

2/1/2018

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

I.6. Joint Meeting of the Business and Finance and Audit Committees

Thursday, February 8, 2018  
8:15 a.m. – 9:00 a.m.  
Union South 2<sup>nd</sup> Floor, Varsity Hall I  
1308 W. Dayton Street  
Madison, 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)(d), Wis. Stats.

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I.5. Audit Committee

Thursday, February 8, 2018  
10:45 – 12:15 p.m.  
Union South 2<sup>nd</sup> Floor, Fifth Quarter Studio  
1308 W. Dayton Street  
Madison, Wisconsin

- a. Approval of the minutes of the December 7, 2017 meeting of the Audit Committee
- b. Fiscal Year 2018 Audit Plan Progress Report
- c. Discussion of Recently Issued Audit Reports
  - Bank Account, Creation, Management and Oversight
    - UW-Extension
    - UW-Green Bay
    - UW-La Crosse
    - UW-Parkside
    - UW-Platteville
  - Division of University Housing
    - UW-Madison
  - Federal TRIO Programs
    - UW Colleges
    - UW-Eau Claire
    - UW-Parkside
    - UW-Stout
    - UW-Superior
  - Best Practices Letter – Federal TRIO Programs
    - UW System
  - Human Resource System Separation of Duties
    - UW System

2/1/2018

- Internal Control and Compliance Structure and Governance
- NCAA Division I Agreed Upon Procedures
- Payroll Continuous
- Research – Capital Equipment

UW System Administration  
UW-Green Bay  
UW-Milwaukee  
UW System  
UW-Madison

- d. Progress on Management Responses to Audit Reports
- e. Report of the Chief Audit Executive
- f. Approval of a New Regent Policy Document on Ethics and Conflict of Interest for the UW System Board of Regents  
[Resolution I.5.f.]
- g. Move into closed session to discuss information security audit findings and responses, as permitted by s. 19.85(1)(d), Wis. Stats.

February 8, 2018

Agenda Item 1.5.b.

**UW SYSTEM ADMINISTRATION  
OFFICE OF INTERNAL AUDIT  
FISCAL YEAR 2018 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**

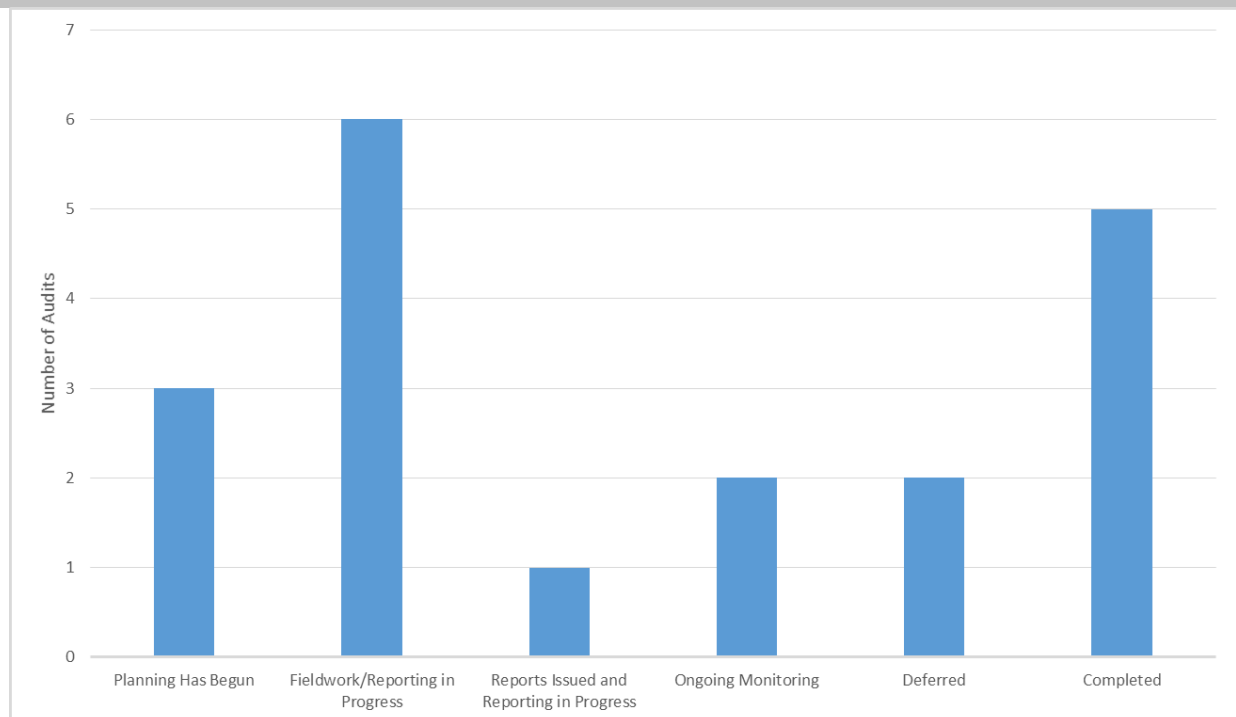
The attached chart provides a summary of audit progress for the Fiscal Year 2018 Audit Plan.

