

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

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

Thursday, June 8, 2017
8:15 a.m.-8:55 a.m.
UW-Milwaukee
2200 East Kenwood Boulevard
UWM Union, Fireside Lounge, 1st Floor
Milwaukee, Wisconsin

Convene in open session and move into closed session to discuss information security audit findings and responses, as required by s. 19.85(1)e., Wis. Stats.

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I.5. Audit Committee

Thursday, June 8, 2017
10:45 a.m.-12:15 p.m.
UW-Milwaukee
2200 East Kenwood Boulevard
UWM Union, Fireside Lounge, 1st Floor
Milwaukee, Wisconsin

- a. Approval of the minutes of the April 6, 2017 meeting of the Audit Committee
- b. Fiscal Year 2017 Audit Plan Progress Report
- c. Fiscal Year 2018 Audit Plan Review and Approval
[Resolution 1.5.c.]
- d. Discussion of Recently Issued Audit Reports related to Purchasing cards; Code of Ethics; Emergency Preparedness; Facilities and Residence Life
- e. Report of the Chief Audit Executive
- 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 and the investigations of charges against specific persons, which, if discussed in public, would be likely to have a substantial effect upon the reputation of such persons

June 8, 2017

Agenda Item 1.5.b.

**UW SYSTEM ADMINISTRATION
OFFICE OF INTERNAL AUDIT
FISCAL YEAR 2017 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

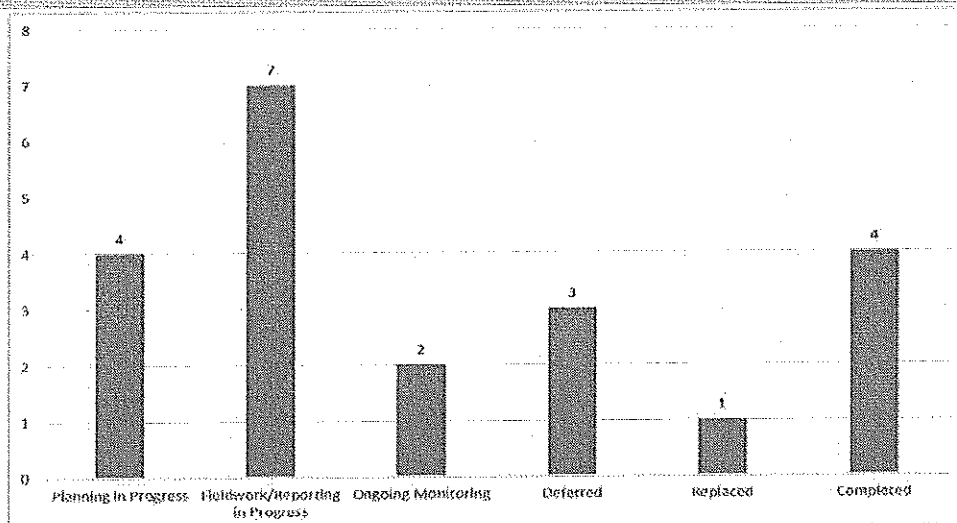
The attached chart provides a summary of audit progress for the Fiscal Year 2017 Audit Plan.

RELATED BOARD OF REGENTS POLICIES

NA

**UW SYSTEM ADMINISTRATION
OFFICE OF INTERNAL AUDIT
FISCAL YEAR 2017
AUDIT PLAN PROGRESS**

	Title and Audit Type	Status
1	Purchasing Cards (Continuous Monitoring)	Five reports issued and monitoring is ongoing
2	Travel and Expense Reimbursement (Continuous Monitoring)	Planning has begun
3	Payroll (Continuous Monitoring)	Monitoring has started and first report issued
4	Cash Handling	10 reports issued and fieldwork and reporting are in progress
5	International Education (IE)	11 reports issued and reporting is in progress
6	Code of Ethics, Conduct, and Governance	Completed
7	Auxiliary Services	UW-Madison Union issued Platteville Residence Life issued, La Crosse Residence Life in progress
8	Emergency Preparedness	Completed
9	System Security and Access (Information Technology)	Planning has begun
10	Data Integrity, Definition, Governance, and Ownership – Top Three Systems/Applications (Information Technology)	Deferred
11	Federal TriO Programs	Planning has begun
12	Facilities	Completed
13	Payment Card Industry Compliance	Deferred
14	Human Resource System Segregation of Duties	Fieldwork in progress
15	DoIT	To be replaced with consulting work
16	Research	Fieldwork in progress
17	Internal Control and Compliance Structure and Governance	Fieldwork in progress
18	Clery Audit Follow-up	Planning has begun
19	Fair Labor Standards Act	Deferred due to court injunction
20	Tuition and Enrollment Management	Fieldwork in progress
21	NCAA Athletics Division I	Completed



