

11/22/2021

## BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

### **Audit Committee**

Thursday, December 9, 2021  
10:45 a.m. - 12:00 p.m.

Gordon Dining & Event Center  
Symphony Room, 2nd Floor  
770 W. Dayton Street, Madison  
Via Webex Videoconference

- A. Calling of the Roll
- B. Declaration of Conflicts
- C. Approval of the Minutes of the October 7, 2021 Meeting of the Audit Committee
- D. Internal Audit
  - 1. Fiscal Year 2022 Audit Plan Progress Report
  - 2. Summarized Results of Audits Recently Issued
  - 3. Progress on Closing Audit Comments
- E. Compliance
  - 1. Precollege/Youth Protection Update
- F. Enterprise Risk Management
  - 1. Digital Infrastructure
- G. Internal Controls
  - 1. Internal Control Plan(s) Update

**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)**

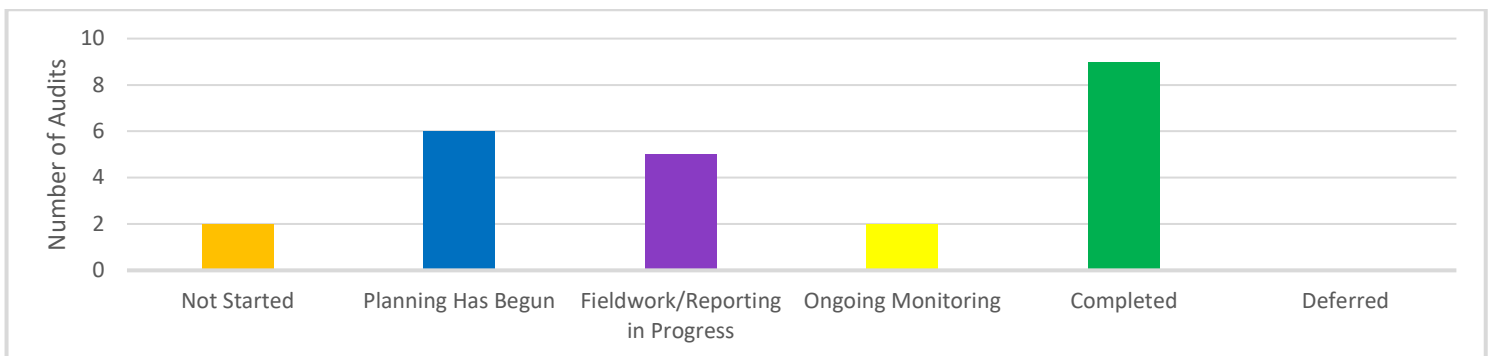
- Lori Stortz, Chief Audit Executive

**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 (Phase One)	Data Security, Reputational, Operational, Financial
13	Information Technology Remote Access (Phase Two)	Data Security, Reputational, Operational, Financial
14	Information Technology Disaster Recovery – Backups of Mission Critical / High-Risk Data Systems (Phase One)	Data Security, Reputational, Operational, Financial
15	Information Technology Disaster Recovery – Backups of Mission Critical / High-Risk Data Systems (Phase Two)	Data Security, Reputational, Operational, Financial
16	Information Security Program Accountability (Phase One)	Data Security, Reputational, Operational, Financial
17	Information Security Program Accountability (Phase Two)	Data Security, Reputational, Operational, Financial
18	Conflicts of Interest and Outside Activity Reporting	Fraud, Reputational, Conflicts of Interest, Compliance with Policy
19	Criminal Background Checks	Reputational, Conflicts of Interest, Regulatory Compliance, Compliance with Policy
20	Engagement and Management of Independent Contractors	Fraud, Reputational, Conflicts of Interest, Data Protection
21	Contracts with Research Companies	Reputational, Conflicts of Interest, Compliance with Policy
22	NCAA Athletics Divisions I and II Consulting Engagements	Data Accuracy
23	Madison NCAA Athletics Compliance Audit	Compliance
24	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 October 7, 2021 meeting of the Audit Committee, the Office of Internal Audit has issued the following reports:

- Contracts with Private Entities - Executive Summary
- Contracts with Research Companies - Executive Summary
- Information Technology Remote Access (Phase One) - Executive Summary
- NCAA Compliance Audit - Executive Summary
- P-card Continuous Auditing
- Student Discrimination – Best Practices
- Student Discrimination - Executive 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.