**RELATED BOARD OF REGENTS POLICIES**

NA

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

	<b>Title and Audit Type</b>	<b>Status</b>
1	Payroll (Continuous Monitoring)	Two reports issued and monitoring is ongoing
2	Purchasing Cards (Continuous Monitoring)	One report issued and monitoring is ongoing
3	Travel and Expense Reimbursement (Continuous Monitoring)	Planning has begun
4	System Security and Access (Information Technology)	One report issued and fieldwork and reporting in progress
5	Federal TRIO Programs	Completed
6	Payment Card Industry Compliance	Deferred
7	Human Resource System Separation of Duties	Completed
8	Research	One report issued and planning and fieldwork in progress
9	Internal Control and Compliance Structure and Governance	Completed
10	Clery Audit Follow-up	Reporting in progress
11	Tuition and Enrollment Management	Completed
12	Data Integrity, Definition, Governance, and Ownership – Top Three Systems/Applications (Information Technology)	Deferred
13	Transactions with Foundations	Planning has begun
14	University of Wisconsin Trust Fund	Fieldwork in progress
15	Bank Account Creation, Management and Oversight	Five reports issued and fieldwork and reporting in progress
16	Contract Management	Fieldwork in progress
17	Purchasing	Fieldwork in progress
18	Business Operations in Auxiliaries or Student Services	Planning has begun
19	NCAA Athletics Division I	Completed



**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

- Bank Account, Creation, Management and Oversight UW-Extension  
UW-Green Bay  
UW-La Crosse  
UW-Parkside  
UW-Platteville
- Division of University Housing UW-Madison
- Federal TRIO Programs UW Colleges  
UW-Eau Claire  
UW-Parkside  
UW-Stout  
UW-Superior
- Best Practices Letter – Federal TRIO Programs UW System
- Human Resource System Separation of Duties UW System
- Internal Control and Compliance Structure and Governance UW System Administration
- NCAA Division I Agreed Upon Procedures UW-Green Bay  
UW-Milwaukee
- Payroll Continuous UW System
- Research – Capital Equipment UW-Madison

**RELATED BOARD OF REGENTS POLICIES**

NA

**UW SYSTEM ADMINISTRATION  
OFFICE OF INTERNAL AUDIT  
MANAGEMENT RESPONSE PROGRESS**

**BACKGROUND**

One of the responsibilities of the Office of Internal Audit as outlined in the charter is to establish a follow-up process to monitor and identify whether corrective actions have been effectively implemented, or whether senior management has accepted the risk of not taking action. The Audit Committee has requested regular progress reports on this monitoring.

**REQUESTED ACTION**

No action requested. Item for information and discussion only.

