

**UW System Board of Regents
Audit Committee**
UW-Stout Memorial Student Center
Willow/Walnut
Menomonie, Wisconsin

October 5, 2017

MEETING OF THE AUDIT COMMITTEE

The meeting of the Audit Committee was called to order at 9:00 a.m. by Chair Regent Michael Grebe. Roll call was taken and Regents Grebe, Millner, and Whitburn were in attendance; Regents Mueller and Atwell were absent, Regent Grebe announced that a quorum was present.

I.5.a. Approval of the minutes of the July 6, 2017 meeting of the Audit Committee

Upon the motion of Regent Whitburn and the second of Regent Millner, the Committee unanimously approved the minutes of the July 6, 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. Ms. Stortz noted that there was good progress on the audit plan. The office has issued a number of reports, and there are a number of audits in the field. They expect more reports to be ready for the December Audit Committee meeting.

I.5.c. Discussion of Recently Issued Reports

Ms. Nehmer reviewed seven Tuition Audits for the following institutions UW-Extension (excellent), UW-Green Bay, UW-La Crosse, UW-Madison, UW-Oshkosh, UW-Platteville, and UW-River Falls (all of which were rated satisfactory). There was discussion regarding outdated System tuition policy 805, which is difficult to interpret and has invalid references to laws and statutes. Regent Grebe stated that students and families take tuition seriously, so we ought to make it easy for them to understand our policy regarding its assessment and collection. System was encouraged to update the current policy to correct those matters as soon as practicable.

Mr. Mentel then reviewed the Payroll Continuous Audit for the UW System, which contained six comments. Ms. Stortz shared that she has met with Shenita Brokenburr, Senior Associate Vice President of UW System Human Resources who is committed to process improvement. She also noted that effective January 1, 2018 Wisconsin Department of Employee Trust Funds will not accept transactions over 30 days old. This will require UW System to improve the timeliness of processing human resource transactions.

Mr. Mentel reviewed the Purchasing Card Continuous Audit for the UW System, which contained six comments related to purchasing transactions. Mr. Mentel explained the new test for ineligible vendors, and shared the number of instances of use of such vendors. He also noted that open credit has continued to decline since Internal Audit began our continuous audit. Regent

Grebe said this was significant progress and thanked management for their diligence in addressing this issue.

Mr. Rediske reviewed the UW-Oshkosh Cash Handling audit that contained 30 comments, and was rated unsatisfactory. He shared that management is responding in a timely manner. Chancellor Leavitt made a number of comments on the progress that UW-Oshkosh has made including providing several departments with professional financial management support. Regent Grebe stated that it was commendable that management was helping the student organizations better handle cash, and addressing other historical issues.

Ms. Nehmer then reviewed the UW-Madison International Education audit that was rated satisfactory. Regent Grebe asked if any of the incidents found involved student safety, to which Ms. Nehmer responded that there were instances of students traveling abroad without the proper mandated insurance, and signed statements of responsibility. Ms. Stortz shared that management indicated the audit was helpful to senior leaders as they work toward consistent management of international education administration.

Ms. Nehmer also reviewed the Residence Life audit for UW-La Crosse that was rated satisfactory. Ms. Stortz shared that UW-La Crosse approached the Office of Internal Audit for this audit, because new management wanted to improve their processes. Regent Grebe said that was significant, and asked if we have the capacity to encourage campuses to contact the Office of Internal Audit for help. The Regents agreed that Internal Audit should be a resource for the campuses. Ms. Stortz responded that her office is both reactive, and proactive in their approach to audits, and that she will take this advice and move forward.

Mr. Mentel discussed the Cash Handling best practices letter, as requested by this committee. There are seven comments noted within this letter. Regent Millner complimented the team, and stated that this was an important function, to not only identify, but to be proactive. Regent Grebe also complimented the campuses for implementing the suggestions.

Mr. Mentel also discussed the second Purchasing Card best practices letter, which contains three comments and two attachments. He further described how UW-Eau Claire has developed an electronic workflow to make the process more efficient and effective. Ms. Stortz stated that her team is available for consultation and feedback as a resource for the institutions. Regent Grebe said this was great.

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

Mr. Mentel reported on the progress to date regarding management's corrective action to audit comments included in audit reports and letters and confirmed that management at each institution was responding effectively. There have been 106 comments closed for this period, and he expects to close more soon. Regent Grebe stated that management at the campuses should be commended for that.

I.5.e. UW-Madison Union Follow-up Presentation, Mark Guthier

Mr. Mark Guthier, Director, discussed the progress made on implementation in response to the audit recommendations from three audits. Mr. Guthier shared that they are on track to finish

implementation of the recommendations by December 2017. Regent Whitburn raised the question of tipping, and Mr. Guthier explained that while their employees cannot accept tips, they do place the overpayments in a lock box at the point of sale, which then go to a student employee appreciation fund. This is later used for gatherings such as an event before finals, as directed by the Student Employee Advisory Group. Regent Grebe commended him on making significant progress in a relatively short amount of time.

I.5.f. Report of the Chief Audit Executive

Ms. Stortz provided her report on the Office of Internal Audit. Ms. Stortz discussed the Waste, Fraud, and Abuse Hotline for the period of November 16, 2016 through September 1, 2017, in which 15 incidents were reported. All of the incidents were investigated and resolved, in a timely manner. The average length a case was open was 28 days. She appreciated how responsive the campuses have been to these hotline cases, as well as making their campus communities aware of the hotline service available. Regent Whitburn asked how often we communicate this hotline tool, and Ms. Stortz answered annually. Regent Grebe asked about the volume of calls received, and the committee proposed that Ms. Stortz get feedback from the vendor, or other organizations to compare. She agreed to do that.

Regent Grebe made a motion to move into closed session, seconded by Regent Millner.

The meeting adjourned at 10:05 a.m.

Respectfully Submitted,

Erika Laabs
Recording Secretary