**PROGRESS ON CLOSING AUDIT COMMENTS**

**REQUESTED ACTION**

For information and discussion only.

**SUMMARY**

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.

**Presenter(s)**

- Lori Stortz, Chief Audit Executive

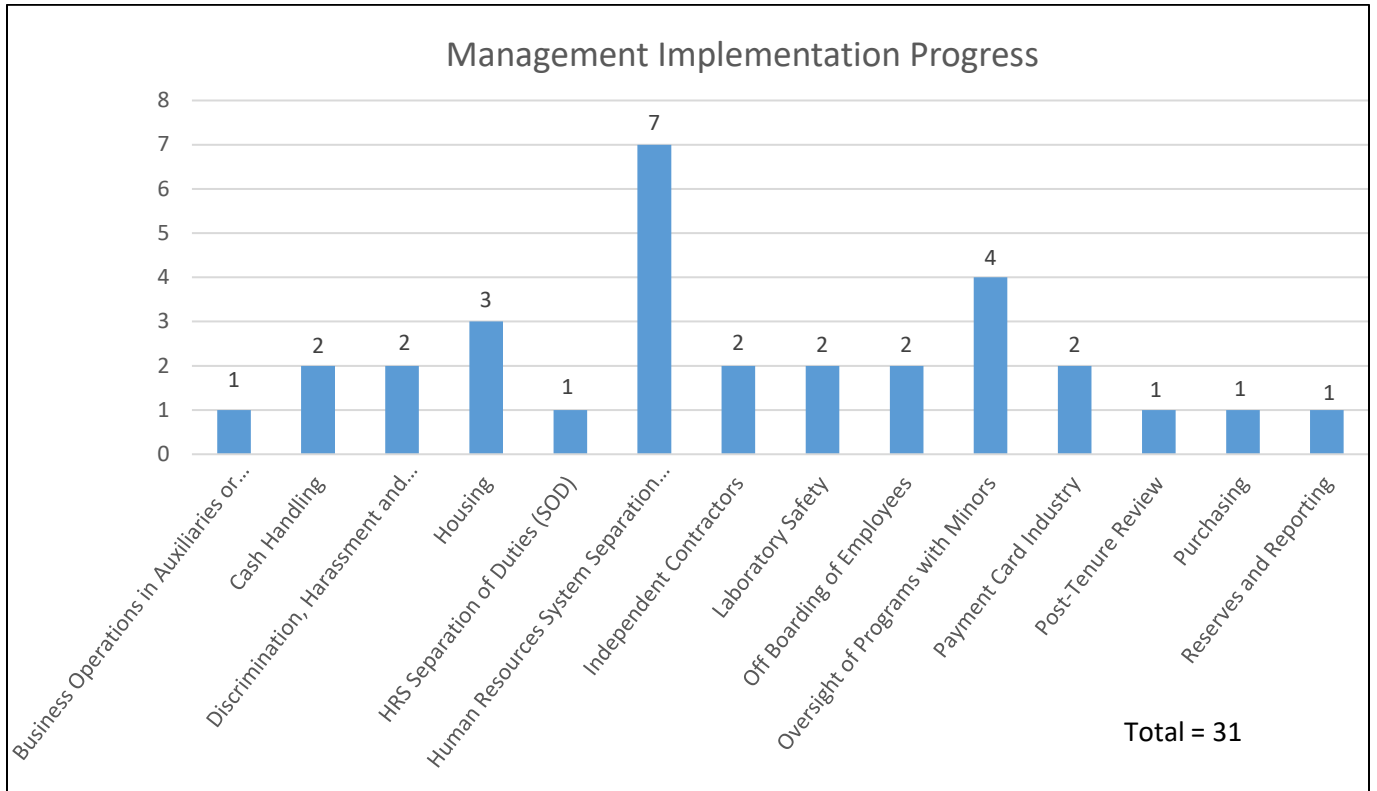
**BACKGROUND**

The following charts present audits issued during fiscal year 2016 through fiscal year 2021 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.