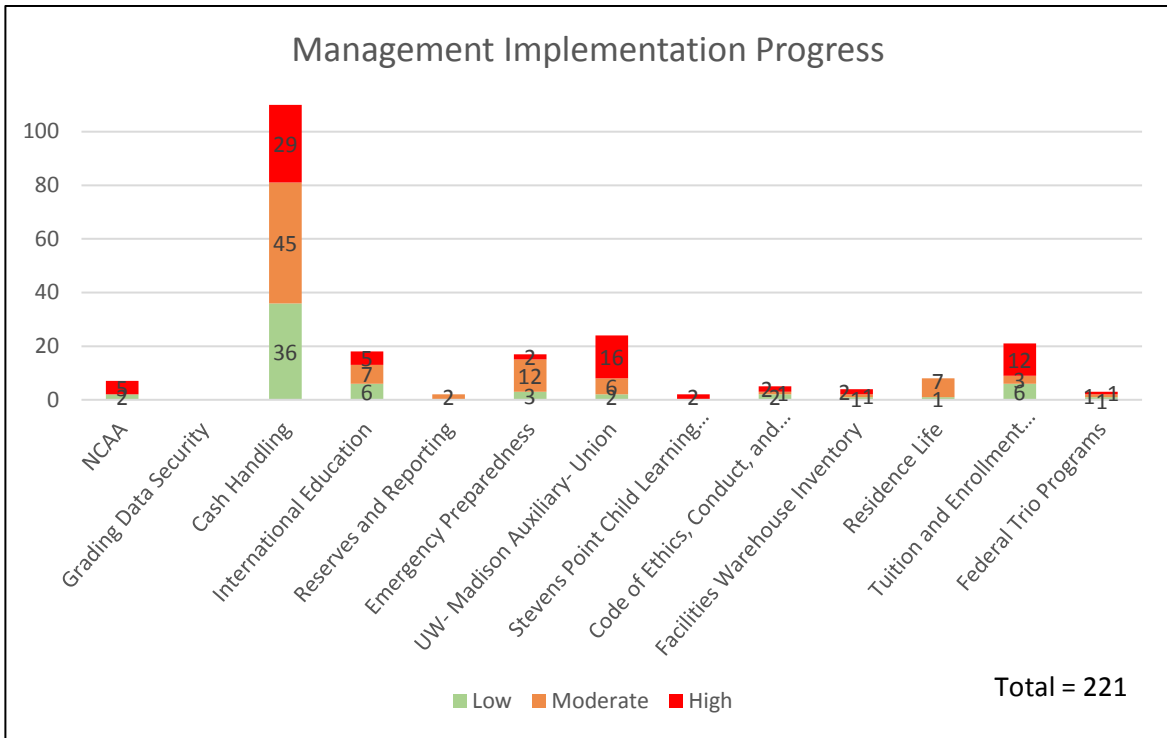
**DISCUSSION**

The following chart presents audits issued during fiscal 2016 through fiscal 2018 and the progress management has made toward resolving the comments and recommendations included in the audit reports. Management's corrective action plans were audited by the Office of Internal Audit to determine if they were implemented.