UW System Administration
Office of Internal Audit
Fiscal Year 2018 Audit Plan

AUDIT COMMITTEE:

Resolution:

That, upon the recommendation of the President of the University of Wisconsin System, the Board of Regents approves the Fiscal Year 2018 Audit Plan.

**UW SYSTEM ADMINISTRATION
OFFICE OF INTERNAL AUDIT
FISCAL YEAR 2018 AUDIT PLAN EXECUTIVE SUMMARY**

BACKGROUND

The Office of Internal Audit (Office) provides independent, objective assurance and consulting services designed to add value to, protect, and strengthen the management of the University of Wisconsin System (System) and its universities, colleges, and extension. Annually, the Office develops a risk-based audit plan to determine internal audit activity priorities, consistent with the organization's goals.

REQUESTED ACTION

Adoption of Resolution I.5.c., approval of the Fiscal Year 2018 Audit Plan.

DISCUSSION

The audit plan was developed using feedback gathered from various System and institutional leaders via in person meetings conducted this spring. In addition, the office considered emerging issues as well as the results of audits and investigations conducted in fiscal year 2017.

The *2018 Audit Plan* highlights proposed topics to be audited during fiscal year 2018.

Additionally, it should be noted that this plan assumes full staffing within the Office of Internal Audit and does not include time contemplated for unplanned projects, such as investigations or audits requested by institutional leaders during the year. Approximately 10 to 15% of audit time is reserved for such matters. Should significant modifications to the 2018 audit plan be deemed necessary, the Chief Audit Executive (CAE) will consult the Chair of the Audit Committee of the Board of Regents and President of the System as soon as practicable.

RELATED BOARD OF REGENTS POLICIES

NA

**Office of Internal Audit
Fiscal Year 2018 Audit Plan**

Continuous Auditing	Objectives/Procedures
Payroll	<ul style="list-style-type: none"> • Systematic identification of payroll conditions or trends that warrant further review or investigation. Examples may be overload payments, termination payments, rehired annuitants, supplemental pay and lump sum payments. • Providing results of testing to institution/UW System management to improve compliance and support potential enhancement of policy.
Purchasing Cards	<ul style="list-style-type: none"> • Risk-based identification of purchasing card expenditures that may not be allowable, using automated techniques. • Determination and evaluation of whether systematically-identified expenses are allowable. • Providing results of testing to institution/UW System management to improve compliance and support potential enhancement of policy.
Travel and Expense Reimbursement	<ul style="list-style-type: none"> • Risk-based identification of travel expenditures that may not be allowable, using automated techniques. • Determination and evaluation of whether systematically-identified expenses are allowable.
Fiscal Year 2017 Audits in Process	Objectives/Procedures
System Security and Access (Information Technology)	<ul style="list-style-type: none"> • Test compliance with UW System Regent Policy 25-5 <i>Information Technology: Information Security</i> and the related Information Technology Administrative Policies and Procedures.