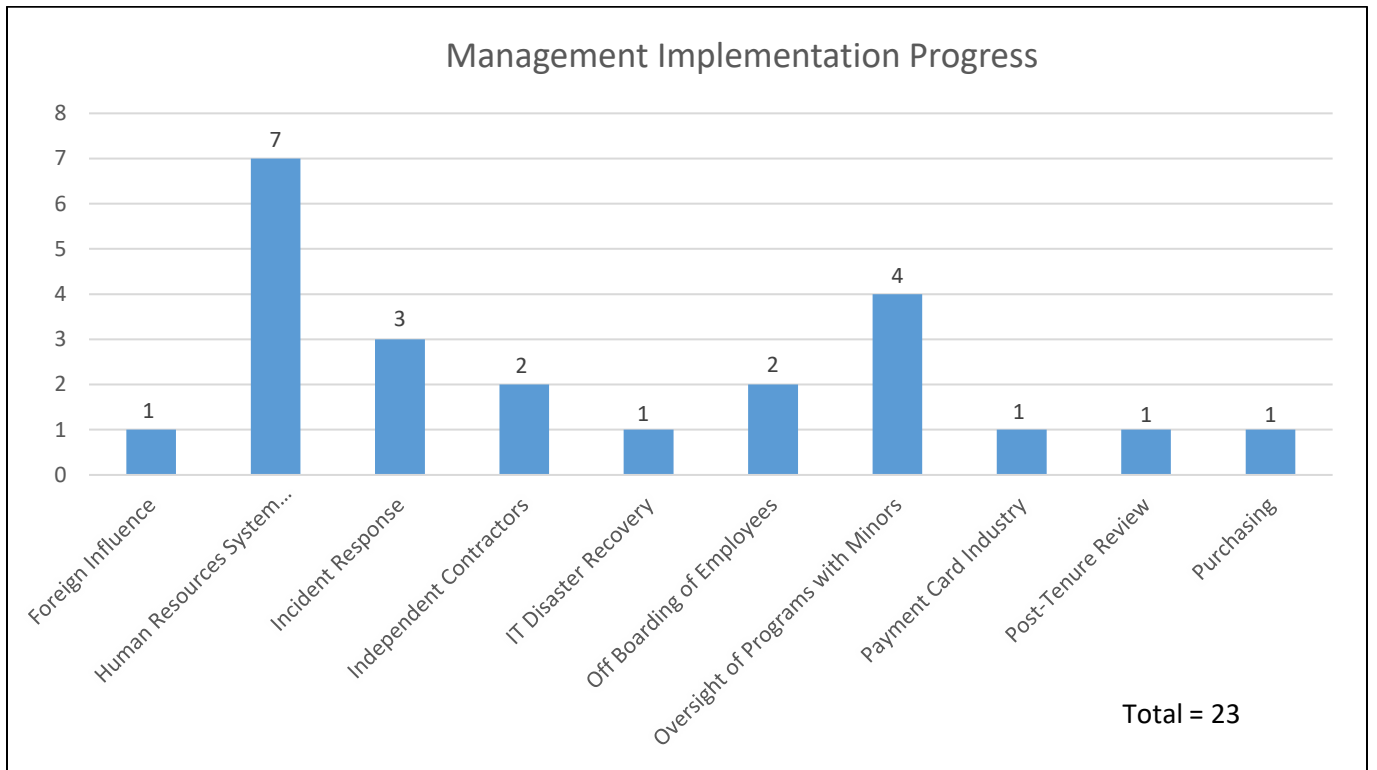
**ATTACHMENTS**

- A) UW System Administration Office of Internal Audit Follow-Up Presentation.