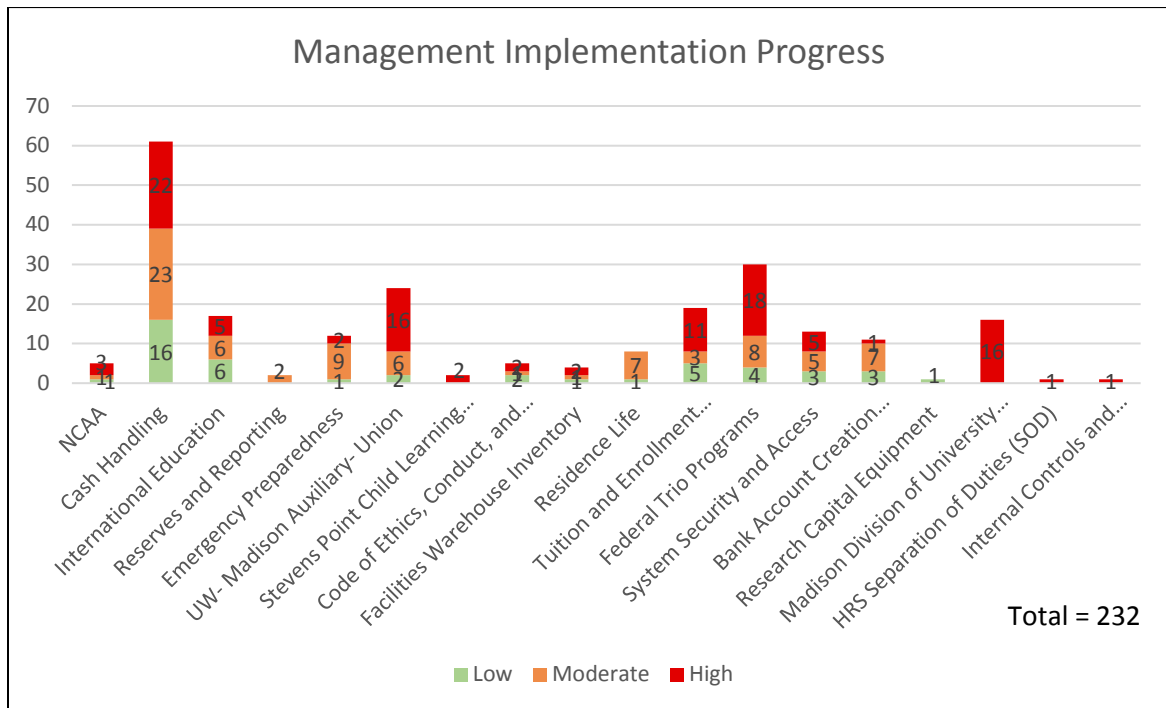
**RELATED BOARD OF REGENTS POLICIES**

NA

### Prior Reporting Period



### Current Reporting Period

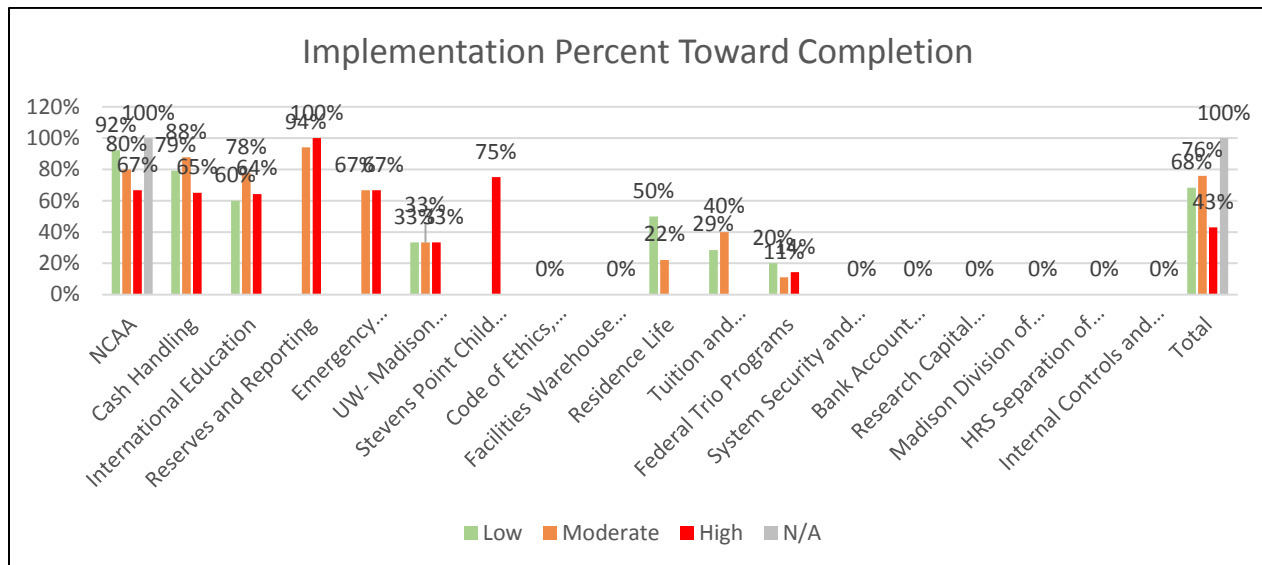




### Roll-forward from Prior Reporting Period to Current Reporting Period

Audit	Previously Reported Open Comments	Comments Issued	Comments Closed	Current Open Comments
NCAA	7	1	3	5
Grading Data Security	0	0	0	0
Cash Handling	110	0	49	61
International Education	18	0	1	17
Reserves and Reporting	2	0	0	2
Emergency Preparedness	17	0	5	12
UW- Madison Auxiliary- Union	24	0	0	24
Stevens Point Child Learning Center	2	0	0	2
Code of Ethics, Conduct, and Governance	5	0	0	5
Facilities Warehouse Inventory	4	0	0	4
Residence Life	8	0	0	8
Tuition and Enrollment Management	21	0	2	19
Federal TRIO Programs	3	32 <sup>1</sup>	5	30
System Security and Access	0	13	0	13
Bank Account Creation Management and Oversight	0	11	0	11
Research Capital Equipment	0	1	0	1
Madison Division of University Housing	0	16	0	16
HRS Separation of Duties (SOD)	0	1	0	1
Internal Controls and Compliance Structure	0	1	0	1
<b>Total</b>	<b>221</b>	<b>76</b>	<b>65</b>	<b>232</b>

### Current Reporting Period



<sup>1</sup> Includes Federal TRIO Programs Audit presented on December 7, 2017

The above charts and graphs do not necessarily represent all audit comments outstanding due to timing issues

Approval of a New Regent Policy on  
Ethics and Conflict of Interest for the  
UW System Board of Regents

AUDIT COMMITTEE

Resolution I.5.f.:

That, upon the recommendation of the President of the Board of Regents and President of the University of Wisconsin System, the Board of Regents approves the attached Regent Policy Document entitled “Ethics and Conflict of Interest Policy for the UW System Board of Regents.”

**APPROVAL OF REGENT POLICY DOCUMENT:  
“ETHICS AND CONFLICT OF INTEREST POLICY FOR  
THE UW SYSTEM BOARD OF REGENTS”**

**BACKGROUND**

Regents hold their positions as a public trust and are obligated to serve the best interests of the University of Wisconsin System, and with due regard for the UW System’s reputation. As public officials, Regents are required to comply with state laws prohibiting public officials from using their public positions for personal gain. For example, Subchapter III of Chapter 19 of the Wisconsin Statutes establishes a Code of Ethics for public officials. Section 36.23, Wis. Stats., prohibits Regents from acting as an agent for any person or organization where such act would create a conflict of interest and requires the Board to promulgate rules defining those activities that constitute a conflict of interest.

In addition to statutory requirements, UW System institutions must meet accreditation standards requiring institutions to operate with integrity. For example, the Higher Learning Commission (HLC), which governs UW System institutions, requires institutions to “establish and follow policies and processes for fair and ethical behavior on the part of its governing board, administration, faculty, and staff.”

Currently, two Regent Policy Documents (RPDs) establish standards related to conflicts of interest. RPD 20-22, “Code of Ethics,” establishes standards of conduct for University employees. However, RPD 20-22 does not apply to state public officials, which the policy states remain subject to the Code of Ethics in Chapter 19 of the Wisconsin Statutes.

