

**UW System Board of Regents
Audit Committee
Gordon Dining and Event Center, 2nd Floor
770 W. Dayton Street
Concerto Room
Madison, Wisconsin
August 23, 2018**

MEETING OF THE AUDIT COMMITTEE

The meeting of the Audit Committee was called to order at 9:00 a.m. by Regent Janice Mueller. Roll call was taken, and Regents Atwell, Millner, and Mueller, were in attendance; Regents Grebe and Whitburn were absent. Regent Mueller declared there was a quorum and proceeded to provide an opportunity for anyone to declare a conflict of interest: none were stated.

I.5.a. Approval of the minutes of the June 7, 2018 meeting of the Audit Committee

Upon the motion of Regent Millner and the second of Regent Atwell, the committee unanimously approved the minutes of the June 7, 2018 Audit Committee meeting.

I.5.b. Internal Audit

I.5.b.1. Fiscal Year 2019 Audit Plan Progress Report

Lori Stortz, Chief Audit Executive, briefly reviewed the progress to date on the fiscal year 2019 Audit Plan. She stated that the office is making solid progress executing the audit plan.

I.5.b.2. Progress on Management Responses to Audit Reports

Ms. Stortz reported on management's progress to date on resolving audit comments included in previously issued audit reports. The Office of Internal Audit continues to receive excellent cooperation from management, and timely follow through on the commitments that they made to address the findings.

The committee asked Ms. Stortz and her team to focus on closing Information Technology Security audit comments; to which she responded that they would commit to doing so.

I.5.b.3. Report of the Chief Audit Executive

Ms. Stortz reported on internal audit activities. She reported that she has been working with President Cross and Regent Grebe to examine the needs of stakeholders and consider whether to change the format and content of the audit reports, and the audit rating system.

She explained that going forward they will continue with the audit report format that they have used historically for any audits in progress, but then utilize the new format for any new audits. Ms. Stortz stated that they have received substantial feedback and are keeping effectiveness in mind during this ongoing process. Regents Mueller and Atwell thanked Ms. Stortz for her review.

I.5.c. Internal Controls and Enterprise Risk Management

I.5.c.1. Enterprise Risk Management

Vice President for Administration Robert Cramer and Associate Vice President for Administrative Services Ruth Anderson provided background on enterprise risk management and the creation of a systemwide risk committee. Regent Mueller thanked them both for their work on this complex issue. Regent Mueller discussed the amount of work this process will involve for Ms. Anderson and her colleagues. Ms. Anderson stated that initially there will be more work, but the review will be at the System level, and not at the institution level. Mr. Cramer added that much of this work is already being performed, but this will make enterprise risk management a more formal process.

Regent Mueller inquired if the campuses have designated Risk Management Directors, and Ms. Anderson replied that individual campus titles may vary. Some are risk managers, some are health and safety managers – with risk management as part of their duties.

Regent Millner asked if they would have high-level teams and operational teams, to which Ms. Anderson responded that they have not yet gotten that far in the planning process. Ms. Anderson said they plan to start developing the framework this fall and will report back to the Audit Committee. Regent Mueller stated it would be helpful to have this information presented to the full Board of Regents when ready, and Regent Atwell agreed.

I.5.c.2. Update on Information Security Policy for Employees Whose Affiliation Has Changed (Emeriti, Sponsored Retirees, etc.)

Associate Vice President for Information Security Katherine Mayer provided an update on the policy status. She indicated the policy concerns access for three main groups: discharged employees, employees who left in good standing, and employees who left in good standing and retain some affiliation with the University of Wisconsin (emeriti and some retirees, for example). She further stressed the importance that will be placed on documenting this affiliation, and that access will depend on their role.

Regent Atwell thanked her for proposing the clarification and asked about the clarity of access to various information systems for current employees. Ms. Mayer explained that the access is dependent on each staff members' role and can be modified to increase or decrease as roles change.

Regents Mueller and Millner inquired about the use of UW email accounts for sending personal email communications. Ms. Mayer replied that there are mitigating controls that can be put in place to help reduce the risks involved, such as user-awareness training, multi-factor authentication and the use of Office 365. Mr. Cramer responded that there is an acceptable use policy that states incidental use is allowed but personal email accounts should be used for personal email correspondence. Regent Millner said she does not think it is appropriate to use a UW email account for personal emails and felt that should be conveyed to UW employees. Ms. Mayer also explained the importance of training, awareness, and outreach in order to reduce risk. Regent Millner then thanked Ms. Mayer for her work on this important topic.

I.5.c.3. UW System Management’s Response to the Recommendations in the Legislative Audit Bureau’s (LAB) Audit Report 18-4

Vice President for Finance Sean Nelson reported on UW System Management’s response to date and plans moving forward. Mr. Nelson indicated that there are still two policies in draft, that need feedback from their campus partners, but he expects to report them to the Audit Committee in the next couple of months.

Regent Mueller asked if there is another response due to the LAB, and Mr. Nelson stated that yes there is, and the due date is early October. The Regents questioned what constitutes an affiliated organization, and Mr. Nelson said that they have yet to establish a standard definition. Furthermore, this may be primarily a UW-Madison issue, and they are working closely with them to refine that definition. Regent Mueller stated the Audit Committee will want a follow-up in October or November, and Mr. Nelson replied his assent.

I.5.d. Ethics and Conflict of Interest

Ethics Training

General Counsel Quinn Williams reviewed an Employee Ethics and Public Records Management handout which was recently prepared and disseminated by the Office of General Counsel. The General Counsel’s office is committed to providing our faculty and staff the awareness and tools they need to properly identify and resolve potential ethical issues. He said that the ethics training that has been taking place at the campuses is going very well and has been well received.

Regent Mueller stated she appreciated him calling attention to the waste, fraud, and abuse hotline (available throughout the University of Wisconsin System).

I.5.e. Move into closed session to discuss information security audit findings and responses as required by s. 19.85(1)(d), Wis. Stats.

The meeting adjourned at 9:45 a.m.

Respectfully Submitted,

Erika Laabs
Recording Secretary