

## BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

### **Audit Committee**

Thursday, July 8, 2021

Time 10:45 a.m. – 12:00 p.m.

Gordon Dining & Event  
Center, 2<sup>nd</sup> floor  
770 W. Dayton Street,  
Madison, Wisconsin  
Via Webex Videoconference

- A. Calling of the Roll
- B. Declaration of Conflicts
- C. Approval of the Minutes of the June 3, 2021 Meeting of the Audit Committee
- D. Internal Audit
  - 1. Fiscal Year 2022 Audit Plan Progress Report
  - 2. Summarized Results of Audits Recently Issued
- E. Compliance
  - 1. Approval of Fiscal Year 2022 Compliance Plan
- F. Approval of Chief Compliance Officer Reporting Line and Update to the University of Wisconsin System Board of Regents Audit Committee Charter

## **FISCAL YEAR 2022 AUDIT PLAN PROGRESS**

### **REQUESTED ACTION**

For information and discussion only.

### **SUMMARY**

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.

The attached chart provides a summary of audit progress for the Fiscal Year 2022 Audit Plan.

### **Presenter(s)**

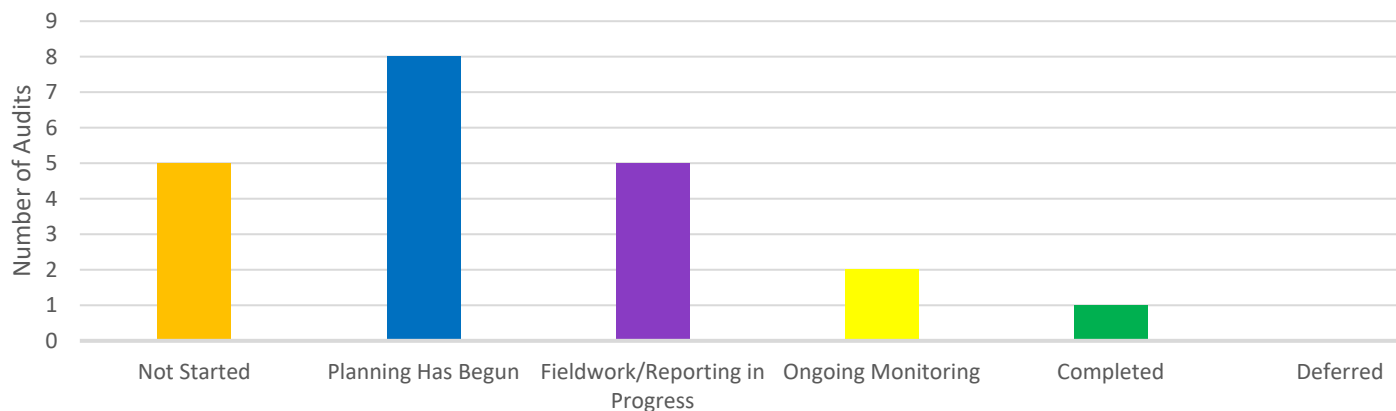
- Lori Stortz, Chief Audit Executive

### **ATTACHMENTS**

- A) UW System Administration Office of Internal Audit Fiscal Year 2022 Audit Plan Progress Chart.

**UW SYSTEM ADMINISTRATION  
OFFICE OF INTERNAL AUDIT  
FISCAL YEAR 2022  
AUDIT PLAN PROGRESS**

	<b>Title</b>	<b>Risks</b>
1	Payroll (Continuous Monitoring)	Fraud, Data Accuracy
2	Purchasing Cards (Continuous Monitoring)	Fraud, Embezzlement, Compliance with Policy
3	Information Security Awareness	Data Protection, Reputational, Operational, Financial
4	Contracts with Private Entities	Conflict of Interest, Reputational
5	NCAA Division III Athletics Financial Transactions	Fraud, Conflicts of Interest, Reputational
6	Change Requests of Bank and Contact Information	Fraud
7	Emergency Grant Aid Payments to Students Under the CRRSAA	Regulatory Compliance, Reputational
8	Student Discrimination Complaint and Appeal Process	Compliance with Laws and Board Policy, Reputational
9	Management of Native American Human Remains and Artifacts	Compliance with Laws, Reputational
10	Shared Financial System Separation of Duties	Fraud, Data Integrity, Separation of Duties
11	ShopUW+ Separation of Duties	Fraud, Data Accuracy, Separation of Duties
12	Information Technology Remote Access	Data Security, Reputational, Operational, Financial
13	Information Technology Disaster Recovery – Backups of Mission Critical / High-Risk Data Systems	Data Security, Reputational, Operational, Financial
14	Information Security Program Accountability	Data Security, Reputational, Operational, Financial
15	Conflicts of Interest and Outside Activity Reporting	Fraud, Reputational, Conflicts of Interest, Compliance with Policy
16	Criminal Background Checks	Reputational, Conflicts of Interest, Regulatory Compliance, Compliance with Policy
17	Engagement and Management of Independent Contractors	Fraud, Reputational, Conflicts of Interest, Data Protection
18	Contracts with Research Companies	Reputational, Conflicts of Interest, Compliance with Policy
19	NCAA Athletics Divisions I and II Consulting Engagements	Data Accuracy
20	Madison NCAA Athletics Compliance Audit	Compliance
21	Internal Assessment	Conformance with Standards and Code of Ethics