RPD 2-2, “Statement of Expectations of Board Members,” addresses ethical conduct by Board members as well as other issues. This policy requires Regents to avoid conflicts of interest, to seek clarification about any potential conflict of interest, to file annual financial disclosure statements as required by law, to maintain full compliance with open meetings and public records laws, and to maintain confidentiality when appropriate.

The proposed policy, which applies specifically to the Board of Regents, seeks to further define and clarify the Board’s responsibility and procedures for identifying, disclosing, and managing potential conflicts of interest. Adoption of the policy will demonstrate the UW System Board of Regent’s commitment to the highest standards of ethical conduct.

**REQUESTED ACTION**

Approval of Resolution I.5.f., establishing an ethics and conflicts of interest policy for the Board of Regents.

## DISCUSSION

### State Law

Public officials, including Regents, are required to comply with Subch. III of Chapter 19, Wis. Stats., “Code of Ethics.” The Code of Ethics establishes standards of conduct for state public officials, including Regents, and generally prohibits conflicts of interest.<sup>1</sup> Pertinent language from the code states:

“Standards of ethical conduct for state public officials need to distinguish between those minor and inconsequential conflicts that are unavoidable in a free society, and those conflicts which are substantial and material”;

“No state public official may use his or her public position or office to obtain financial gain or anything of substantial value for the private benefit of himself or herself or his or her immediate family, or for an organization with which he or she is associated”;

“No state public official may intentionally use or disclose information gained in the course of or by reason of his or her official position or activities in any way that could result in the receipt of anything of value for himself or herself, for his or her immediate family, or for any other person, if the information has not been communicated to the public or is not public information”; and

“No state public official may take any official action substantially affecting a matter in which the official, a member of his or her immediate family, or an organization with which the official is associated has a substantial financial interest.”

The Code of Ethics also requires public officials to file a Statement of Economic Interests upon nomination or appointment and annually thereafter with the Wisconsin Ethics Commission.<sup>2</sup> Specifically, like other public officials, Regents must disclose economic interests with respect to the following entities:

- 1) Organizations for which a Regent or immediate family member:
  - a) Serves as a director, officer, trustee, authorized representative, or agent;
  - b) Owns at least 10 percent of outstanding equity in the aggregate; or
  - c) Owns securities having a value of at least \$5,000, if the organization does business in the state;
- 2) Creditors to whom the Regent or immediate family member owes at least \$5,000 in the aggregate;
- 3) Real property in which the Regent or immediate family member holds an interest of at least 10 percent or \$5,000 in value;
- 4) Payers of at least \$1,000 in the preceding taxable year to the Regent or immediate family member, except for decedents’ estates, non-lobbyists not acting as a representative of an organization, payers solely of dividends or interest, or payers of political contributions;

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<sup>1</sup> Wis. Stats. §§ 19.45 and 19.46.

<sup>2</sup> Wis. Stats. §§ 19.43-44.

- 5) Payers of at least \$10,000 in the preceding taxable year to organizations paying the Regent or immediate family member at least \$10,000 in income in which the Regent or immediate family member has a 10 percent or greater interest in the aggregate, except for decedents' estates, non-lobbyists not acting as a representative of an organization, or payers of dividends or interest; and
- 6) Individuals or organizations who provided the Regent any gift or gifts with an aggregate value of at least \$50 in the preceding taxable year, subject to the requirements of s. 19.56, Wis. Stats., regarding honoraria, fees, and expenses.

## **Policy Statement**

The proposed policy seeks to complement state law by adapting legal expectations to the unique needs of the Board of Regents. The policy declares that Regents have an affirmative duty to identify, disclose, and manage potential conflicts of interest. The policy defines what constitutes a conflict of interest and an apparent conflict of interest and provides examples of potential conflicts, consistent with state law, that relate specifically to the University of Wisconsin System.

The policy prohibits Regents, members of Regents' immediate families, and any organization with which a Regent is associated from obtaining "anything" of value from any real property in which a UW Foundation has a financial ownership without Board approval. By prohibiting the acquisition of "anything" of value, this provision may exceed statutory requirements prohibiting public officials from using their positions to obtain anything of "substantial" value. However, this policy provision is necessary to ensure Regents avoid even the appearance of a conflict of interest. In addition, the policy still allows individual acquisitions if approved by the Board.

## **Protocol for Identifying, Disclosing, and Managing a Regent's Conflict of Interest**

To ensure consistency, the policy establishes a protocol for the Board of Regents and its members to use to identify, disclose, and manage potential of conflicts of interest. Although each Regent is responsible for identifying a potential conflict of interest that he or she may have with a proposed agenda item, the proposed policy establishes a new procedure designed to assist with that process. Under the process, staff with the Board of Regents Office and UW System's General Counsel will routinely compare agenda items to the Statements of Economic Interests filed with the Wisconsin Ethics Commission to determine whether an agenda item may present a conflict of interest for a Regent. If the review identifies a potential conflict, UW System's General Counsel will notify the Regent and the Committee or Board Chair to provide advice and counsel.