Fiscal Year 2017 Audits in Process	Objectives/Procedures
Federal TriO Programs <ul style="list-style-type: none"> • TriO consists of Upward Bound, Talent Search, Student Support Services, Educational Opportunity Centers, and the Ronald E. McNair Post-Baccalaureate Achievement Program. 	<ul style="list-style-type: none"> • Examine services, activities and expenses for federal eligibility and allowability. • Review and test physical and administrative controls over payments and distributions to participants. • Review and determine if there is appropriate oversight of the program activities, particularly those involving minors.
Payment Card Industry Compliance	<ul style="list-style-type: none"> • Review internal controls over credit card acceptance including, but not limited to, processing and account reconciliations. • Test for compliance with policies, procedures and The Payment Card Industry Data Standard (PCI DSS).
Human Resource System Segregation of Duties (SOD)	<ul style="list-style-type: none"> • Review the process to identify, document and risk rank role conflicts. • Evaluate the conflict review reports for weaknesses. • Review the process for the conflict review reports at institutions and test compliance with the process.
Research	<ul style="list-style-type: none"> • Inquire of institutions as to the status of implementation of <i>Uniform Guidance</i> and its impact on proposal submission, pre-award, post-award monitoring; and project close-out. • Review and test status of implementation of <i>Uniform Guidance</i> with respect to sub-awards. • Test a sample of equipment acquired under a Federal award for compliance with <i>Uniform Guidance</i>. • Test a sample of grants closed-out.
Internal Control and Compliance Structure and Governance	<ul style="list-style-type: none"> • Review and assess how UW System and institutions organize, manage, and coordinate internal controls and compliance. • Compare current structure to peers and professional standards.
Clery Audit Follow-up	<ul style="list-style-type: none"> • Review Clery audits performed by an independent consultant in fiscal 2016. • Obtain evidence of management's work to address material findings.

Fiscal Year 2017 Audits in Process	Objectives/Procedures
Tuition and Enrollment Management	<ul style="list-style-type: none"> Review policies for collection of tuition as it relates to enrollment and changes to enrollment (i.e. drops). Test compliance with policies at selected institutions.
Fiscal Year 2016 - 2017 Audit Deferred	Objectives/Procedures
Data Integrity, Definition, Governance, and Ownership – Top Three Systems/ Applications (Information Technology)	<ul style="list-style-type: none"> Document the users of the data and those with ownership. Review provisioning, de-provisioning, and administrator, application, and operating system access. Review current standard definitions.
Fiscal Year 2018 New Audits	Objectives/Procedures
Transactions with Foundations	<ul style="list-style-type: none"> Evaluate the propriety of transactions between our institutions and their affiliated foundations. Select a sample of transactions and review the supporting documentation to evaluate compliance with <i>Foundation Principles, Best Practices and Requirements</i>.
University of Wisconsin Trust Fund	<ul style="list-style-type: none"> Test compliance with Regent Policy Document 31-9 <i>Investment Policy Statement: Key Elements and Review Process</i>.
Bank Account, Creation, Management and Oversight	<ul style="list-style-type: none"> Test compliance with UW System Administration Policy 310 <i>Banking</i>. Select a sample of accounts for confirmation of balances and testing of account reconciliations.
Contract Management	<ul style="list-style-type: none"> Test compliance with UW System Regent Policy 13-1 <i>General Contract Approval, Signature Authority, and Reporting</i>. Assess and evaluate the oversight and on-going due diligence over the delegation of contract signature authority.
Purchasing	<ul style="list-style-type: none"> Test compliance with UW System Administrative Policy 505 <i>Purchasing Responsibility and Authority</i>. Assess and evaluate the oversight and on-going due diligence over the delegation of purchasing authority.

Fiscal Year 2018 New Audits	Objectives/Procedures
Business Operations in Auxiliaries or Student Services	<ul style="list-style-type: none"> Evaluate management's processes to determine that business operations which support auxiliaries or student services are being managed in accordance with UW System Administration Policy 306 <i>Accounting and Budget Control</i>.
NCAA Athletics Division I Audits	<ul style="list-style-type: none"> Agreed upon procedures audits over financial matters (Green Bay, Milwaukee). Audit of compliance with NCAA bylaws (Madison).

DRAFT

June 8, 2017

Agenda Item 1.5.d.

**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

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

Approved Audit Plan

- | | |
|--|--------------------------|
| • Best Practices Letter - Purchasing Cards | UW System |
| • Code of Ethics | UW System Administration |
| • Emergency Preparedness | UW-Oshkosh |
| • Facilities | UW System
UW-Madison |
| • Purchasing Card Continuous Auditing | UW System |
| • Residence Life | UW-Platteville |

RELATED BOARD OF REGENTS POLICIES

NA