## **SUMMARIZED RESULTS OF AUDITS RECENTLY ISSUED**

### **REQUESTED ACTION**

For information and discussion only.

### **SUMMARY**

Since the June 3, 2021 meeting of the Audit Committee, the Office of Internal Audit has issued the following reports:

- Change Requests of Bank and Contact Information Audit - Executive Summary
- Purchasing Cards Continuous Audit Results Summary

### **Presenter(s)**

- Lori Stortz, Chief Audit Executive

### **BACKGROUND**

One of the responsibilities of the Audit Committee, as outlined in the committee charter, is to summarize results of audits recently issued.

**APPROVAL OF UNIVERSITY OF WISCONSIN SYSTEM  
ANNUAL COMPLIANCE PLAN FISCAL YEAR 2022**

**REQUESTED ACTION**

Adoption of Resolution E.1.

**Resolution E.1.** That, upon the recommendation of the President of the University of Wisconsin System, the Board of Regents approves the University of Wisconsin System Annual Compliance Plan Fiscal Year 2022.

**SUMMARY**

Presentation of Fiscal Year 2022 Annual Compliance Plan for UW System.

**Presenter**

- Katie Ignatowski, UW System Chief Compliance Officer

**BACKGROUND**

In February 2019, the UW System hired its first Director of Compliance. In October 2019, an initial compliance plan was presented to the Audit Committee. Over the next 18 months the Office of Compliance and Integrity focused on developing a systemwide compliance framework to support key compliance areas and establish a governance structure across all thirteen institutions. The office also underwent significant restructuring during this time, in order to position itself to provide targeted support in mitigating key compliance risks, such as Title IX, youth protection, and ethics. Going forward an annual compliance plan will be submitted each year on the fiscal year cycle for review and approval by the Audit Committee of the Board of Regents.

**ATTACHMENTS**

- A) UW System Annual Compliance Plan Fiscal Year 2022



# **UW SYSTEM ANNUAL COMPLIANCE PLAN**

Fiscal Year 2022



## UW SYSTEM OFFICE OF COMPLIANCE AND INTEGRITY OVERVIEW

Since its inception in February 2019, the UW System Office of Compliance and Integrity (OCI) continues to undertake significant developments in establishing a compliance framework for the UW System. OCI has worked with each UW System institution to identify individuals responsible for key compliance obligations (see *Institutional Compliance Officers Roster*), craft policies to codify standards for compliance, and develop tools and resources necessary to aid compliance efforts. The OCI is constantly seeking ways to maximize value by leverage existing expertise and resources throughout the System in the most efficient and effective manner needed to mitigate new and emerging risks. This Annual Plan outlines our work in this regard.

### UW System Compliance Framework

The UW System compliance framework was developed in collaboration with the UW System Compliance Officer Working Group and presented to the Audit Committee of the Board of Regents in 2019. The framework was developed based on review of national trends and best practices in both universities and private industry compliance programs across the country and was modeled, in part, from guidance from the U.S. Department of Justice.

In June 2020, the U.S. DOJ released updated guidance to federal prosecutors regarding evaluation of the effectiveness of a corporate compliance programs in making decisions related to charging and resolution.<sup>1</sup> The standards set forth in these guidelines are widely recognized as a best practice for compliance programs across the country. The six elements of the UW System's compliance framework were selected to correspond to the considerations set forth in the U.S. DOJ guidance that describe a well-designed compliance program.

### A Risk-Informed Approach

Any organization has finite resources, and many face enormous compliance burdens that continue to grow as state and national regulatory oversight bodies demand increased transparency through reports, disclosures, and other mandates. Expectations of university regulators compete for resources against those of parents, students, employees, and, in the case of public universities, the public. The recently developed UW System Compliance Matrix database identifies 38 different areas of university compliance spanning research, employment, facilities, student accommodations, protection of civil rights, contracting, and many others.

