

04/01/2016

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

I.5. Audit Committee

Thursday, April 7, 2016  
9:15 a.m. – 10:30 a.m.  
University Union, Room 103  
UW-Green Bay  
Green Bay, Wisconsin

- a. Approval of the minutes of the December 10, 2015 meeting of the Audit Committee
- b. Discussion of Recently Issued Reports
  - Cash Handling Training and Certification Program – UW-La Crosse
- c. Management Response Progress
- d. Fiscal 2016 Audit Plan Progress
- e. Report of the Chief Audit Executive
  - Hotline Report
  - Annual Risk Survey Planning

=====

Thursday, April 7, 2016  
3:00 p.m. (time approximate)  
University Union, Phoenix AB

I.6. Joint Meeting of the Audit Committee and the Business & Finance Committee

- a. Independent Auditor's Report on the Financial Statements and Other Reporting Required by *Government Auditing Standards*
- b. Legislative Audit Bureau Report 16-3, "University of Wisconsin System"

**UW SYSTEM ADMINISTRATION  
OFFICE OF INTERNAL AUDIT  
ISSUED REPORTS**

**BACKGROUND**

One of the responsibilities of the Audit Committee, as outlined in the committee charter, is to take appropriate actions to strengthen the University of Wisconsin System's compliance, internal controls, and ethics.

**REQUESTED ACTION**

No action requested. Item for information and discussion only.

**DISCUSSION**

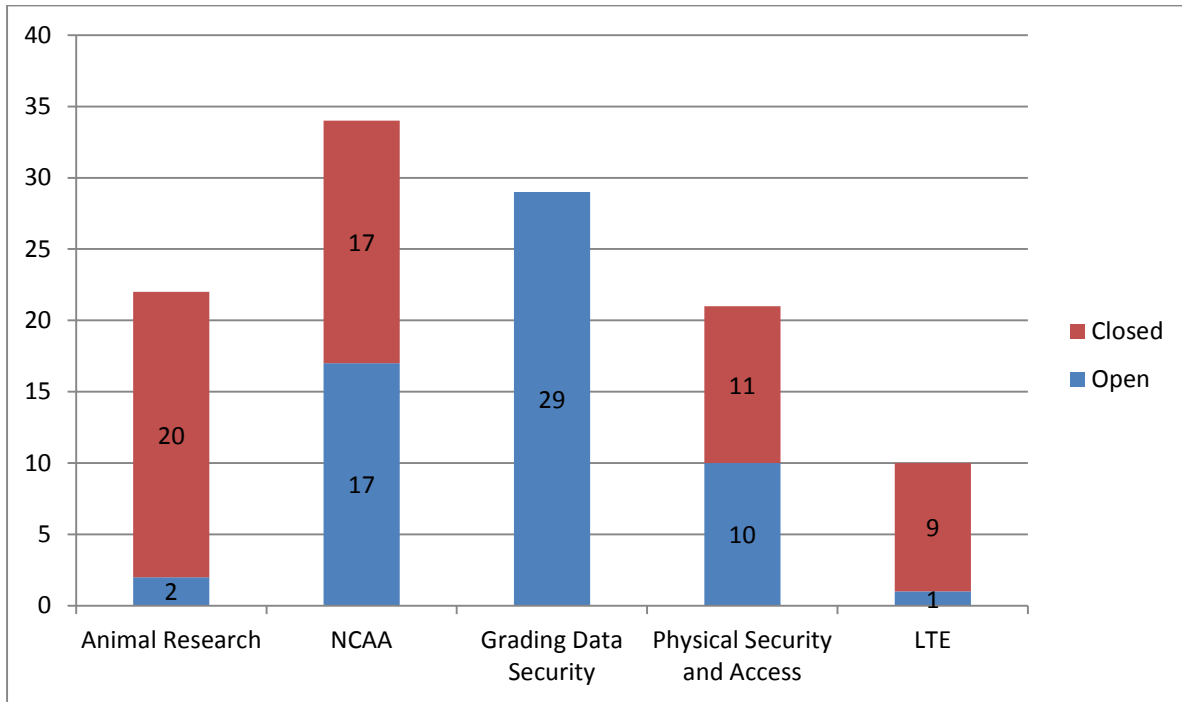
Below is a summary of reports issued since the last meeting:

- Cash Handling  
UW-La Crosse  
UW-Platteville  
UW-Whitewater
- Purchasing Cards  
All Institutions
- International Education  
UW-Platteville
- NCAA Athletics  
UW-Milwaukee  
UW-Parkside
- Grading Data Security  
UW-La Crosse  
UW-Platteville  
UW-River Falls  
UW-Stevens Point  
UW-Superior  
UW-Whitewater

**RELATED BOARD OF REGENTS POLICIES**

NA

**UW SYSTEM ADMINISTRATION  
OFFICE OF INTERNAL AUDIT  
MANAGEMENT RESPONSE PROGRESS**



**UW SYSTEM ADMINISTRATION  
OFFICE OF INTERNAL AUDIT  
MANAGEMENT RESPONSE PROGRESS**

**BACKGROUND**

One of the responsibilities of the Office of Internal Audit as outlined in the charter is to establish a follow-up process to monitor and identify whether corrective actions have been effectively implemented, or whether senior management has accepted the risk of not taking action. The Audit Committee has requested regular progress reports on this monitoring.

**REQUESTED ACTION**

No action requested. Item for information and discussion only.

**DISCUSSION**

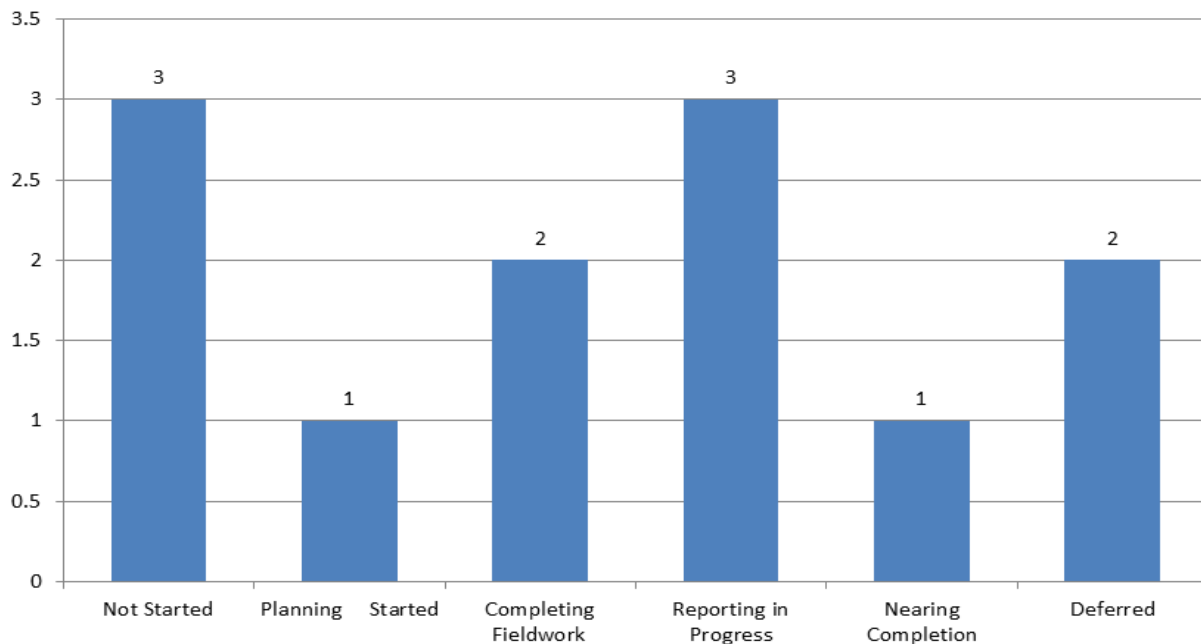
The following chart presents audit projects from the 2014 annual audit plan and the progress management has made toward resolving the comments and recommendations included in the audit reports. Management's corrective action plans were audited by the Office of Internal Audit to determine if they were implemented.

