

9/27/2021

## BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

### **Audit Committee**

Thursday, October 7, 2021  
8:45 a.m. – 10:00 a.m.

Reeve Memorial Union  
Ballroom 227BC  
748 Algoma Blvd., Oshkosh  
Via Webex Videoconference

- A. Calling of the Roll
- B. Declaration of Conflicts
- C. Approval of the Minutes of the July 8, 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. The Institute of Internal Audit's Three Lines Model
  - 4. Approval of Update to the Office of Internal Audit Charter
  - 5. Approval of Fiscal Year 2022 Budget and Resource Plan
- E. Compliance
  - 1. Title IX Investigations
- F. Enterprise Risk Management
  - 1. Information Technology Security Update
- G. Internal Controls
  - 1. Purchasing Card Administration and Management
  - 2. 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)**

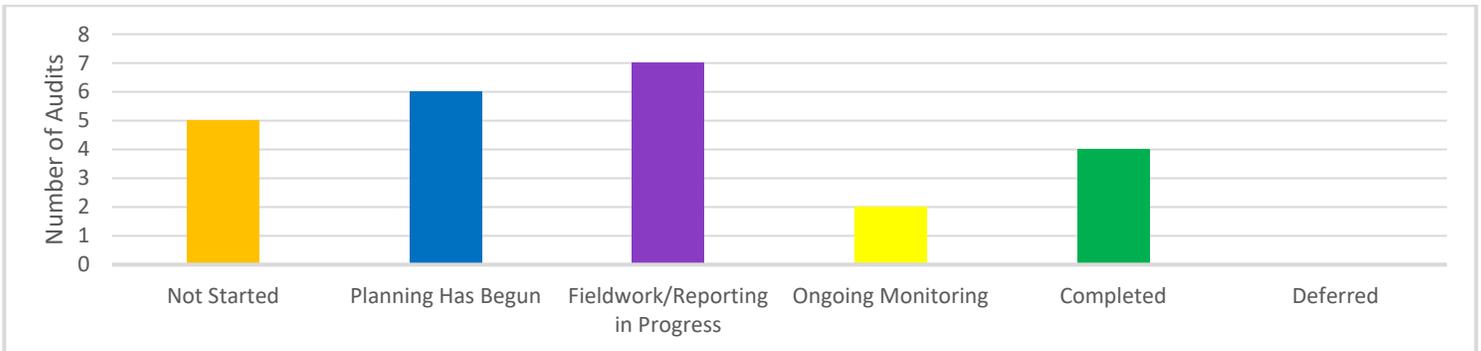
- Lori Stortz, Chief Audit Executive

**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 July 8, 2021 meeting of the Audit Committee, the Office of Internal Audit has issued the following reports:

- Emergency Grant Aid Payments to Students Under the CRRSAA
- Office of Internal Audit Annual Report 2021
- NCAA Division III Athletics Financial Transactions - Executive Summary
- Information Security Program Accountability (Phase One) - Executive Summary
- Information Technology Disaster Recovery - Backups (Phase One) - 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.

**UW SYSTEM ADMINISTRATION  
OFFICE OF INTERNAL AUDIT  
THREE LINES MODEL**

**REQUESTED ACTION**

For information and discussion only.

**SUMMARY**

The *Three Lines Model (Model)* is a simple and common sense approach for risk oversight and assigning responsibility for designing/managing, monitoring, and assuring.

UW System can benefit from adopting the *Model*. The *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.