**Prior Reporting Period**

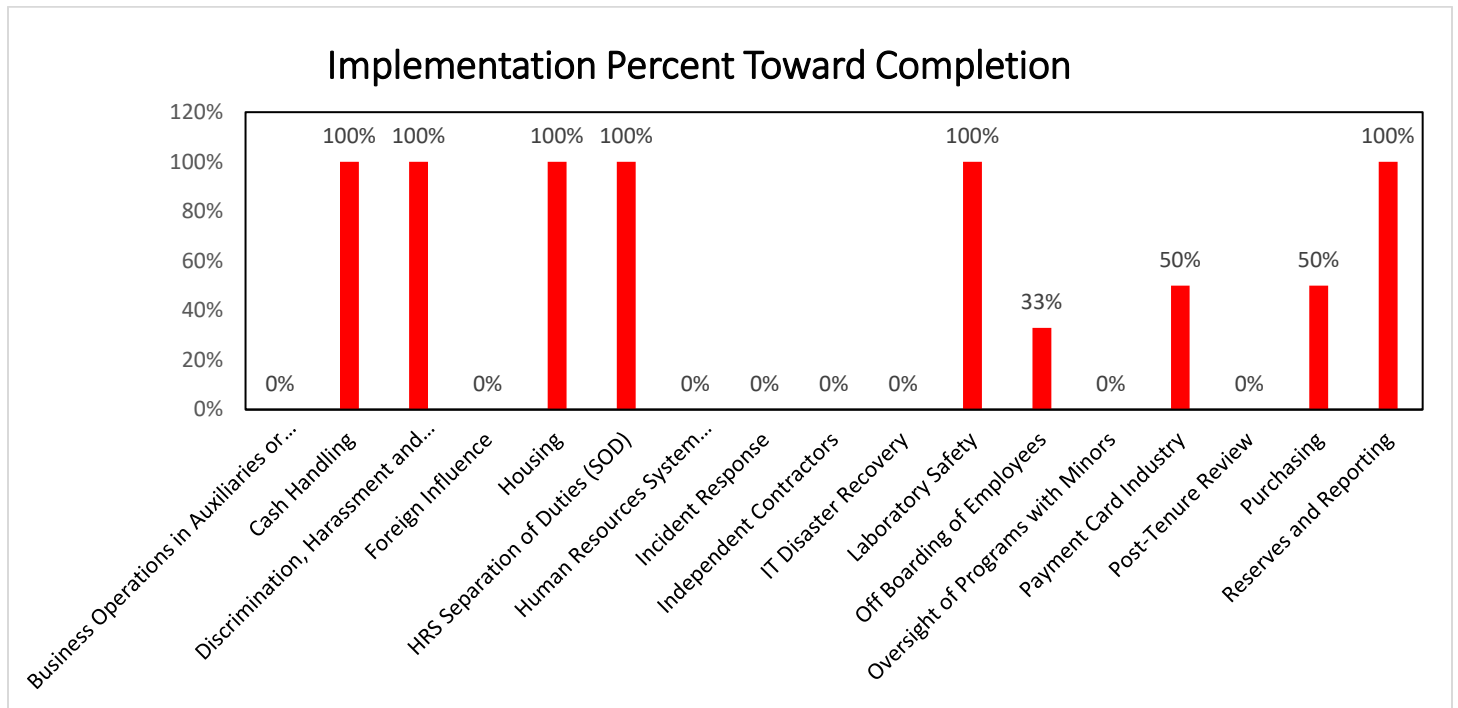


**Current Reporting Period**



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

<b>Audit</b>	<b>Previously Reported Open Comments</b>	<b>Comments Issued</b>	<b>Comments Closed</b>	<b>Current Open Comments</b>
Business Operations in Auxiliaries or Student Services	1	0	1	0
Cash Handling	2	0	2	0
Discrimination, Harassment and Retaliation	2	0	2	0
Foreign Influence	0	1	0	1
Housing	3	0	3	0
HRS Separation of Duties (SOD)	1	0	1	0
Human Resources System Separation of Duties at UW-Madison	7	0	0	7
Incident Response	0	3	0	3
Independent Contractors	2	0	0	2
IT Disaster Recovery	0	1	0	1
Laboratory Safety	2	0	2	0
Off Boarding of Employees	2	0	0	2
Oversight of Programs with Minors	4	0	0	4
Payment Card Industry	2	0	1	1
Post-Tenure Review	1	0	0	1
Purchasing	1	0	0	1
Reserves and Reporting	1	0	1	0
<b>Total</b>	<b>31</b>	<b>5</b>	<b>13</b>	<b>23</b>



