Regent Whitburn shared that a waste, fraud and abuse hotline is considered best practice in higher education and in comparison to other Big Ten institutions, the UW System is behind in this area. The RFP process would lead to the selection of an experienced vendor who can help guide the design and set-up of the hotline, as well as development of processes for handling reported issues in a timely and effective manner. Ms. Stortz added that a successful vendor search and hotline implementation will require input from a number of functional areas within UW System Administration as well as the various institutions. She has shared the hotline proposal with the President's Cabinet, the Chief Business Officers, and the Chancellors and all have been supportive of moving forward following the necessary approvals.

Discussion followed regarding the importance of ensuring that issues are tracked and followed through to completion. Ms. Stortz agreed and indicated that she will take primary responsibility for triaging issues as appropriate and following them through to resolution. There also needs to be a balance between protecting an individual's privacy and complying with public records laws. Regent Whitburn and others emphasized the importance of reporting issues back to the Audit Committee in a timely fashion.

Upon the motion of Regent Mueller and the second of Regent Farrow, the Committee unanimously approved Resolution 1.5.a., endorsing the Chief Audit Executive's initiating a

Request for Proposals (RFP) process to select and implement a waste, fraud and abuse hotline. The recommendation would go before the Board of Regents later in the morning.

**15c Report of the Chief Audit Executive**

Ms. Stortz reported that staff continues to make progress on the 2014 audit plan. Final reports completed over the past few months have been distributed to the Audit Committee.

Ms. Stortz has completed introductory visits to a number of institutions in recent months and will continue her visits into 2015. She recently attended a meeting of the Big Ten internal auditors, which provides an excellent opportunity for networking and learning from others' experiences. Recruiting efforts for the UW System Office of Internal Audit continue, and Ms. Stortz said she hoped to extend an offer to a senior auditor candidate that week. Staff continues to work toward building the infrastructure for the institutional auditors to come together with the System audit function. Profiles are being completed by each auditor so a database of skills and experience can be developed and shared systemwide.

**15d Discussion of Recent UW System Office of Internal Audit Reports.**

Given the good progress on the 2014 audit plan, Ms. Stortz said she expected only a few audits to be carried over to 2015. She and Mr. Mentel are beginning the process of developing a 2015 audit plan to bring to the February Audit Committee meeting for approval.

There was brief discussion and clarification regarding the nature of the Payment Card Industry (PCI) Compliance Audit and the Governance/Ethics Audit. Mr. Mentel noted that the PCI Compliance Audit focuses on the use of debit and credit cards used by staff on the various campuses. The Governance/Ethics Audit would review areas such as bylaws compliance for meeting frequency, meeting notices, and report distribution due dates. Regent Pruitt suggested that this kind of audit would require a great deal of coordination with the Board of Regents Office. The Committee briefly discussed foundation audits that are completed throughout the System and which are currently being sent to the Financial Reporting Department. Going forward these reports should also be shared with Internal Audit. A question was raised regarding follow-up on audit comments and Mr. Mentel indicated that this is currently being done manually; however, an assessment of the audit software tool is being completed to determine what follow-up capabilities exist for electronic follow-up.

The meeting was adjourned at 8:34 a.m.

Respectfully Submitted,



Renee Thums  
Recording Secretary