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<sup>1</sup> U.S. Dep't of Justice, Criminal Division, "Evaluation of Corporate Compliance Programs" (June 1, 2020), <https://www.justice.gov/criminal-fraud/page/file/937501/download>.

The UW System has designed a compliance framework using a risk-informed approach to enable us to align our resources with areas of greatest risk. This approach involves a continuous process of evaluating emerging risks facing the UW System and working in collaboration with our institutions to develop solutions to mitigate those key risks in real, practicable ways. One key effort in this regard is the recently launched Enterprise Risk Management initiative. This past spring the Office of Compliance and Integrity partnered with the UWSA Office of Risk Management and conducted a survey of all thirteen UW System institutions to identify top risks and evaluate those risks based on key indicators. In June, the Office of Compliance and Integrity underwent a restructuring to create the capacity to dedicate resources to emerging key compliance risks. Under this new structure, certain positions in the office remain fully dedicated to providing expertise regarding specific compliance risks, such as youth protection, Title IX, records management and public records, while creating capacity to address new risks by leveraging existing expertise and coordinating resources to create solutions that are effective, efficient, and practical. Emerging risks will be identified on an annual basis and presented to the Audit Committee in the Annual Compliance Plan. Risks identified for focus in FY22 include ethics, data privacy, and reporting of foreign gift and contracts. More information on our planned efforts to mitigate these risks are highlighted in the report below.

## **Guiding Elements of the UW System Compliance Framework**

### ***High Level Oversight (“Tone at the Top”)***

The UW System governing authority (Board of Regents) and senior leadership (president and chancellors) should be knowledgeable about the content and operation of the compliance and ethics program. The tone should be visible, strong, and explicit.<sup>2</sup> For oversight to be exercised properly, there must be an open and direct line of communication between the chief compliance officer and the Board. The Board should ensure that an effective compliance oversight infrastructure is in place, including adequate staffing and resources, as well as appropriate empowerment and authority to achieve the objective of the program.<sup>3</sup>

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<sup>2</sup> U.S. Dep’t of Justice, Criminal Division, “Evaluation of Corporate Compliance Programs” (June 1, 2020), <https://www.justice.gov/criminal-fraud/page/file/937501/download>.

<sup>3</sup> Society of Corporate Compliance and Ethics & Health Care Compliance Association, *Compliance Risk Management: Applying the COSO ERM Framework*. <https://www.coso.org/Documents/Compliance-Risk-Management-Applying-the-COSO-ERM-Framework.pdf> (p. 14 “Increasingly, regulators and the enforcement community consider the stature of the compliance function relative to other executive functions as a signal of how seriously the compliance and ethics program, and therefore compliance with laws and regulations, is viewed within an organization.”)



### FY21 Report

- In 2020 the Office of Compliance and Integrity (OCI) was restructured to provide for a Chief Compliance Officer who reports directly to the UW System president and to the chair of the Audit Committee<sup>4</sup>. This restructure is essential to establish a strong tone of compliance at the most senior levels within the organization and positions the UW System amongst the top tier of universities when it comes to compliance governance.
- The UWSA Risk and Compliance Council was established to provide direction and support to systemwide risk and compliance efforts. This council allows for open lines of communication between chancellors and senior leaders at UW System to facilitate timely awareness of emerging compliance risks, as well as obtain input and buy-in on how to mitigate and address risk.
- The UW System Chief Compliance Officer meets regularly with chancellors and senior leaders of UW System institutions to discuss emerging compliance risks, best practices, tools, and initiatives to address those risks.
- Each chancellor within the UW System has designated a senior level compliance officer with responsibility for managing the university's compliance program and working with the UW System Chief Compliance Officer. (Attachment A.1.)

### FY22 Plan

In FY22 the OCI will:

- Continue to work with chancellors to ensure appropriate resources are dedicated to compliance functions, including designating a compliance officer with sufficient stature and authority to carry out compliance functions within the institution and establish a message of compliance “tone at the top.” The compliance officer should be someone who has direct access to the chancellor, the ability to raise awareness of compliance efforts and standards across the institution, and the authority to commit the resources necessary to carry out the work. More progress needs to be made in FY22 to fully authorize and dedicate the necessary resources to compliance officers and functions at our institutions. (Attachment A.2.)
- On the national level, continue to highlight UW System’s commitment to leading the way in creating a culture of compliance. OCI will remain involved with National Academies of Science, Engineering, and Medicine (NASEM), presenting on initiatives at national compliance conferences. Between 2020 and 2021, UW System’s Chief Compliance Officer spoke to five national conferences on the value of the compliance matrix tool.

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<sup>4</sup> A reporting line to the Audit Committee of the Board of Regents is subject to approval of the Board as of the time this document is published.

