

**UW System Board of Regents
Audit Committee
Via WebEx Videoconference
1511 Van Hise Hall
1220 Linden Drive
Madison, Wisconsin
December 10, 2020**

MEETING OF THE AUDIT COMMITTEE

The meeting of the Audit Committee was called to order at 10:45 a.m. by Committee Chair Karen Walsh.

A. Calling of the Roll

Roll call was taken. Regents Bogost, Colón, Delgado, Walsh, and Woodmansee were present.

B. Declaration of Conflicts

Regent Walsh asked if anyone had a conflict of interest for the items on the agenda: none were stated.

C. Approval of the minutes of the October 8, 2020 meeting of the Audit Committee

Regent Delgado made a motion to approve the minutes of the October 8, 2020 Audit Committee meeting; seconded by Regent Bogost. The minutes were approved unanimously.

D. Internal Audit

1. Fiscal Year 2021 Audit Plan Progress Report

Lori Stortz, Chief Audit Executive, reviewed the progress to date on the fiscal year 2021 audit plan. She stated that her office continues to make solid progress and she expects to bring a couple more audit reports before the committee in February. They are in the process of completing the NCAA audits, which will be going in February and they have also been busy with projects that were requested by management. Most recently they have been working on the Procure-to-Pay project – looking at internal controls and design along the way. Ms. Stortz stated they continue to fit in small projects as they progress through the audit plan.

2. Approval of Changes to the Office of Internal Audit Fiscal Year 2021 Audit Plan

Ms. Stortz recommended deferral of work on two items, for the committee's approval. The first concerns Payroll, due to UW Shared Services (UWSS) being advised by President Thompson to move to one single payroll cycle for University employees. Ms. Stortz stated the audit would impact the UWSS staff at a critically busy time. Her office would also like to invest time in planning how to test and map the changes being made to the payroll cycle before their audit, and that will take some time. She expects they will need to update their audit software to do the necessary testing, which will also take time, therefore she is recommending a deferral until the second half of 2021 and reporting

in 2022; thus allowing time to invest in supporting the controls of the project. Regent Walsh stated she appreciated the effort to take the necessary time.

The second item involves Information Technology (IT) System awareness, (i.e., IT security training). Given the unprecedented nature of 2020, President Cross had allowed people additional time to complete their IT training in order to deal with the needs of the pandemic. Ms. Stortz explained that the staff furloughs also impacted the training, as staff had less time to do their work. New training is being put in place by UW System and UW-Madison. All employees will need to complete the robust training by next calendar year, in order to remain eligible for any pay plan in 2022. She also stated the administrative systems that track the training will be fixed. For the aforementioned reasons, Ms. Stortz feels that putting off this audit for a year will allow management to focus on the pandemic, get the new training in place, get employees back into a more normal pattern, and then test it when it should be effective. Regent Walsh concurred that the decision to defer made a lot of sense. Ms. Stortz and Regent Walsh discussed the challenges of keeping current in an ever-changing field like IT security and the desire to bring best-in-class training to our staff.

Regent Walsh made a motion to approve the changes to the Fiscal Year 2021 Audit Plan; seconded by Regent Woodmansee. The changes were approved unanimously.

3. Summarized Results of Audits Recently Issued

Ms. Stortz then provided a high-level summary of the results of audits recently issued by the Office of Internal Audit. This included the *Post-Tenure Review Audit*, *Other Affiliated Organizations Audit*, *P-Card Continuous Audit Results Summary*, *Emergency Grant Aid Payments to Students Under the CARES Act Update*, and *Oversight of Programs with Minors Audit*. Overall, she was comfortable with managements' responses.

The results of the work on the Post-Tenure Review audit were excellent, according to Ms. Stortz. Her office found that institutions were complying with Board policies regarding post-tenure reviews on a timely basis, and they found documentation at each of the campuses to support that the reviews were robust and in fact happening. Overall they were very pleased to show that this important process is in place and being taken seriously by Academic Affairs.

The second report Ms. Stortz discussed was the Other Affiliated Organizations, which covers entities affiliated with the UW institutions, outside of the primary fundraising foundations. The Board and management have worked diligently to improve monitoring and compliance, and the results of this audit were very clean.

Ms. Stortz gave a high-level review of the Purchasing card summary. In response to the committee's request for an analysis of the p-card trends over the last few years, the Office of Internal Audit has proved a report that reflects that. In general, the report shows that there has been improvement and a pretty significant reduction in the amount of outstanding credit, and a little reduction in the number of cards outstanding. Ms. Stortz stated there are improved internal controls, oversight, and monitoring, but there is still more work to do. She discussed the impact the new Procure-to-Pay project will have on the use of p-cards and stated that management is committed to reducing the number of p-cards.

Next Ms. Stortz discussed the follow up report on the Emergency Grant Aid Payments to Students Under the CARES Act that was discussed at the last Audit Committee meeting. As of September 30, 2020, 99.4% of the distributions were made at UW-Parkside, UW-Stevens Point, UW-La Crosse, and UW-Platteville. She explained that funds were dispersed to students well in advance of any deadlines before funds would have needed to be returned. Regent Walsh stated that was good news and she appreciated the follow up.

Lastly, Ms. Stortz reviewed the Oversight of Programs with Minors Audit, which had to be suspended for a short time this past spring, due to the pandemic. There were a number of findings and responses will be coming from Prenicia Clifton, who will be speaking during the next agenda item (E.1.). There are issues concerning policy compliance for the entire UW System regarding criminal background checks. Ms. Stortz said they are recommending that anything pertaining to minors be pulled out of Regent Policy Document 20-19 and put into a separate policy so proper attention can be paid to it. The audit also looked at vendor contract language, and they have template language suggested to make sure we enter into better contracts and facilities use agreements to protect ourselves, our young people, and the vendors. And lastly, self-disclosure of arrests, charges, or convictions by people who are in a position of trust with access to vulnerable populations was discussed by Ms. Stortz to better protect minors. She indicated there is work to be done, but she is very pleased with the response by Ms. Clifton.

E. Compliance

1. Youth Protection and Compliance Update

Prenicia Clifton, Director of Youth Protection and Compliance, gave an update to the committee on Youth Protection and Compliance. Ms. Clifton stressed the need for a central place for anyone working on campus to tell you that they are working with minors, and the consequences when there is not. She indicated that we never had concise practices across System schools. Ms. Clifton outlined the audit remediation plan which involves an updated policy scheduled to be presented to the Board in Spring 2021. A central database for anyone working with minors is being developed and would include anyone in a position of trust with access to vulnerable populations.

Ms. Clifton explained the plan also involves professional development for institutions around the architecture of compliance, beginning in January 2021. The committee discussed the importance of criminal background checks and training and strengthening our procedures and policies. The need to clearly document remediation was summarized by Ms. Clifton who explained how that protects the institutions too. She iterated that the policy would be effective in 2021 and then everyone would be expected to be compliant by 2022. Ms. Clifton described the plan going forward as wholistic youth protection.

Regent Walsh closed the meeting and thanked her colleagues.

The meeting was adjourned at 11:41 a.m.

Respectfully submitted,

Erika Laabs
Recording Secretary