I.5. Audit Committee

Thursday, December 7, 2017
10:15 – 11:30 a.m.
Gordon Dining and Event Center
770 W. Dayton Street, 2nd floor
Sonata Room
Madison, Wisconsin

a. Approval of the minutes of the October 5, 2017 meeting of the Audit Committee

b. Fiscal Year 2018 Audit Plan Progress Report

c. Discussion of Recently Issued Audit Reports

- Tuition Policy
  - UW Colleges
  - UW-Eau Claire
  - UW-Milwaukee
  - UW-Parkside
  - UW-Stevens Point
  - UW-Stout
  - UW-Superior
  - UW-Whitewater

- NCAA
  - UW-Madison

- International Education
  - UW-La Crosse

- Federal TRIO Programs
  - UW-Green Bay
  - UW-La Crosse
  - UW-Madison
  - UW-Milwaukee
  - UW-Oshkosh
  - UW-Platteville
  - UW-Stevens Point
  - UW-Whitewater
  - UW System Administration

- Cash Handling
  - UW Colleges

d. Progress on Management Responses to Audit Reports
UW SYSTEM ADMINISTRATION
OFFICE OF INTERNAL AUDIT
FISCAL YEAR 2018 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 attached chart provides a summary of audit progress for the Fiscal Year 2018 Audit Plan.

RELATED BOARD OF REGENTS POLICIES

NA
<table>
<thead>
<tr>
<th>Title and Audit Type</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payroll (Continuous Monitoring)</td>
<td>One report issued and monitoring is ongoing</td>
</tr>
<tr>
<td>Purchasing Cards (Continuous Monitoring)</td>
<td>One report issued and monitoring is ongoing</td>
</tr>
<tr>
<td>Travel and Expense Reimbursement (Continuous Monitoring)</td>
<td>Planning has begun</td>
</tr>
<tr>
<td>System Security and Access (Information Technology)</td>
<td>Reporting and fieldwork in progress</td>
</tr>
<tr>
<td>Federal TRIO Programs</td>
<td>Reports issued and reporting in progress</td>
</tr>
<tr>
<td>Payment Card Industry Compliance</td>
<td>Deferred</td>
</tr>
<tr>
<td>Human Resource System Segregation of Duties</td>
<td>Reporting in progress</td>
</tr>
<tr>
<td>Research</td>
<td>Reporting in progress</td>
</tr>
<tr>
<td>Internal Control and Compliance Structure and Governance</td>
<td>Reporting in progress</td>
</tr>
<tr>
<td>Clery Audit Follow-up</td>
<td>Fieldwork in progress</td>
</tr>
<tr>
<td>Tuition and Enrollment Management</td>
<td>Completed</td>
</tr>
<tr>
<td>Data Integrity, Definition, Governance, and Ownership – Top Three Systems/Applications (Information Technology)</td>
<td>Deferred</td>
</tr>
<tr>
<td>Transactions with Foundations</td>
<td>Not started</td>
</tr>
<tr>
<td>University of Wisconsin Trust Fund</td>
<td>Fieldwork in progress</td>
</tr>
<tr>
<td>Bank Account Creation, Management and Oversight</td>
<td>Fieldwork in progress</td>
</tr>
<tr>
<td>Contract Management</td>
<td>Fieldwork in progress</td>
</tr>
<tr>
<td>Purchasing</td>
<td>Fieldwork in progress</td>
</tr>
<tr>
<td>Business Operations in Auxiliaries or Student Services</td>
<td>Planning has begun</td>
</tr>
<tr>
<td>NCAA Athletics Division I</td>
<td>Reporting and fieldwork in progress</td>
</tr>
</tbody>
</table>
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

The reports listed below have been issued since the last meeting and will be discussed by the Audit Committee:

Approved Audit Plan

- Tuition Policy
  - UW Colleges
  - UW-Eau Claire
  - UW-Milwaukee
  - UW-Parkside
  - UW-Stevens Point
  - UW-Stout
  - UW-Superior
  - UW-Whitewater

- NCAA
  - UW-Madison

- International Education
  - UW-La Crosse

- Federal TRIO Programs
  - UW-Green Bay
  - UW-La Crosse
  - UW-Madison
  - UW-Milwaukee
  - UW-Oshkosh
• Cash Handling

RELATED BOARD OF REGENTS POLICIES

NA
**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 audits issued during fiscal 2014 through fiscal 2018 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
The above charts and graphs do not necessarily represent all audit comments outstanding due to timing issues.

### Roll-forward from Prior Reporting Period to Current Reporting Period

<table>
<thead>
<tr>
<th>Audit</th>
<th>Previously Reported Open Comments</th>
<th>Comments Issued</th>
<th>Comments Closed</th>
<th>Current Open Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>NCAA</td>
<td>7</td>
<td>0</td>
<td>0</td>
<td>7</td>
</tr>
<tr>
<td>Grading Data Security</td>
<td>2</td>
<td>0</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Cash Handling</td>
<td>95</td>
<td>21(^1)</td>
<td>6</td>
<td>110</td>
</tr>
<tr>
<td>International Education</td>
<td>14</td>
<td>5</td>
<td>1</td>
<td>18</td>
</tr>
<tr>
<td>Reserves and Reporting</td>
<td>3</td>
<td>0</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Emergency Preparedness</td>
<td>18</td>
<td>0</td>
<td>1</td>
<td>17</td>
</tr>
<tr>
<td>UW- Madison Auxiliary- Union</td>
<td>24</td>
<td>0</td>
<td>0</td>
<td>24</td>
</tr>
<tr>
<td>Stevens Point Child Learning Center</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Code of Ethics, Conduct, and Governance</td>
<td>5</td>
<td>0</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>Facilities Warehouse Inventory</td>
<td>4</td>
<td>0</td>
<td>0</td>
<td>4</td>
</tr>
<tr>
<td>Residence Life</td>
<td>11</td>
<td>0</td>
<td>3</td>
<td>8</td>
</tr>
<tr>
<td>Tuition and Enrollment Management</td>
<td>10</td>
<td>14</td>
<td>3</td>
<td>21</td>
</tr>
<tr>
<td>Federal Trio Programs</td>
<td>0</td>
<td>3</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>195</strong></td>
<td><strong>43</strong></td>
<td><strong>17</strong></td>
<td><strong>221</strong></td>
</tr>
</tbody>
</table>

\(^1\) Includes Madison Cash Handling Audit presented on July 6, 2017

### Current Reporting Period

The bar chart shows the implementation percent toward completion for various audits, with priority ratings indicated by color:

- **Low** (green)
- **Moderate** (orange)
- **High** (red)
- **N/A** (gray)

The chart represents the percent completion for each audit category, with some categories marked as 0% completion.

1. Includes Madison Cash Handling Audit presented on July 6, 2017

The above charts and graphs do not necessarily represent all audit comments outstanding due to timing issues.