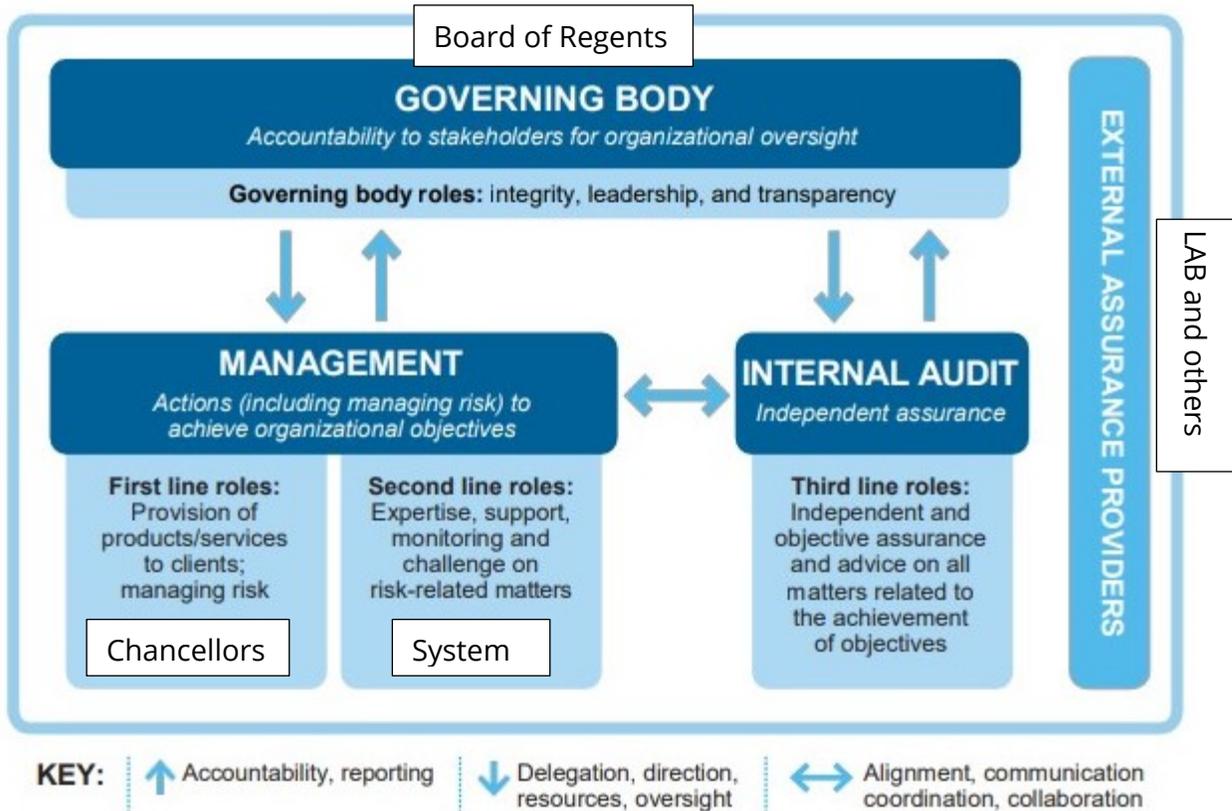
**Presenter(s)**

- Lori Stortz, Chief Audit Executive

**BACKGROUND**

One of the responsibilities of the Audit Committee, as outlined in the committee charter, is to review and analyze reports on the adequacy of the system of internal controls, including the recording and processing of financial information and the approval of transactions. The Institute of Internal Auditors' *Three Lines Model* clarifies the roles and duties within an organization to further enhance the understanding of risk management. The *Model* is applicable to all types of organizations.

# The IIA's Three Lines Model



## The Three Lines

The First Line undertakes the following roles:

- managing risks, actions, and resources to achieve organizational objectives
- communicating with the governing board on the outcomes related to risk management
- establishing and maintaining structures and processes for the management of operations and risk (including internal control)
- ensuring compliance with legal, regulatory, and ethical expectations.

The Second Line provides complementary expertise, support, monitoring, and challenge to those assigned to First Line roles, including:

- development, implementation, and continuous improvement of risk management practices (including internal control) at a process, system, and entity level
- achievement of risk management and compliance objectives
- analysis and reporting on the adequacy and effectiveness of risk management (including internal control).

The Third Line independent assurance roles as undertaken by Internal Audit:

- maintaining primary accountability to the governing board and independence from management's responsibilities
- communicating independent and objective assurance and advice to management and the governing body on the adequacy and effectiveness of governance and risk management (including internal control)
- reporting impairments to independence and objectivity and implementing safeguards.

Thursday, October 7, 2021

**APPROVAL OF UPDATE TO THE OFFICE OF INTERNAL AUDIT CHARTER**

**REQUESTED ACTION**

Adoption of Resolution D.4.

**Resolution D.4.** That, upon the recommendation of the President of the University of Wisconsin System, the Board of Regents approves the updated Office of Internal Audit Charter, consistent with the *International Standards for the Professional Practice of Internal Auditing*.

**SUMMARY**

The University of Wisconsin System Office of Internal Audit Charter (Office Charter) governs the mission, purpose, responsibilities, and authority of the Office of Internal Audit.

The Board of Regents periodically reviews and approves updates to the Office of Internal Audit Charter.

The *International Standards for the Professional Practice of Internal Auditing (Standards)* require that the Chief Audit Executive communicate the internal audit activity's plans and resource requirements, including significant interim changes, to senior management and the board for review and approval.

**Presenter**

- Lori Stortz, Chief Audit Executive

**BACKGROUND**

The Board of Regents last approved the Office of Internal Audit Charter in October 2019.

Updates are proposed to the Office Charter to accomplish the following:

- Ensure the Office Charter conforms to the requirements of the *International Standards for the Professional Practice of Internal Auditing*.
- Ensure the Office Charter is consistent with the current practices of the Office of Internal Audit.

**ATTACHMENTS**

- A) Office Charter

## **UNIVERSITY OF WISCONSIN SYSTEM OFFICE OF INTERNAL AUDIT CHARTER**

### **PURPOSE AND MISSION**

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The purpose of the University of Wisconsin System's Office of Internal Audit is to provide independent, objective assurance and consulting services designed to add value and improve the University of Wisconsin System's operations. The mission of internal audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. The Office of Internal Audit helps the University of Wisconsin System accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

### **STANDARDS FOR THE PROFESSIONAL PRACTICE OF INTERNAL AUDITING**

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The Office of Internal Audit will carry out its responsibilities in accordance with University of Wisconsin System policies, and state and federal law. Additionally, the Office of Internal Audit will govern itself by adherence to the mandatory elements of The Institute of Internal Auditors' (IIA's) International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the *International Standards for the Professional Practice of Internal Auditing (Standards)*, and the Definition of Internal Auditing. The chief audit executive will report periodically to senior management and the Audit Committee of the Board of Regents regarding the Office of Internal Audit's conformance to the Code of Ethics and the *Standards*.

