

**UW System Board of Regents
Audit Committee
UW-La Crosse Student Union
Room 3314
East Ave. N.
La Crosse, Wisconsin
December 6, 2018**

MEETING OF THE AUDIT COMMITTEE

The meeting of the Audit Committee was called to order at 9:04 a.m. by Regent Michael Grebe. Roll call was taken, and Regents Grebe, Millner, Mueller, and Atwell were in attendance; Regent Whitburn was absent. Regent Grebe 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 August 23, 2018 meeting of the Audit Committee

Upon the motion of Regent Millner and the second of Regent Mueller, the committee unanimously approved the minutes of the August 23, 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. The Bank Account Creation, Management, and Oversight audit is complete, and they are finishing their fieldwork for the Business Operations in Auxiliaries or Student Services (BOSS) audit, which they expect to deliver to the Audit Committee in February. They expect to audit Payment Card Industry Compliance later in the spring. The Hazardous and Universal Waste audit is in the field, and they expect to begin delivering some of those audits in February, and April. The office has completed the fieldwork for the NCAA audit, and will bring to the February Audit Committee meeting. She stated that her office is expected to complete the majority of the audit plan in this fiscal year.

Regent Mueller inquired about the deferred Data Integrity Audit, and Ms. Stortz explained that UW System and UW-Madison are still evaluating data management and governance, and while the Office of Internal Audit is consultative in this process – they would want to audit once policies are further developed. Regent Mueller posited that it would be premature to conduct this audit now, to which Ms. Stortz agreed that it would be, in her opinion.

I.5.b.2. Summarized Results of Audits Recently Issued

Ms. Stortz began with the Payroll Continuous audit, which she stated has been done for the last couple of years. In her opinion, based on the audit results, this is an area that could use some management attention. They had 187 issues, out of 400 selections – which is a fairly high error rate in Internal Audit’s opinion, and Ms. Stortz believes management would agree. Internal Audit has not seen significant improvement since they began this audit, and there are too many instances

of payments being made without proper documentation. Interim Director of Shared Services, Steve Wildeck was in attendance, and shared a few observations on how Shared Services can improve internal controls over payroll. He stressed the importance of standardization and consolidation to improve processes; keeping in line with President Cross's 2020 Forward directive. Regent Millner asked how this change is being received, and Mr. Wildeck stated that his team has the ability to help alleviate pressures that the institutions face and handle unique circumstances. Regents Grebe and Mueller thanked him for his update.

Ms. Stortz concurred that based on her recent exchange with Big Ten peers, the decision to move to Shared Services is the right direction to go. Regent Mueller inquired about the timeline for Shared Services, and Mr. Wildeck stated they would have proposals by mid-January, and by mid-2019 they expect to be providing the following services: consolidated operational services, training services, support services and standardization services. Regent Grebe said the findings of the audit were troubling, and that he supports the move to consolidate those services within Shared Services. The committee discussed the challenges and opportunities in putting that plan into effect.

Ms. Stortz stated the last four Bank Account Creation, Management, and Oversight audits were issued, and they found that some banking policies and practices were not necessarily aligned. UW System is working with their banks and the institutions to make sure the policies make sense with how they do business today, as well as clarifying who is responsible for what at UW System or the institution.

Purchasing Card Continuous audit results remain stable and continue to improve. Ms. Stortz said they are very pleased with the engagement that management has shown to addressing this issue.

She stated the Research at UW-Madison audit had no issues. The Transactions with Foundations audits were issued, and overall, they were pleased with the results of this audit. It demonstrated that management at System, and the institutions tasked with managing this issue have really focused on these policies and have complied with them to a very large extent. The majority of issues found, have already been dealt with.

Lastly, she discussed an executive summary for Purchasing and Contract Management for UW System. Ms. Stortz said we need to focus on timely delegations and that proper policies and training is in place, and management has agreed to do that. Management has committed to looking into a formal Contract Management system, which does not exist currently.

Regent Grebe stated foundation matters remain to be a significant emphasis to the committee, and the results of the report are very gratifying. He then reminded the committee that they still have the right to raise, question, and discuss any audit reports that have been released, regardless of whether they are brought forward at the meeting, if they so choose.

I.5.b.3. System Security and Access Audit Status and Comment Themes

Ms. Stortz reported that the Office of Internal Audit has issued eight reports to date; five more are in the field, and one for UW-Milwaukee is in the planning stages and will be completed by early 2019. She discussed the themes they are finding and stated they are generally consistent.

Ms. Stortz stated they are making good progress. The committee discussed the risks involved in IT security, and the actions being taken to safeguard the UW's data.

Interim Associate Vice President for Information Security, Katherine Mayer stated that system access remains a key issue, and that the teams are working on clarifications of policies related to access the utilization of accompanying technical controls. With the complexity of the UW System and its institutions, this process will take some time.

I.5.b.4. 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 office remains solidly focused on closing IT security audits.

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

I.5.c.1. Emergency Planning and Preparedness

Vice President for Administration Robert Cramer and Associate Vice President for Administrative Services Ruth Anderson provided an overview on emergency preparedness across the UW System, and the ongoing partnership with UW-Madison police. Chief Kristen Roman, and Emergency Management Services Coordinator (ESC) David LaWall, both of the UW-Madison Police, joined the discussion and shared background regarding the robust ongoing training and preparations that are being coordinated throughout the UW System. Chief Roman stated that UW-Madison police support all UW institutions in the event of an emergency, following their *Continuity of Operations Plan (COOP)* to ensure essential services continue. Chief Roman described a new training video that will be used at 11 different institutions and reiterated the need to plan ahead to improve the chances of survival. Her team plans for multiple contingencies, and practices different scenarios.

The committee agreed that they would encourage an emergency planning update be included annually at the Audit Committee meetings. The Regents thanked the team for all they do to keep our student campus community safe.

The meeting adjourned at 10:12 a.m.

Respectfully Submitted,

Erika Laabs
Recording Secretary