

**UW System Board of Regents
Audit Committee**
Gordon Dining and Event Center
770 W. Dayton Street, 2nd floor
Sonata Room
Madison, Wisconsin

December 7, 2017

MEETING OF THE AUDIT COMMITTEE

The meeting of the Audit Committee was called to order at 10:15 a.m. by Regent Janice Mueller. Roll call was taken and Regent Grebe was absent; Regents Mueller, Whitburn, Atwell, and Millner were in attendance, joined by Regent Drew Peterson. Regent Mueller led the meeting in Regent Grebe's absence.

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

Upon the motion of Regent Whitburn and the second of Regent Mueller, the Committee unanimously approved the minutes of the October 5, 2017 Audit Committee meeting.

I.5.b. Fiscal Year 2018 Audit Plan Progress Report

Lori Stortz, Chief Audit Executive, reviewed the status of audits that were approved as part of the fiscal year 2018 audit plan, and noted that there was very good progress made in executing the audit plan. She shared that Internal Audit expects to deliver a number of reports again at the Audit Committee meeting in February. Regent Mueller mentioned the sweeping changes to UW-Extension and Colleges being proposed, and asked if the Office is taking that into consideration. Ms. Stortz stated yes, the Office is focusing on items most germane and of highest importance to senior management and the board.

I.5.c. Discussion of Recently Issued Reports

Ms. Nehmer reviewed the eight Tuition audits for the following institutions: UW Colleges, UW-Eau Claire, UW-Milwaukee, UW-Parkside, UW-Stevens Point, UW-Stout, UW-Superior, and UW-Whitewater. All received a rating of satisfactory. Testing was conducted at all 15 campuses, and is now complete. It was determined that System tuition policy 805 was outdated, and Internal Audit recommended it be updated. Regent Mueller thanked Ms. Nehmer, and asked if there is a due date to update the policy. Ms. Nehmer replied that she is working in collaboration with Vice President of Finance, Sean Nelson – and the policy should be updated in the next few months.

Ms. Nehmer also reviewed the UW-Madison NCAA Compliance audit that was rated excellent. The UW-Madison Athletic Department requested this audit, (it was not required) and Regent Mueller commended the athletic department for their commitment to compliance.

Steve Mentel reviewed the International Education audit for UW-La Crosse. The report received an overall rating of unsatisfactory. Mr. Mentel stated the Office commended UW-La Crosse for rectifying four of the nine observations previously identified in the 2014 audit. However, five of those comments were not remediated at the time of the 2017 audit, resulting in the unfavorable rating.

Vice Chancellor Bob Hetzel and Chancellor Joe Gow of UW-La Crosse, joined the discussion and were asked by Regent Mueller if they had any comments to share. Vice Chancellor Hetzel stated they should have made better progress; they had just hired a new director for their International Education program, but not to make excuses that some of these issues were not addressed. Because of this, they have established a new practice with a staff member in his office that will follow up on management's corrective action for every audit and make sure the comments are being addressed on a timely basis.

Regent Mueller thanked Vice Chancellor Hetzel, and asked if any of the comments involved student safety, in order to ensure we are making our students as safe as possible while traveling. To which Chancellor Gow replied that they now have a mechanism where students cannot avoid signing up for insurance prior to study abroad. Previous observations were made during a period of transition for that office, and now they have gotten to a point where they have a full time director that will ensure compliance. Regent Mueller also asked about the excess program funds of almost \$5,000 that had not been returned to the students or their parents, which was troublesome, and whether that money had been returned to them, and was told that yes, the funds have been returned.

Regent Millner commented that she was concerned about this when the first audit came out and secondly, when she visited UW-La Crosse it was evident that they take great pride in their International Travel program, so it affects a large number of students. Chancellor Gow said the original audit was a wake-up call, and now they have someone who understands how important it is to have uniformity and compliance.

Paul Rediske reviewed nine Federal TRIO audits for the following institutions: UW-Green Bay, UW-Madison, UW-Platteville and UW-Whitewater (all rated excellent), UW-La Crosse, UW-Milwaukee, UW-Oshkosh, UW-Stevens Point (all rated satisfactory), and a management letter for UW System Administration. Mr. Rediske stated that they have identified certain best practices that will be shared at the Audit Committee meeting in February, along with the remaining TRIO audit reports. Regent Mueller thanked him, and asked how many students the TRIO program affects. Mr. Rediske said that over 7,500 students are supported annually, and our average cost is less than the national average.

Mr. Mentel then reviewed the Cash Handling audit for UW Colleges that received an overall rating of satisfactory. Regent Mueller asked about reducing the times when we are dealing with cash, and Mr. Mentel responded that it is easier to do with some programs than with others.

I.5.d. Progress on Management Responses to Audit Reports

Mr. Mentel shared that the Office of Internal Audit staff has been spending the majority of their time auditing and issuing reports, so they did not close out as many comments as in other periods. However, 17 comments were closed in this period and management continues to take

corrective action timely, and we hope to have had more comments closed by the next meeting in February.

Regent Mueller asked if he was generally satisfied with management's attitude and responsiveness, and Mr. Mentel responded, absolutely.

The meeting adjourned at 10:45 a.m.

Respectfully Submitted,

Erika Laabs
Recording Secretary