

**UW System Board of Regents  
Audit Committee**  
UW-Waukesha, 1500 N. University Drive, Room C101  
Waukesha, Wisconsin

**April 9, 2015**

**MEETING OF THE AUDIT COMMITTEE**

The meeting of the Audit Committee was called to order at 7:45 a.m. by Chair Regent Gerald Whitburn. Roll call was taken and Regents Whitburn, Farrow, Higgins, Mueller (via teleconference) and Pruitt were in attendance.

**I.5.a. Approval of the minutes of the December 5, 2014 meeting and the March 2, 2015 teleconference of the Audit Committee.**

Upon the motion of Regent Farrow and the second of Regent Pruitt, the Committee unanimously approved the minutes of the December 5, 2014 meeting and the March 2, 2015 teleconference of the Audit Committee.

**I.5.b. Changes to the Office of Internal Audit Charter.**

An updated Office of Internal Audit Charter was presented to accomplish the following: align the charter with the Board of Regents Audit Committee Charter (drafted and approved in 2013) and ensure consistency with *International Standards for the Professional Practice of Internal Auditing* as well as current office practices.

Upon the motion of Regent Higgins and the second of Regent Farrow, the Committee unanimously approved Resolution I.5.b., adopting the updated Office of Internal Audit Charter.

**I.5.c. Discussion of Recent UW System Office of Internal Audit Reports and Management Response Progress.**

Assistant Director, Steve Mentel, provided a brief overview of the projects that have been completed since the last meeting, which included NCAA Division III audits and Limited Term Employment (LTE) audits for a number of institutions. Overall, the results of the LTE audits were very good. The NCAA Division III audits identified some concerns; however, many of them were not significant.

Mr. Mentel reported that a process is underway to follow up on management responses to the audit comments. Mr. Mentel reported that institution management was contacted about corrective action taken on audit comments for reports finalized since December 2012. The response rate at the time the board materials were due was approximately 80%, with 88% of those respondents providing documentation to show the corrective action was completed. Audit

Committee members would like to see the response rate closer to 100%. Ms. Stortz added that Chancellors must take ownership of the resolution of audit findings.

**I.5.d. Waste, Fraud and Abuse Hotline Implementation**

Ms. Stortz provided a progress report on the implementation of the hotline, noting that System is on track for a May 15 “go live” date. The project team includes representation from legal, human resources, finance, IT, communications, academic affairs, and institution internal audit.

**I.5.e. System Audit Team Integration**

Regent Whitburn read Resolution I.5.e., directing the conversion of internal audit positions at individual UW institutions to UW System Administration positions, with overall supervision of the systemwide internal audit function provided by the Chief Audit Executive.

Ms. Stortz reported that she has visited all 4-year institutions, with the exception of Superior which she will visit later this spring. Her meetings have included campus Chancellors, CBO’s and internal auditors; she has discussed the expectations of the audit function and the future direction of the office integration which has a proposed effective date of July 1. Ms. Stortz anticipates identifying directors to oversee staff, set goals, review audits and provide coordination between the campuses. The proposal indicates that UW System Administration will take on payroll, including compensation and benefits, as well as training for institutional auditors, with each campus continuing to provide the normal work environment and accommodations needed for staff to do their work.

Discussion followed regarding other areas within the System that may have audit staff and whether areas such as athletics and research, for example, had been considered. While these areas typically have compliance staff, they do not have auditors on staff. It was agreed that coordination between internal audit and certain compliance areas will be explored in the future. Ms. Stortz added that she is very involved with the Big Ten Audit group and will also be on the Quality Assurance Review team for Ohio State in late April allowing her to gain insight into how other organizations handle similar issues.

Upon the motion of Regent Farrow and the second of Regent Higgins, the Committee unanimously approved Resolution I.5.e. as read by Regent Whitburn. Committee members added that they are very pleased that this important step is being taken as it was recommended by Baker Tilly following its assessment in 2013.

**I.5.f. System Risk Assessment Process**

Ms. Stortz reviewed the survey process and timeline for drafting the fiscal 2016 audit plan. The survey was sent to 158 key staff and leaders across the System in March, with 84 people responding. While this is more than a 50% response rate, Committee members were disappointed that the rate was not higher. Ms. Stortz agreed and will emphasize the expectation of the Audit Committee for more responses in 2016.

Preliminary results showed a great deal of consistency among respondents. Additional analysis will be completed with a draft plan for fiscal 2016 scheduled to be presented at the June Audit Committee meeting.

**I.5.g. Report of the Chief Audit Executive**

There were no additional items to report.

The meeting was adjourned at 8:30 a.m.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Renee Thums".

Renee Thums  
Recording Secretary