## ***Policies and Procedures***

The UW System will establish standards and procedures that set forth ethical norms which aim to reduce risk and prevent and detect misconduct. The procedures should be in writing, easy to locate, understandable, and reviewed and updated regularly.<sup>5</sup>

### **FY21 Report**

- In FY21, OCI undertook a significant effort to rewrite administrative code regulations and UW Board of Regent policy related to federal Title IX law. This effort involved multiple working groups with representatives from across UW System.
- Policy guidance related to Outside Activity Reporting was updated along with new training modules and webpages to assist employees across UW System in understanding their ethical obligations related to engagement with activities outside the scope of employment with UW System.

### **FY22 Plan**

In FY22 the OCI will:

- Finalize policies currently in drafting related to:
  - Youth Protection
  - Records Management
- Continue to engage with the Office of Administrative Policies to determine which policies require review, modification, or creation during the annual review cycle. The following areas have been identified for potential policy creation in FY 22:
  - Data privacy
  - Foreign gift reporting
  - Mandatory employee training
  - Investigations

## ***Communication, Education and Training***

The UW System will take reasonable steps to communicate periodically and in a practical manner its standards and procedures, and other aspects of the compliance and ethics program by conducting effective training programs and otherwise disseminating information appropriate to such individuals' respective roles and responsibilities.<sup>6</sup>

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<sup>5</sup> U.S. Dep't of Justice, Criminal Division, "Evaluation of Corporate Compliance Programs" (June 1, 2020), <https://www.justice.gov/criminal-fraud/page/file/937501/download>.

<sup>6</sup> U.S. Dep't of Justice, Criminal Division, "Evaluation of Corporate Compliance Programs" (June 1, 2020), <https://www.justice.gov/criminal-fraud/page/file/937501/download>.

### FY21 Report

- The compliance website was updated to support systemwide partnership in addressing compliance in the areas of youth protection, Title IX, public records, records management, and ethics.
- Communities of practice were established in the above areas to bring together stakeholders from across the System to collaborate and coordinate compliance efforts.
- OCI partnered with UW System Human Resources and the Office of Risk Management to offer new employee and employee refresher training sessions covering the topics of general safety, ergonomics, emergency planning & preparedness, ethics, records management, and public records law.

### FY22 Plan

In FY22 the OCI will:

- Work with UW-Shared Services to develop a framework for systemwide mandatory employee training, including identifying training needs and clearly communicating training requirements to all UW System employees.
- Work with community of practice groups systemwide on Title IX, sexual misconduct, youth protection, and Clery compliance, to develop guidance materials, cultivate outside training resources, and provide professional development.
- Implement a comprehensive approach to youth protection professional development which includes Covid-19 mitigation, abuse prevention, and mental health / first aid.
- Collaborate with precollege liaisons, risk managers, and human resource professionals across UW System to implement and train on the youth protection policy.
- Support institutions in defining and establishing a precollege youth programming taxonomy specific for their campus.
- Convene the UW System records custodians community of practice to exchange best practices and develop tools and resources.
- Continue to provide one on one training to new records custodians on the Wisconsin Public Records Law and on proper handling of public records requests and communication with requestors.
- Implement a trackable system-wide required training on records management and public records law obligations.
- Broaden its efforts to ensure institutions have communicated and trained on reporting of foreign gifts and contracts requirements, specifically the identification of qualifying gifts and contracts and proper reporting to the federal government.

## ***Monitoring and Auditing***

The UW System will take reasonable steps to ensure the systemwide compliance and ethics program is followed, including monitoring and auditing to detect misconduct and to periodically evaluate the effectiveness of the institution's compliance and ethics program.<sup>7</sup>

### **FY21 Report**

- The launch of the UW System Compliance Matrix database was a major achievement of FY21. This database contains over 500 obligations from federal law, state law, and Board of Regent policy, and identifies responsible employees at all UW System institutions and UW System Administration. The matrix generates automatic email notifications of upcoming reporting deadlines and notifies institutions when employees with assigned responsibility are no longer active within the Human Resources database and reassignment is necessary.
- In collaboration with the UW System Office of Risk Management, a systemwide Enterprise Risk Management initiative has been launched across all thirteen UW System campuses. Each campus has engaged its leadership in a comprehensive risk assessment that will be used to inform system level compliance priorities and ensure that the compliance program is well-designed and that resources are aligned to greatest risks.<sup>8</sup>
- OCI is working with the Records Officer Council to develop a database to house Records Disposition Authorizations for UW System. This database will allow for staff across System to locate the applicable records retention periods and thus minimize the risk of improper storage and destruction of public records.
- OCI contracted with the Powered by Parkside team to develop a Public Records tracking system. This system tracks relevant information regarding public record requests received from outside individuals and organizations, including the media. This tracking system ensures that UW System meets its obligations under Wisconsin Executive Order #189. Five UW System institutions plan to begin utilizing this tool in FY22.