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

## **PRECOLLEGE/ YOUTH PROTECTION UPDATE**

### **REQUESTED ACTION**

- For information and discussion only

### **SUMMARY**

The Office of Compliance and Integrity continues to work with campuses and Precollege Liaisons to maintain Covid-19 risk mitigation strategies and implementing industry best practices around risk mitigation with minors. These efforts create the foundation to bring minors back to campus at regular capacity.

Key points of interest are as follows:

- Each campus' Precollege Liaison established a process to register all youth activities centrally on their campus. While some campuses created websites to collect the information others used email to register programs. The central registration of programs allows institutions to know who is on campus, when they are on campus and why. Additionally, it creates a connection for communicating processes and procedures with Program Directors. The process allows institutions the ability to assess and understand the risk associated with activities taking place.
- The UW System Youth Activity Registration System (YARS ) will launch in early 2022 and allows institutions to document all interactions with minors on their campus for historical documentation, as well as provide the UW System Director of Youth Protection and Compliance a high level overview of programs being held systemwide.
- The Office of Compliance and Integrity is working with Chief Human Resource Officers (CHRO's) and UW-Shared Services to establish and implement processes to centrally document Criminal Background Checks (CBC's) and reference checks for all individuals working with minors including employees and non- employees (volunteers, student athletes, chaperones, etc). This centralization is essential to the remediation of CBC Audit findings.
- In the spring of 2022, the Office of Compliance and Integrity plans to present a Board of Regents policy before the board for approval and submit a system policy to the UW System President for signature. In preparation for these submissions, Christopher Paquet of UW-Green Bay chaired a Precollege Liaison workgroup to make recommendations for final edits to the policy.



## **Presenter(s)**

- Prenicia Clifton, UW System Director of Youth Protection and Compliance

## **BACKGROUND**

In Spring 2022, campuses will resume bringing minors back to campus at regular capacity. This means campuses will go from hosting 40,000 minors over the last year to possibly more than 1 million over the next year. Now that campuses are effectively implementing Covid-19 mitigation plans with minors, campuses are ready to focus on additional risk mitigation strategies from abuse prevention to mental health planning for youth at risk.

## **Previous Action or Discussion**

Prenicia Clifton was introduced at the Audit Committee at the October 5, 2020 meeting at which time she provided a high-level overview of the work she would be collaborating on with UW System institutions to support the protection of minors on campus. In December 2020, an update was presented to the Audit Committee regarding the steps being taken to develop an “Architecture of Compliance” to support the safety of minors on campus. During the February 4, 2021 Audit Committee meeting, efforts to educate individuals working with minors were addressed. Further, the status of the development of the Youth Protection policy and database was provided.

## **Related Policies**

Interim Guidance: “ Fall 2021 Guidance for Minors on UW System Campuses”  
UW System Administration Internal Policy HR-8, “Policy for Children in the Workplace”  
UW System Administration Internal Policy HR-7, “Mandatory Reporting of Child Abuse and Neglect Policy (Executive Order 54)”  
Regent Policy Document 20-19 (formerly 06-4), “University of Wisconsin System Criminal Background Check Policy”  
“Minor Protection and Adult Leadership Policy”

December 9, 2021

## **INTERNAL CONTROLS AND ENTERPRISE RISK MANAGEMENT**

### **REQUESTED ACTION**

For information and discussion only.

### **SUMMARY**

In 2019, UW System Administration launched an Enterprise Risk Management Initiative. In 2021, this initiative was expanded to include input from each institution. Digital Infrastructure was rated as a top risk for each of these initiatives. The digital infrastructure risk mitigation plan will be presented.