Once a potential conflict is identified, Regents, Committee or Board Chairs (or, in the case where a Chair has a potential conflict, the Vice Chair) may request a formal opinion from either UW System's Office of General Counsel or from the Wisconsin Ethics Commission to determine whether a conflict of interest exists.

Once a Regent determines that a conflict of interest exists, he or she is required to disclose the conflict to the Board and to refrain from any discussion or vote on the issue. The Committee or the Board is required to note the recusal in the minutes of the meeting. The policy also allows a

Regent to voluntarily recuse himself or herself from participating in consideration of an agenda item that creates an apparent conflict of interest.

### **Training**

Finally, the policy requires newly appointed Regents to receive ethics and conflict of interest training and for all Board members to periodically be provided with refresher training. Since Regents are ultimately responsible for identifying and disclosing conflicts of interest, it is important that they have the necessary information to recognize and avoid potential conflicts.

### **RELATED REGENT POLICIES**

Regent Policy Document 2-2: Statement of Expectations of Board Members

Regent Policy Document 20-22: Code of Ethics

# Ethics and Conflict of Interest Policy for the UW System Board of Regents

## Scope

This policy establishes procedures for the Board of Regents to use to identify, disclose, and manage potential conflicts of interest.

## Purpose

The Board of Regents of the University of Wisconsin System (Board) recognizes that a Regent is required to comply with applicable provisions of Wisconsin law regarding ethics and conflicts of interest, including the “Code of Ethics for Public Officials and Employees” in Chapter 19 of the Wisconsin Statutes, and s. 36.23, Wis. Stats., which relates to conflicts of interest for Board members. To further enhance the credibility and accountability of the Board, the Board adopts the following ethics and conflict of interest policy. This policy shall not be construed to require compliance by Regents that is in addition to or different from compliance required under applicable state law except as expressly stated in paragraph 10 of the Protocol section of this policy.

## Definitions

*Anything of value* is defined in s. 19.42(1), Wis. Stats., as “any money or property, favor, service, payment, advance, forbearance, loan, or promise of future employment, but does not include compensation and expenses paid by the state, fees and expenses which are permitted and reported under s. 19.56, political contributions which are reported under ch. 11, or hospitality extended for a purpose unrelated to state business by a person other than an organization.”

*Associated* is defined in s. 19.42(2), Wis. Stats., as, “when used with reference to an organization, includes any organization in which an individual or a member of his or her immediate family is a director, officer, or trustee, or owns or controls, directly or indirectly, and severally or in the aggregate, at least 10 percent of the outstanding equity or of which an individual or a member of his or her immediate family is an authorized representative or agent.”

*Gift* is defined in s. 19.42(6), Wis. Stats., as “the payment or receipt of anything of value without valuable consideration.”

*Immediate family* of a Regent is defined in s. 19.42(7), Wis. Stats., as “an individual's spouse [or] relative by marriage, lineal descent or adoption who receives, directly or indirectly, more than one-half of his or her support from the individual or from whom the individual receives,

directly or indirectly, more than one-half of his or her support.” There may be other family members as to whom disclosure should also be made to avoid an apparent conflict, and doubts should be resolved in favor of disclosure.

*Organization* is defined in s. 19.42(11), Wis. Stats., as “any corporation, partnership, proprietorship, firm, enterprise, franchise, association, trust or other legal entity other than an individual or body politic.

## Policy Statement

As public officials, Regents hold their positions as a public trust and are obligated to fulfill their responsibility in a manner consistent with this charge. All decisions of the Board and the Board’s individual members must be made in good faith, with diligence and care, in a manner reasonably believed to be in the best interests of the University of Wisconsin System (UW System), and with due regard for the UW System’s reputation. It is therefore the policy of the Board that Regents have an affirmative duty to identify, disclose, and manage conflicts in conformance with this policy and the law.

## Conflicts of Interest

A conflict arises when there is a direct or indirect potential, apparent, or actual divergence between a Regent’s private interests and his or her fiduciary duties as a Regent. Conflicts may affect non-financial as well as financial Regent interests. A Regent may be personally involved in a proposed transaction, have an employment, fiduciary, or investment relationship with an organization with which the University is dealing, or have a family relationship with a person or organization with which the University is engaged.

For purposes of this policy, a *conflict of interest* arises where the relevant material facts affect a Regent, a member of his or her immediate family, or an organization with which a Regent is associated. In the case of conflicts involving a member of the Regents’ immediate family or an organization with which a Regent is associated, the Regent is obligated to make disclosure when he or she knows or reasonably should know of a conflict.

An *apparent conflict* exists when a reasonable person would conclude from the circumstances that a Regent’s ability to discharge his or her duties as a Regent is compromised.

