

**UW System Board of Regents
Audit Committee
Reeve Memorial Union
Ballroom 227BC
748 Algoma Blvd., Oshkosh
Via WebEx Videoconference
October 7, 2021**

MEETING OF THE AUDIT COMMITTEE

The meeting of the Audit Committee was called to order at 8:46 a.m. by Committee Chair Kyle Weatherly.

A. Calling of the Roll

Roll call was taken. Regents Weatherly, Miller, Bogost, Jones, and Petersen were present.

B. Declaration of Conflicts

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

C. Approval of the minutes of the July 8, 2021 meeting of the Audit Committee

Regent Petersen made a motion to approve the minutes of the July 8, 2021 Audit Committee meeting; seconded by Regent Bogost. The minutes were approved unanimously.

D. Internal Audit

1. Fiscal Year 2022 Audit Plan Progress Report

Lori Stortz, Chief Audit Executive, reviewed the progress to date on the fiscal year 2022 audit plan. She confirmed that her office is making very good progress on the plan and expects to bring more reports to the committee in December.

2. 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 since we last met in July. This included an executive summary for the *Emergency Grant Aid Payments to Students Under the CRRSAA*, the *Office of Internal Audit Annual Report 2021*, the *NCAA Division III Athletics Financial Transactions - executive summary*, the *Information Security Program Accountability (Phase One) - executive summary*, and the *Information Technology Disaster Recovery - Backups (Phase One) executive summary*. Overall, she was pleased with the responses from management.

The committee discussed the Information Technology backup processes and Ms. Stortz indicated she felt the backups were being handled well, and gave an overview of what would be included in Phase II of their audit.

Regent Petersen asked if Ms. Stortz felt she had adequate resources to accomplish her work, to which she replied that yes, she did.

3. The Institute of Internal Audit's Three Lines Model

Ms. Stortz presented the Institute of Internal Audit's Three Lines Model, which provides a broad application that can be used by the UW System. The Three Lines Model helps organizations identify structures and processes that best assist the achievement of objectives and facilitate strong governance and risk management. Accountability of all stakeholders is critical to the Model's success.

Regent Bogost gave her support of this model and asked for clarification since this was presented a few years ago too. Ms. Stortz replied that at the time, the UW System was not as far along in building up the infrastructure and leadership of the second line as we are now, and we are in a better position to get more traction.

4. Approval of Update to the Office of Internal Audit Charter

Ms. Stortz sought approval of an update to the *Office of Internal Audit Charter*, which we supported. A motion to approve Resolution D.4. – the update to the *Office of Internal Audit Charter* was made by Regent Bogost, and seconded by Regent Miller. The motion was approved.

5. Approval of Fiscal Year 2022 Budget and Resource Plan

Lastly, Ms. Stortz then discussed Resolution D.5. – the *Fiscal Year 2022 Budget and Resource Plan* for committee approval. Regent Weatherly asked for clarification about the reported staff hours, and Ms. Stortz replied that the furloughs required in 2020, (due to the COVID-19 pandemic) impacted the staff hours. A motion to approve Resolution D.5. – the *Fiscal Year 2022 Budget and Resource Plan* was made by Regent Bogost, and seconded by Regent Miller. The motion was approved.

E. Compliance

1. Approval Title IX Investigations

Title IX and Clery Administrator, Sarah Harebo presented a report on Title IX Investigations. New permanent rules have been approved and in effect since June of 2021. They are working on implementing a case management solution systemwide, to allow for better communication and data analytics. This database has the potential to be used beyond the needs of Title IX as well.

Regent Miller asked if Ms. Harebo anticipated new regulations and if the team will be prepared to make updates again. Ms. Harebo replied that yes, they are prepared to update if any changes come their way. Regent Bogost was pleased to hear the progress that has been made and asked about training. Ms. Harebo indicated that since 2014 UW System has contracted to provide regular training and campuses may elect to add additional training. The committee was very supportive of the work on this important matter and encouraged management to seek ways to further train our faculty, staff, and students on our policies.

F. Enterprise Risk Management

1. Information Technology Security Update

Director of Risk Management, Angela Ryan introduced Associate Vice President for Information Security Katherine Mayer to present an update on Information Technology Security. She discussed the progress that has been made and the key steps we need to ensure take place in order to best protect the UW System from IT security risks. Ms. Mayer shared best practices and recommendations for further education across the state of Wisconsin.

The Regents discussed testing processes throughout the UW System and Ms. Mayer stressed the importance of finding funding to continue regular penetration testing. Regent Petersen agreed that we need to focus on creative ways to fund the Information Security needs of UW System. Regent Weatherly asked Ms. Mayer to come back and present again to the committee graphs that show how each campus is doing with their dual factor authentication and the percentage of IT assets in inventory. Ms. Mayer agreed to do so in the near future. The committee thanked management for their report, work, and our progress on better managing our risk. They stressed the need for a sustained investment in our budget to continue to improve our risk posture.

G. Internal Controls

1. Purchasing Card Administration and Management

Sr. Associate Vice President for Finance Julie Gordon and Assistant Vice President & Controller Ginger Hintz presented a report on Purchasing Card Administration and Management. They discussed the goals of the purchasing card program rebates the UW System can earn by using purchasing cards, and internal controls in place. Ms. Hintz stated that there has been a reduction in the number of purchasing cards used by 51% since Internal Audit began reviewing. The new ShopUW+ program is expected to further reduce the use of purchasing cards and also promote stronger internal controls for purchasing. Further review is underway to determine the number of purchasing cards that can be reduced across the UW System.

2. Internal Control Plan(s) Update

The internal control plan discussion was deferred until December, due to time constraints.

Regent Weatherly closed the meeting and thanked his colleagues.

The meeting was adjourned at 10:04 a.m.

Respectfully submitted,

Erika Laabs
Recording Secretary