### **FY22 Plan**

In FY22 the OCI will:

- Continue to work with the Office of Internal Audit to identify policies, tools, and resources necessary to address deficiencies identified in audit reports and remediate findings in key compliance risk areas.
- Identify a systemwide case management database solution to address Title IX employee record-keeping needs, and ensure compliance with requirements related to case classification, recording, processing, and communication with

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<sup>7</sup> U.S. Dep't of Justice, Criminal Division, "Evaluation of Corporate Compliance Programs" (June 1, 2020), <https://www.justice.gov/criminal-fraud/page/file/937501/download>.

<sup>8</sup> U.S. Dep't of Justice, Criminal Division, "Evaluation of Corporate Compliance Programs" (June 1, 2020), <https://www.justice.gov/criminal-fraud/page/file/937501/download>.

involved parties. This database will allow for consistency in case management and record keeping for both student and employee cases including the ability to monitor the case process, completion deadlines, communications, and case classification. This database along with related guidance will allow for more consistent case handling across UW System.

- Collaborate with UW-Shared Services to design overarching and comprehensive mandatory training guidance for a variety of compliance related topics for training. This framework strives to embed compliance into everyday institutional activities to set the foundation and expectations for individual behavior across the organization. Current efforts include identifying training needs and providing clear communication to all System employees regarding training requirements.
- Develop and implement a systemwide policy on Section 117 foreign gift reporting, utilize the compliance matrix to identify responsible employees at each UW System institution, and work with campuses to develop, improve, and fully document procedures that ensure for proper reporting of foreign source donations and contracts.

### ***Reporting and Investigation***

The UW System will publicize a system whereby employees may report concerns or seek guidance regarding potential or actual misconduct without fear of retaliation. This system shall include the ability to report anonymously. Once an allegation is received UW System will review the information and proceed accordingly. After misconduct has been detected, the UW System will respond appropriately and take actions to prevent further, similar conduct.<sup>9</sup>

#### **FY21 Report**

- A team of investigators moved into the UW System Office of Compliance and Integrity to allow for better alignment with compliance efforts in the Title IX and ethics space.
- OCI has begun work on investigative resources and templates for campuses as well as protocols for use of UW System investigators.
- The OCI has developed a webpage with clear information regarding where employees can go to raise concerns or complaints related to misconduct depending on the nature of the violation. This webpage provides alternative reporting options when a complaint is not able to be raised with a supervisor.

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<sup>9</sup> U.S. Dep't of Justice, Criminal Division, "Evaluation of Corporate Compliance Programs" (June 1, 2020), <https://www.justice.gov/criminal-fraud/page/file/937501/download>.

## FY22 Plan

In FY22 the OCI will:

- In collaboration with the Offices of Internal Audit and University Relations, develop a plan to refresh the UW System reporting hotline to ensure that all members of the UW System community (employees, faculty, and students) are aware of the ability to report complaints anonymously and without fear of retaliation.
- Develop guidance that enables campuses to identify cases that may raise conflicts of interest or other matters of concern and may require use of an outside investigator.
- Collaborate and advise Title IX coordinators to ensure investigations and hearing follow appropriate guidelines and protocols, as these regulations have changed extensively in the past 18 months.

## ***Culture of Accountability, Ethics and Integrity***

The UW System will develop, promote, and enforce a compliance and ethics program through well-publicized guidelines that provide incentives to support the program and disciplinary measures for engaging in misconduct or failing to take reasonable steps to prevent or detect misconduct. The UW System will focus not only on regulatory compliance but on a culture that encourages integrity in all aspects.<sup>10</sup>

## FY21 Report

- The Office of Compliance and Integrity collaborated with UW-Shared Services to launch a systemwide reporting mechanism for outside activity reporting. This implementation included the ability to access and report outside activities through the Human Resources portal, as well as provide annual notifications of UW System ethics policies and procedures to employees based upon their employment category.
- Annual Statements of Economic Interests reporting was consolidated into the Office of Compliance and Integrity. This involves coordination with the Wisconsin Ethics Commission and UW System campuses to identify State Public Officials and other employees who are required to file.
- Ethics trainings were provided both in person and through online modules and are accessible on the OCI website.

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<sup>10</sup> U.S. Dep't of Justice, Criminal Division, "Evaluation of Corporate Compliance Programs" (June 1, 2020), <https://www.justice.gov/criminal-fraud/page/file/937501/download>.