It is not possible to provide an all-inclusive list of situations giving rise to a conflict of interest. In general, Regents may not use their positions or confidential information to which they become privy as Regents for the gain of themselves or others. Below are examples of situations presenting potential, actual, or apparent conflicts of interest.

1. **Commercial Transactions.** The UW System may not engage in commercial transactions, such as contracting for goods or services, with a Regent; with a member of



a Regent's immediate family; or with any organization with which a Regent is associated unless all of the following conditions are met:

- (a) The Regent has appropriately disclosed the economic interest to the Wisconsin Ethics Commission to the extent required under s. 19.45 (6), Wis. Stats.
- (b) The proposed transaction is conducted through appropriate UW System procurement processes; and
- (c) The Board of Regents determines the proposed transaction is in the best interest of the UW System and the Board approves the transaction. Examples of when such a contract might be in the best interest of the UW System include situations wherein it has financially advantageous terms, the goods or services to be provided are demonstrated to be unique, or the contract is a continuation of a contract that was previously in effect.

2. **Confidential, Proprietary, or Privileged Information.** Except as required by law, no Regent may, without proper Board authorization, give or release UW System information or data of a confidential, proprietary, or privileged nature, or use such information to gain personal advantage or avoid personal detriment, insofar as such information is not in the public domain. This rule applies to Regents during and after their service as Regents relative to information acquired in the course of their Regent appointment.
3. **Business Opportunities.** No Regent may divert from the UW System for private gain of self or others a business opportunity in which the UW System would foreseeably engage in furtherance of its mission, unless the UW System has been offered, and through an authorized official declined, a right of first refusal.
4. **Regent Employment with UW System.** Except under extenuating circumstances as determined by a two-thirds (2/3) majority of the Board, no Regent may enter into compensated employment with the UW System while the individual is a Regent and for a period of one year after leaving the Board. This prohibition does not apply to student Regents who wish to engage in part-time University employment during their Regent appointment, subject to the conflict of interest disclosure rules otherwise stated in this Policy.
5. **Employment or Retention of Immediate Family Members or Associated Organizations.** No Regent may be directly or indirectly involved in the hiring, supervision, performance evaluation, compensation, or retention for personal or business services by the UW System of an immediate family member or an organization with which the Regent is associated.
6. **Remuneration, Honoraria, Gifts, and other Consideration**

(a) **From External Parties.** No Regent may solicit or accept from any person or organization (or representatives thereof) seeking to do or doing business with or otherwise gain benefit from the UW System any gift or anything of value in exchange for a promise or reasonable inference that the Regent's influence with the UW System has been exchanged for such consideration. This prohibition applies without limitation to vendors, contractors, sponsors, donors, and job or admissions applicants.

(b) **From the University.** It shall not be considered a conflict of interest for a Regent to accept from the UW System:

- a. Gifts or anything of value in consideration of his or her service as a Regent;
- b. Customary honoraria;
- c. Reasonable reimbursement for travel, food, or lodging for expenses incurred in connection with UW System business pursuant to applicable UW System policy and procedures; or
- d. Complimentary tickets for a Regent and his or her guest at UW System sporting events, plays, concerts, or similar university functions when the presence of the Regent and his or her guest for friend raising or fundraising is deemed to serve the best interests of the UW System.

(c) **From External Parties or the University.** No Regent may solicit or accept any fee or honorarium, except as expressly permitted by s. 19.56, Wis. Stats., offered in return for a speech or appearance or article made or written in the individual's official capacity as a Regent. Reasonable and necessary expenses reimbursed to the Regent for participation in such an event are permissible subject to applicable UW System policies and procedures.

7. **Employment of University Personnel.** A Regent wishing to employ or retain a UW System employee for private consulting or other non-University purposes must first obtain from the UW System General Counsel or the Wisconsin Ethics Commission an opinion as to whether such engagement does, or may, give rise to a conflict of interest. If the General Counsel or the Wisconsin Ethics Commission conclude that a conflict does, or may, arise, the Regent shall disclose the proposed employment or consulting arrangement to the Board Chair. The Board Chair shall either authorize or decline to authorize the proposal, conferring with the Executive Committee in his or her discretion. If the proposal is authorized, the Chair shall communicate the authorization in writing to the Regent, with a copy to the General Counsel.

8. **Testimony.** A Regent who testifies in person or through recorded or written communication before any public body or public official, whether judicial, legislative, or administrative, shall make it initially and clearly known on the record when she or he

is speaking on the matter as a UW System representative. Regents shall obtain authorization to speak on behalf of the UW System by means of customary governance protocols, including but not limited to prior approval from the Board Chair.

9. **Political or Appointive Office.** The constituency of each Regent is the UW System, regardless of the source of appointment. Regents whose service on the Board is incidental to elective or appointive office shall engage in such service with due regard for the fiduciary duties of a Regent, and in a manner consistent with this Policy.
10. **Foundation.** No Regent, member of a Regent's immediate family or any organization with which a Regent is associated may, without proper Board authorization, obtain anything of value from any real property in which a Foundation that supports any UW System institution has a financial ownership interest.