### **Presenter(s)**

- Angela Ryan, Director, Risk Management
- Steven Hopper, Associate Vice President and Chief Information Officer

### **BACKGROUND**

Enterprise Risk Management (ERM) is a framework to systematically identify, evaluate, and manage risks to the organization and its business goals and operations.

UW System is a \$6-billion organization with a complex set of risks. Regent Policy Document 1-1 sets forth the shared mission of the UW System and its institutions. In pursuit of the shared mission and the core missions of the doctoral and comprehensive institutions, UW System Administration and the 13 institutions manage many employees, house and feed students, field athletic teams, conduct cutting-edge research, and engage globally. All these operations bring risks to the UW System and its institutions.

While there are many risks, there are also many employees who manage risks within their operations. The UW System has systems in place to manage risks including internal controls, standardized policies, risk transfer through insurance or using suppliers, and health and safety programs. The ERM program creates a process to systematically identify and prioritize the key risks across the operation.

In 2019, UWSA underwent a preliminary survey of top risks facing the UW System. Four priority risks were identified: physical safety and security, cybersecurity, Title IX, and data

availability. A risk mitigation plan was created for each and presented to the Audit Committee of the Board of Regents.

In 2021, a similar risk-scoring exercise was conducted, and digital infrastructure was identified as one of the top risks, which refers the process for acquiring, implementing, and maintaining technology infrastructure and platforms to support the business and academic applications at the appropriate level of service, within reasonable budget limits. Today, many aspects of UW operations depend on digital infrastructure, and this trend is accelerating due to the pressures of modern society and the expectations of students and faculty. The ERM program focuses on the following key risks for digital infrastructure:

- **Attack Surface** – The historically decentralized nature of IT throughout the UW System makes information security a challenging and expensive proposition.
- **Technical Debt** – The accumulation of legacy applications for over thirty (30) years in tandem with IT budget cuts and staff reductions has yielded a high degree of aging technology that is expensive to maintain and poses information security risks.
- **Staffing and Turnover** – The increased reliance on digital technology and the associated competition with private businesses makes it increasingly difficult to hire and retain the in-demand technical skills required to successfully manage our complex IT environments.
- **Costs and Quality** – The increasing cost of technology solutions with enrollment pressures and shrinking budgets make it challenging to properly maintain the quality of today's systems while also adopting tomorrow's innovations.

The IT as a Service (ITaaS) program is the UW System's overall IT strategy, which is designed to address these key areas of risk. The principle of the ITaaS program is that the scale of the UW System is an asset, not a liability. Therefore, the ITaaS program has identified high-priority projects to leverage this scale to commoditize core IT operations and mitigate the risks outlined above:

- **Student Information System Consolidation** – Consolidates the Student Information Systems (SIS) into a central environment, serviced by a central team while enabling appropriate differentiation across the institutions.
- **Hybrid Cloud** – Consolidates data center infrastructure into a hybrid cloud environment with full disaster recovery capabilities that is managed by a unified team with a high standard of care.
- **Cyber Defense Services** – Provides modern security operations center (SOC) capabilities to rapidly detect, analyze, triage, and respond to threats.
- **Unified Identity and Collaboration** – Consolidates the identity and access control environments across the UW institutions to provide UW stakeholders with a single identity, credentials, and common collaboration tools to improve the user experience while reducing both IT complexity and risk.

**UW SYSTEM PRESENTATION ON  
INTERNAL CONTROL PLAN(S) UPDATE**

**REQUESTED ACTION**

No action is required; this item is for information only.

**SUMMARY**

UW System's Office of Finance is also responsible for ensuring that an adequate system of internal controls over the UW System's accounting and financial management functions is in place and operating effectively. In fulfilling this responsibility, each campus and UW System Administration prepare internal control plans. Officials from the Office of Finance will provide an overview of the development and updating of these internal control plans.

**Presenter(s):**

- Julie Gordon, Associate Vice President for Finance, UW System Administration