

**UW System Board of Regents  
Audit Committee  
UW-Madison  
Gordon Dining & Event Center, Overture Room  
Madison, Wisconsin**

**August 18, 2016**

**MEETING OF THE AUDIT COMMITTEE**

The meeting of the Audit Committee was called to order at 8:15 a.m. by Chair Regent Michael Grebe. Roll call was taken and Regents Grebe, Petersen, Mueller, Steil, and Whitburn were in attendance.

**I.5.a. Approval of the minutes of the June 9, 2016 meeting of the Audit Committee**

Upon the motion of Regent Whitburn and the second of Regent Petersen, the Committee unanimously approved the minutes of the June 9, 2016 Audit Committee meeting.

**I.5.b. Fiscal 2017 Audit Plan Progress**

Ms. Stortz briefly reviewed the status of audits that were approved as part of the fiscal 2017 audit plan. Some of the audits highlighted by Ms. Stortz included the Auxiliary, Code of Ethics, and Clery projects.

**I.5.c. Discussion of Recently Issued Reports**

Amanda Nehmer, Audit Director, briefly reviewed the Auxiliary Services – Union Expenditures report for UW-Madison. The focus of the audit was to assess the internal controls for the UW-Madison Wisconsin Union’s (Union) expenditure cycles.

Wisconsin Union Director, Mark Guthier addressed the committee regarding plans to address the comments and actions taken to date as well as the relationship between the Union and the Memorial Union Building Association.

Mr. Mentel briefly reviewed the Cash Handling report for UW Extension, two Grading Data Security reports for UW Colleges and UW-Madison, and three International Education reports for UW-Green Bay, UW-Oshkosh, and UW-River Falls.

Vice Chancellor Wildeck discussed plans to address the comments identified in the UW Extension Cash Handling report noting that most of the issues have already been corrected.

The committee requested that best practices learned during System Wide projects be brought forward for and the benefit of all Institutions. Ms. Stortz provided a brief discussion of the

Fraud, Waste and Abuse Hotline. Regent Mueller stated that the hotline is important to the “tone at the top” for UW System.

Mr. Rediske reviewed investigative reports for Upward Bound at UW-Stevens Point, Faculty Nepotism at UW-Milwaukee and the Psychology Department at UW-Milwaukee.

Vice Chancellor Diemer discussed plans to address the comments identified in the UW-Stevens Point Upward Bound report.

Associate Provost Dev Venugopalon and other representatives from UW-Milwaukee discussed plans to address the comments identified in the Faculty Nepotism report and the Psychology Department investigative reports.

**I.5.d. Management Response Progress**

Mr. Mentel reviewed a new report format providing a summary of progress management has made toward resolving the comments and recommendations included in previously issued and open audit reports. Mr. Mentel believes management has been responsive during the follow up process and he is not concerned about any particular area at this time.

**I.5.e. Discussion of Monitoring - Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control Model for Accountability – The Three Lines of Defense**

Mr. Rediske provided an overview of the Three Lines of Defense model and emphasized the factors that influence success. Ms. Stortz provided background regarding her discussion with various management at meetings and the critical importance of monitoring. She also mentioned Fiscal Policy F16 – Breach of Fiscal Integrity and management’s requirement to notify the Office of Internal Audit, Office of General Counsel, and the Office of Human Resources and Workforce Diversity.

**I.5.f. Move into closed session, as permitted by s. 19.85(1)(f), Wis. Stats., to consider personal histories or disciplinary data of specific persons or the investigation of charges against specific persons which, if discussed in public, would be likely to have a substantial adverse effect upon the reputation of any person referred to in such histories or data or involved in such investigations.**

Upon the motion of Regent Petersen and the second of Regent Steil, the motion to go into closed session was adopted on a roll call vote, with Regents Grebe, Petersen, Mueller, Steil, and Whitburn voting in the affirmative. There were no dissenting votes and no abstentions.

The meeting was adjourned at 9:40 a.m.

Respectfully Submitted,

Steve Mentel  
Recording Secretary