## FY22 Plan

In FY22 the OCI will:

- Make further enhancements to the outside activity reporting and ethics notification system to increase streamlining of UW System's annual ethics requirements.
- Work with institutions to ensure they have established an institutional ethics committee to provide guidance and issue decisions on employee ethics matters, craft and administer campus policies, and make recommendations in relation to ethics concerns which are substantial risk or have wide-reaching implications for the institution.

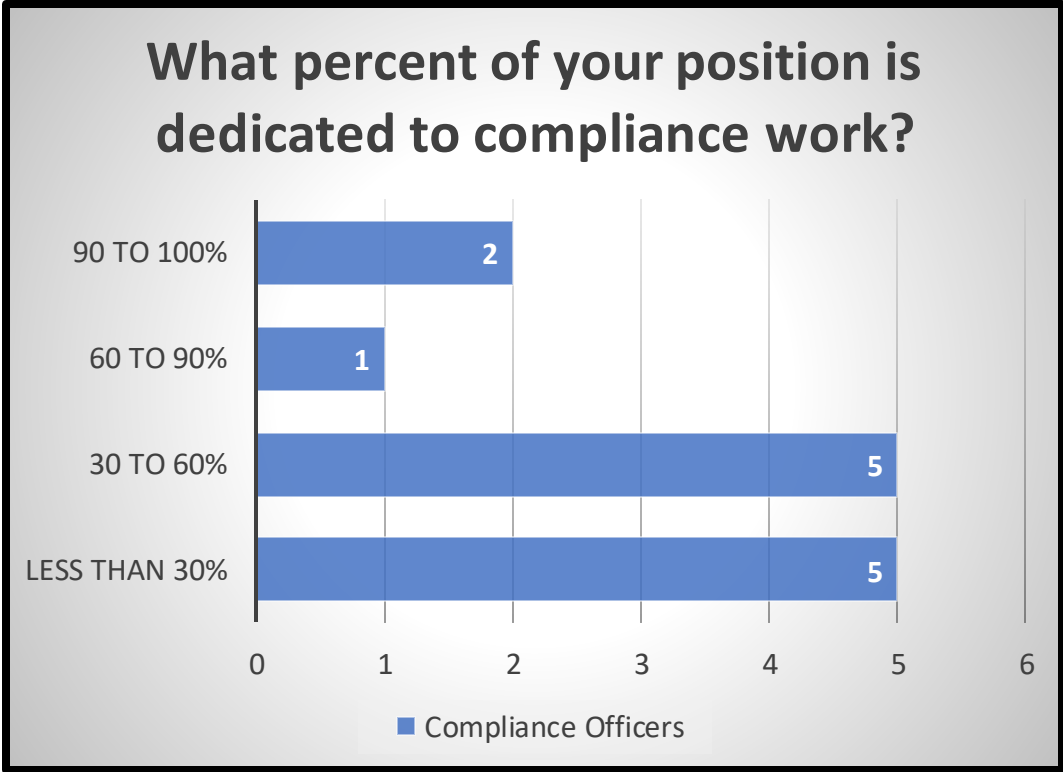
The status of these efforts will be provided to UW System leadership and the Audit Committee of the Board of Regents through regular reports throughout FY22.

# UW System Institutional Compliance Officers

Institution	Compliance Officer(s)	Position Title(s)
UW-Eau Claire	Grace Crickett Teresa O'Halloran	Vice Chancellor, Finance & Administration Interim Vice Chancellor for Equity, Diversity, Inclusion & Student Affairs
UW-Green Bay	Christopher Paquet	Assistant Vice Chancellor, Policy & Compliance
UW-La Crosse	Kara Ostlund	Director, Title IX & Compliance Diversity & Inclusion
UW- Madison	Jaimee Gilford	Director, Office of Compliance
UW-Milwaukee	committee structure	
UW-Oshkosh	Kim Langolf	Director of Risk and Sponsored Programs
UW-Parkside	Sheronda Glass	Assistant Vice Chancellor, Human Resources and Employee Engagement
UW-Platteville	Denise LaBudda	Director, Ethics and Compliance
UW-River Falls	Elizabeth Frueh	Assistant Chancellor, Business & Finance
UW-Stevens Point	Melissa Vergara	Interim Risk and Compliance Manager
UW-Stout	Kristi Krimpelbein	Chief of Staff
UW-Superior	Jeff Kahler	Vice Chancellor, Administration & Finance
UW-Whitewater	Taryn Carothers	Interim Vice Chancellor for Administrative Affairs



# UW System Institution Compliance Officers Survey



**What concerns you most about compliance matters on your campus?**

- Limited access to leadership
- Volume of compliance obligations and limited resources necessary to address them
- Decentralization of compliance across campus

**APPROVAL OF CHIEF COMPLIANCE OFFICER REPORTING LINE  
AND UPDATE TO THE UNIVERSITY OF WISCONSIN SYSTEM  
BOARD OF REGENTS AUDIT COMMITTEE CHARTER**

**REQUESTED ACTION**

Adoption of Resolutions F.1. and F.2.