## Protocol

1. **Reporting Economic Interests.** As required under s. 19.43, Wis. Stats., upon nomination or appointment and annually thereafter, each member of the Board of Regents shall file a Statement of Economic Interests Form with the Wisconsin Ethics Commission. The Board of Regents Office shall obtain a copy of each Regent's Statement of Economic Interests to assist the Board with efforts to identify potential conflicts of interest.
2. **Identifying potential conflicts of interests.** Each Regent is responsible for identifying and disclosing any potential conflict of interest he or she may have with an agenda item under consideration by the Board. To assist with this process, prior to each Committee and Board meeting, the UW System General Counsel, in consultation with the Board of Regents Office, shall review the agenda for the meeting in relation to Regents' Statements of Economic Interest to determine whether a conflict may arise. If the review identifies a potential conflict, the General Counsel shall contact the Regent with the potential conflict and the Committee or Board Chair regarding the relevant agenda item. If it is determined that an actual conflict exists, the Regent and the Committee or Board Chair shall manage the conflict as required under this policy. This review supplements, but does not replace, the responsibility of each Board member to identify and manage any conflict of interest he or she may have with an agenda item.
3. **Disclosure.** In advance of any meeting of the Board or one of its Committees at which a conflict may foreseeably arise, a Regent with a potential conflict shall disclose the conflict to the Committee or Board Chair. The disclosure shall describe the conflict, along with any material facts related to the conflict, including:
  - (a) The benefits that could inure to the Regent;
  - (b) The extent to which, if any, the Regent is participating in a competitive process to enter into a transaction or business affiliation with the UW System;
  - (c) Whether the Regent is privy, in his or her capacity as a Regent, to proprietary or other

non-public UW System information that could be advantageous to the Regent in relation to other parties interested in a proposed transaction;

- (d) Whether the UW System would be likely to enter into the proposed transaction or relationship in the absence of the Regent's UW System affiliation;
- (e) Any other facts determined to be relevant for describing and assessing the conflict.

4. **Evaluating a Potential Conflict.** The Regent, Committee Chair, or Board Chair may request an opinion on the existence of a conflict from the UW System General Counsel or the Wisconsin Ethics Commission. In the event that a Board Chair or a Committee Chair conflict is in issue, the disclosure shall be made to the Vice Chair, who may also request an opinion from the General Counsel or the Wisconsin Ethics Commission.
5. **Managing a Conflict of Interest.** Upon a determination that an apparent conflict of interest, but no actual conflict of interest, exists, a Regent may decide whether to decline to participate in discussion of, and any vote upon, the matter as to which a conflict exists. If a Regent so declines, the meeting record shall reflect his or her recusal and abstention.

If it is determined that a Regent has an actual conflict of interest, the Regent shall disclose the conflict to the Board and shall refrain from participating in the matter to which the conflict relates. The meeting record shall reflect the disclosure and the Regent's recusal and abstention.

6. **Complaint Procedure.** Complaints of non-compliance with this policy shall be filed promptly and in writing with the President of the Board, with copies to the Executive Director and Secretary of the Board. The Board President shall be responsible for ensuring complaints are appropriately addressed.
7. **Conflict of Interest Training.** Newly appointed Regents shall be provided ethics and conflicts of interest training, and the Board periodically shall be provided training in this area.

## Oversight, Roles, and Responsibilities

Each Regent shall be responsible for complying with all laws and policies relating to conflicts of interest, including identifying and disclosing potential conflicts of interest to the Board of Regents using the procedures identified under this policy, and for filing the Statement of Economic Interests Form with the Wisconsin Ethics Commission as required under s. 19.43, Wis. Stats.

The UW System General Counsel shall provide advice and counsel about a potential conflict of interest upon request of any Regent, Committee or Board Chair, or Vice Chair acting on behalf of a Committee or Board Chair with a potential conflict. Any public official may also seek a formal opinion about a conflict of interest from the Wisconsin Ethics Commission.

The Board of Regents Office and the UW System General Counsel shall be responsible for implementing procedures for routinely reviewing Board agendas to identify potential conflicts of interest and for assisting Regents in notifying the Board about potential conflicts of interest.

## **Related Regent Policy Documents and Applicable Laws**

Subch. III, Chapter 19, Wis. Stats., “Code of Ethics for Public Officials and Employees”

s. 36.23, Wis. Stats., “Conflict of Interest”

s. 946.13, Wis. Stats., “Private Interest in Public Contract Prohibited”

RPD 2-2, “Statement of Expectations of Board Members”

RPD 13-1, “General Contract Approval, Signature Authority, and Reporting”

RPD 20-22, “Code of Ethics”