**RELATED BOARD OF REGENTS POLICIES**

NA

**UW SYSTEM ADMINISTRATION  
OFFICE OF INTERNAL AUDIT  
FISCAL 2016 AUDIT PLAN PROGRESS**

	<b>Title and Audit Type</b>	<b>Status</b>
<b>1</b>	Code of Ethics, Conduct, and Governance (Operational)	Not started
<b>2</b>	Reserves and Reporting (Financial)	Fieldwork almost complete Reporting is being summarized
<b>3</b>	Purchasing Cards (Continuous Monitoring)	First report issued and monitoring is ongoing
<b>4</b>	Travel and Expense Reimbursement (Continuous Monitoring)	Not started as data is not yet available
<b>5</b>	Cash Handling (Financial)	Three reports issued and fieldwork and reporting are ongoing
<b>6</b>	Payroll (Continuous Monitoring)	Planning has begun
<b>7</b>	Auxiliary Services (Operational)	Planned and fieldwork in progress
<b>8</b>	Emergency Preparedness (Operational)	Not started
<b>9</b>	System Security and Access (Information Technology)	Deferred
<b>10</b>	Data Integrity, Definition, Governance, and Ownership – Top Three Systems/Applications (Information Technology)	Deferred
<b>11</b>	International Education (IE) (Operational)	One report issued and fieldwork and reporting are in progress
<b>12</b>	NCAA Athletics Division I and II Audits	Two reports issued and one is in report finalization



April 7, 2016

Agenda Item I.5.d.

**UW SYSTEM ADMINISTRATION  
OFFICE OF INTERNAL AUDIT  
FISCAL 2016 AUDIT PLAN PROGRESS**

**BACKGROUND**

One of the responsibilities of the Audit Committee, as outlined in the committee charter, is to review and approve the annual internal audit plan and receive interim progress reports at least quarterly.

**REQUESTED ACTION**

No action requested. Item for information and discussion only.

**DISCUSSION**

The following chart provides a summary of audit progress for the Fiscal 2016 Audit Plan.

**RELATED BOARD OF REGENTS POLICIES**

NA

**UW SYSTEM ADMINISTRATION  
OFFICE OF INTERNAL AUDIT  
WASTE, FRAUD AND ABUSE HOTLINE  
SUMMARY REPORT TO THE AUDIT COMMITTEE**

**BACKGROUND**

The UW System Waste, Fraud and Abuse Hotline (Hotline) went live on May 15, 2015. The Audit Committee requested periodic updates to ensure reports are being addressed in a timely manner.

**REQUESTED ACTION**

No action requested. Item for information and discussion only.

**DISCUSSION**

For the period of August 16, 2015 through February 15, 2016, 38 incidents were reported. The dissemination, analysis, investigation and resolution of the incidents reported have gone well and as expected. As of February 15, 2016, 36 of the 38 incidents have been closed. The majority of the closed incidents (30) did not require an investigation or the Office of Internal Audit determined that no corrective action was necessary. Six incidents resulted in a corrective action being taken.

The Office of Internal Audit has received reports of incidents in each of the risk categories with most classified as financial or legal. Incidents were open an average of 37 days.

**RELATED BOARD OF REGENTS POLICIES**

NA

## **LEGISLATIVE AUDIT BUREAU FINANCIAL AUDIT OF THE UNIVERSITY OF WISCONSIN SYSTEM**

### **BACKGROUND**

As required by s. 13.94 (1) (t), Wis. Stats., the Legislative Audit Bureau completed a financial audit of the University of Wisconsin (UW) System. Based on its audit, the Bureau provided an unmodified opinion on UW System's fiscal year (FY) 2014-15 and FY 2013-14 financial statements. These financial statements and the Bureau's audit opinion are included in UW System's *2015 Annual Financial Report*, which is available on the UW System website.

The UW System Annual Financial Report includes financial statements prepared in accordance with Generally Accepted Accounting Principles (GAAP), as prescribed by the Governmental Accounting Standards Board.

Members of the Legislative Audit Bureau staff involved with the audit of the University of Wisconsin System have been invited to present information to, and respond to questions from, the University of Wisconsin Board of Regents Audit Committee and Business and Finance Committee.

### **REQUESTED ACTION**

This item is informational only.

### **DISCUSSION**

As background information for the discussion, two documents are referenced and available at the links below. These documents include a copy of:

- 1) [The Independent Auditor's Report on the Financial Statements and Other Reporting Required by Government Auditing Standards](#)
- 2) [Legislative Audit Bureau Report 16-3, "University of Wisconsin System"](#)

### **RELATED REGENT POLICIES**

None.