**Resolution F.1.** That, upon the recommendation of the President of the Board of Regents, the Chief Compliance Officer shall report to the Board of Regents through the Audit Committee directly (solid line) and to the President of the System (solid line). The UW System President and the Chair of the Audit Committee have joint responsibility for the hiring, performance evaluation and compensation of the Chief Compliance Officer.

**Resolution F.2.** That, upon the recommendation of the President of the University of Wisconsin System, the Board of Regents approves the updated University of Wisconsin System Board of Regents Audit Committee Charter.

**SUMMARY**

The Board of Regents periodically reviews and updates the UW System Board of Regents Audit Committee Charter.

**Presenters**

- Katie Ignatowski, UW System Chief Compliance Officer
- Lori Stortz, Chief Audit Executive

**BACKGROUND**

The Board of Regents adopted the Audit Committee Charter in September 2013. The proposed updates to the Charter reflect the Regents' responsibilities as to the Chief Compliance Officer and clarification of their oversight role.

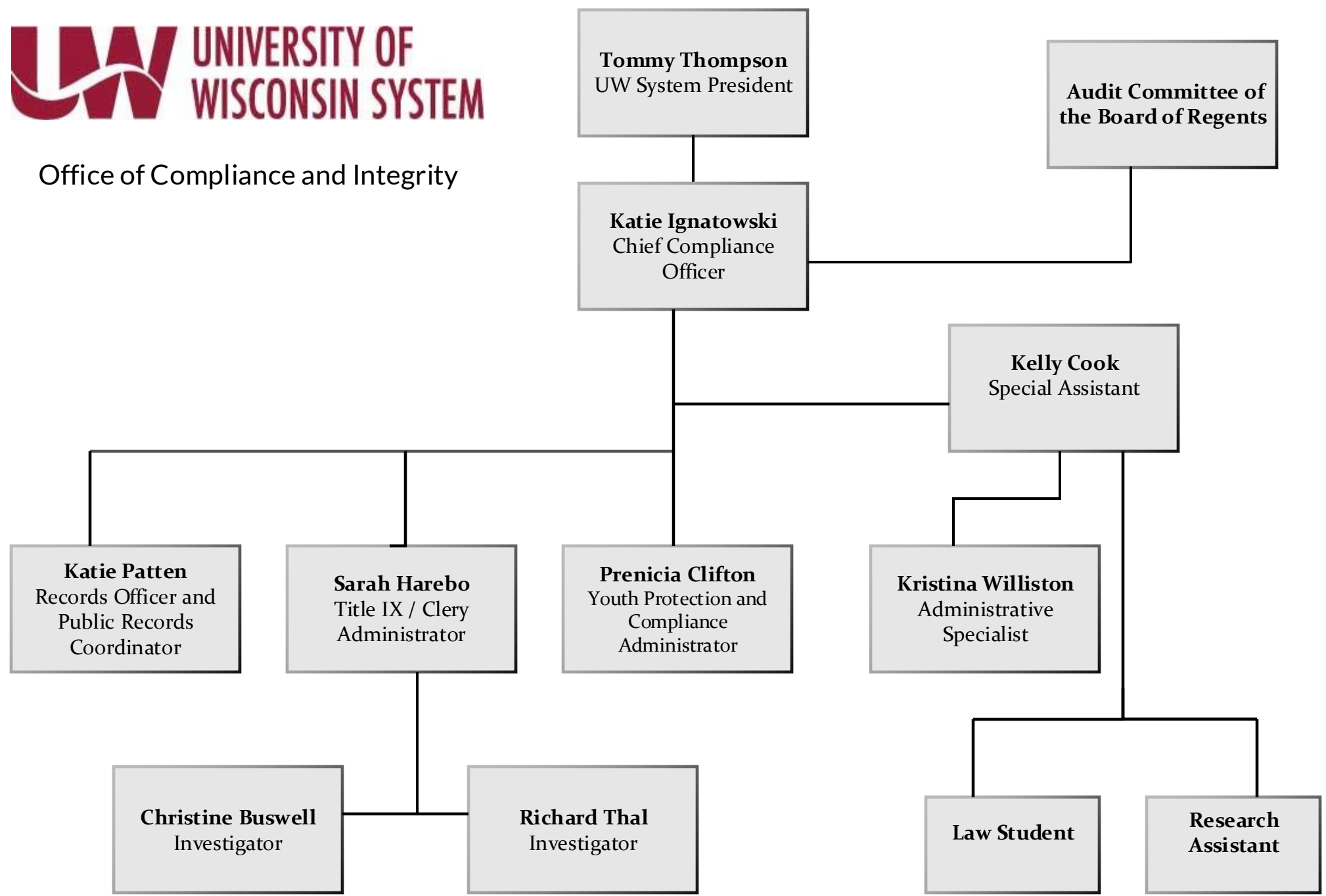
**ATTACHMENTS**

- A) Office of Compliance and Integrity Organization Chart

B) University of Wisconsin System Board of Regents Audit Committee Charter



Office of Compliance and Integrity



**UNIVERSITY OF WISCONSIN SYSTEM BOARD OF REGENTS  
AUDIT COMMITTEE CHARTER**

**1. Purpose**

The purpose of the Audit Committee is to ~~take appropriate actions~~ provide oversight to protect and strengthen the University of Wisconsin System's (System) audit processes, compliance with laws and regulations, internal controls, enterprise risk management, and ethics.

**2. Chief Audit Executive and Chief Compliance Officer**

~~A~~The Chief Audit Executive and Chief Compliance Officer shall report to the Board of Regents through the Audit Committee directly and to the System President. The System President and the Chair of the Audit Committee have joint responsibility for the hiring, performance evaluation, and compensation of the Chief Audit Executive and Chief Compliance Officer.

**3. External Audit**

The Committee:

- reviews and accepts the System's annual financial statement and the audit opinion prepared by its external auditor, currently, the Wisconsin Legislative Audit Bureau
- meets with the external auditor and confirms with management and the external auditor that the System's annual financial statements ~~disclose all material information~~ present fairly, in all material respects, the financial position, the respective changes in its financial position and its cash flows in accordance with generally accepted accounting standards
- follows through by receipt, discussion, and action, the timeliness of corrective actions taken in response to audit recommendations
- reviews, accepts, and follows through on all other significant external audit activities and responses

**4. Internal Audit**

The Committee:

- exercises oversight of all internal audit functions to ensure audit coverage adequately encompasses all aspects of System operations
