

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

July 6, 2017

MEETING OF THE AUDIT COMMITTEE

The meeting of the Audit Committee was called to order at 9:30 a.m. by Chair Regent Michael Grebe. Roll call was taken and Regents Grebe, Mueller, Atwell, Millner, and Whitburn were in attendance. Ms. Stortz introduced the Office of Internal Audit staff to the new members of the Audit Committee.

I.5.a. Approval of the minutes of the June 8, 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 June 8, 2017 Audit Committee meeting.

I.5.b. Fiscal Year 2017 Audit Plan Progress Report

Lori Stortz, Chief Audit Executive, reviewed the status of audits that were approved as part of the fiscal year 2017 audit plan, and indicated that the fiscal year 2018 audit plan would be discussed at the next Audit Committee Meeting in October. Ms. Stortz noted that there was satisfactory progress on the audit plan. Regent Grebe asked if the Office is still on target to complete the plan in 2017. Ms. Stortz stated that the audit plan would be completed timely.

I.5.c. Discussion of Recently Issued Reports

Mr. Rediske reviewed the Cash Handling report for UW-Green Bay (overall rating: satisfactory). Regent Whitburn asked about the state law that requires any agency to make weekly deposits, and if all Chancellors are aware. Regent Atwell asked about the role that the Office of Internal Audit plays in the education of the institutions.

Responding to this, Ms. Stortz shared that the Office does have an educational role and has issued best practices memos to the campuses to help ensure everyone is aware of their responsibilities. A Cash Handling Best Practices memo will be issued to the Committee in October.

Ms. Nehmer reviewed the Cash Handling report for UW-Madison (overall rating: unsatisfactory). Regent Atwell inquired about the structure of internal auditors, and whether they were at each campus, to which Ms. Stortz replied that they all are UW System employees under the direction of the Chief Audit Executive. Regent Whitburn stated that Ms. Stortz reports to the Audit Committee with a dotted-line to President Cross.

Vice Chancellor Heller responded to the audit comments at UW-Madison, and stated they are committed to work to remedy the situation and appreciate the support of the Office of Internal Audit.

Mr. Rediske reviewed the Cash Handling report for UW-Milwaukee (overall rating: satisfactory). Regent Mueller thanked Mr. Rediske and his team for finding the sales and use tax issue, before it escalated.

Mr. Rediske also reviewed the Cash Handling report for UW-Stevens Point (overall rating: unsatisfactory). Chancellor Patterson discussed the steps being taken to actively correct the issues found during the audit. He also wanted it stated for the record that he did not agree with the Office holding the University to a policy that did not exist at the time of the audit.

Ms. Stortz thanked Chancellor Patterson for his feedback, and said she would take it into consideration for the future. Regent Grebe stated that this process is growing and getting better.

Mr. Mentel reviewed the Payroll Continuous Audit for the UW System for the January 1, 2017 to March 31, 2017 testing cycle. The report contained six comments around payroll transactions. Regent Grebe shared with the new members of the Audit Committee that this is a regular, ongoing review that will come up again.

Mr. Mentel also reviewed the International Education audit report for UW-Stout (overall rating: excellent). Nothing further needed to be addressed.

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

Mr. Mentel shared 107 comments were closed in this period and that Management is taking corrective action as necessary.

Regent Grebe discussed two comments that were raised, but prefaced by stating that Ms. Stortz has assembled an excellent team and they are achieving great results.

1. Audit Rating System: Is this the best practice, or is there a better way to approach this? Ms. Stortz will get back to the Audit Committee within the year with their findings.
2. Central Coordination of Internal Audit Staff: This issue was evaluated a few years ago, and all agreed that the move to centralize under UWSA was the best decision. Regent Mueller acknowledged that institutions did not have the resources to support their own internal auditors. Ms. Stortz shared that while resources are also limited to her Office, through ongoing discussion with the Chancellors, and President Cross she is committed to working together to make the audit function as effective as possible.

The meeting adjourned at 10:27 a.m.

Respectfully Submitted,

Erika Laabs
Recording Secretary