- ~~facilitates cooperative relationships with external auditors, including the Wisconsin Legislative Audit Bureau~~

- ~~reviews in advance all plans for audit and non-audit services provided by external auditors other than the Legislative Audit Bureau or as otherwise required by law~~
- after consultation with the System President and the Chief Audit Executive, reviews and analyzes the Office of Internal Audit's structure, staff qualifications, independence, ~~operating budget resources~~, and activities
- reviews and approves the annual **risk-based** internal audit plan and receives interim progress reports at least quarterly
- reviews and approves the internal audit budget and resource plan, and any significant changes to the resource plan, to achieve the internal audit plan
- consults with the System President concerning the annual evaluation, compensation, promotion, or dismissal of the Chief Audit Executive
- receives periodic reports on **internal** audit's **conformance with the Institute of Internal Auditors' staff performance in relation to the International Standards for the Professional Practice of Internal Auditing and the Code of Ethics**
- reviews and approves the Office of Internal Audit Charter at least once every three years, or more often if changes are warranted

## 5. Compliance with Laws and Regulations

The Committee:

- fulfills the Board of Regents' fiduciary responsibilities by seeking reasonable assurance that the System is in compliance with applicable laws, regulatory requirements, and policies
- reviews the activities and efficacy of existing compliance coordinating activities to ensure effective coordination and audit coverage
- reviews and approves the annual compliance plan and receives interim progress reports at least quarterly
- consults with the System President concerning the annual evaluation, compensation, promotion, or dismissal of the Chief Compliance Officer

## 6. Internal Controls and Enterprise Risk Management

The Committee:

- reviews and analyzes reports on the adequacy of the system of internal controls, including the recording and processing of financial information and the approval of transactions
- reviews reports on the adequacy of information technology security and controls
- promotes an enterprise-wide approach to assessing risks at each UW institution and reviews such assessments regularly
- receives a report from the System's leadership on the System's ~~strategic-enterprise~~ and risks management thereof
- inquires about significant financial risks or exposures in the System's functional areas and assesses the steps management has taken to mitigate such risks

## 7. **Ethics and Conflicts** of Interest

The Committee:

- oversees the process for relaying and addressing concerns regarding questionable accounting, auditing, or business practices; conflicts of interest; and potential fraud
- reviews institutional codes of conduct and oversees the systems for ensuring adherence to them
- oversees processes for ensuring compliance with ethics-related laws, regulations, and policies