### **AUTHORITY**

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The chief audit executive will report to the Board of Regents through the Audit Committee directly and to the UW System President. The UW System President and the chair of the Audit Committee have joint responsibility for the hiring, performance evaluation, and compensation of the chief audit executive.

To establish, maintain, and assure that the University of Wisconsin System's Office of Internal Audit has sufficient authority to fulfill its duties, the Audit Committee of the Board of Regents will:

- Approve the Office of Internal Audit's charter.
- Approve the risk-based internal audit plan.
- Approve the Office of Internal Audit's budget and resource plan.
- Receive communications from the chief audit executive on the Office of Internal Audit's performance relative to its plan and other matters.
- Make appropriate inquiries of management and the chief audit executive to determine whether there is appropriate scope or resource limitations.

The chief audit executive will have unrestricted access to, and communicate and interact directly with, the Audit Committee of the Board of Regents, including in private meetings without management present.

The Audit Committee of the Board of Regents authorizes the Office of Internal Audit to:

- Have full, free, and unrestricted access to all functions, records, property, and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information.

- Audit the accounts of the University of Wisconsin System organization, as defined in note 1 of the System's annual financial statements.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports.
- Obtain the necessary assistance of personnel in areas of the University of Wisconsin System where engagements are being performed, as well as other specialized services from within or outside the University of Wisconsin System, in order to complete the engagement.

## **INDEPENDENCE AND OBJECTIVITY**

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The chief audit executive will ensure that the Office of Internal Audit remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. If the chief audit executive determines that the office's independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively and in such a manner that they believe in their work product, that no quality compromises are made, and that they do not subordinate their judgment on audit matters to others.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing any operational duties for the University of Wisconsin System, its campuses, or its affiliates.
- Initiating or approving transactions external to the Office of Internal Audit.
- Directing the activities of any University of Wisconsin System employee not employed by the Office of Internal Audit, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist internal auditors.

Internal audit reviews do not, in any way, substitute for or relieve other University of Wisconsin System personnel from their assigned responsibilities.

Where the chief audit executive has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence or objectivity.

Internal auditors will:

- Disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties.
- Exhibit professional objectivity in gathering, evaluating, and communication information about the activity or process being examined.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgments.

The chief audit executive will confirm to the Audit Committee of the Board of Regents, at least annually, the organizational independence of the Office of Internal Audit.

The chief audit executive will disclose to the Audit Committee of the Board of Regents any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results.

### **SCOPE OF INTERNAL AUDIT ACTIVITIES**

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The scope of internal audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Audit Committee of the Board of Regents, management, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes for the University of Wisconsin System. Internal audit assessments include evaluating whether:

- Risks relating to the achievement of the University of Wisconsin System's strategic objectives are appropriately identified and managed.
- Interaction with various governance groups occurs as needed.
- Financial, managerial, and operating information is accurate, reliable, and timely.
- The actions of the University of Wisconsin System's officers, regents, employees, and contractors are in compliance with University policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations or programs are consistent with established goals and objectives.
- Operations or programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the University of Wisconsin System.
- Information and the means used to identify, measure, analyze, classify, and report such information are reliable and have integrity.
- Resources and assets are acquired economically, used efficiently, and protected adequately.

The chief audit executive will report periodically to senior management and the Audit Committee of the Board of Regents regarding:

- The Office of Internal Audit's purpose, authority, and responsibility.
- The Office of Internal Audit's plan and performance relative to its plan.
- The Office of Internal Audit's conformance with The IIA's Code of Ethics and *Standards*, and action plans to address any significant conformance issues.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by, the Audit Committee of the Board of Regents.
- Results of audit engagements or other activities.
- Resource requirements.
- Any response to risk by management that may be unacceptable to the University of Wisconsin System.

The chief audit executive also coordinates activities, where possible, and considers relying upon the work of other internal and external assurance and consulting service providers as needed. The Office of Internal Audit may perform advisory and related client service activities, the nature and scope of which will be agreed with the client, provided the Office of Internal Audit does not assume management responsibility.

Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during engagements. These opportunities will be communicated to the appropriate level of management.

## RESPONSIBILITY

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The chief audit executive has the responsibility to:

- Develop a flexible annual audit plan using an appropriate risk-based methodology, including any risks or control concerns identified by management, and submit the plan to senior management and the Audit Committee of the Board of Regents for review and approval.
- Implement the audit plan, as approved by the Audit Committee of the Board of Regents, including as appropriate any special tasks or projects requested by management and the Board of Regents.
- Communicate to senior management and the Audit Committee of the Board of Regents the impact of resource limitations on the internal audit plan.
- Review and adjust the internal audit plan, as necessary, in response to changes in the University of Wisconsin System's business, risks, operations, programs, systems, and controls.
- Communicate to senior management and the Audit Committee of the Board of Regents any significant interim changes to the internal audit plan.
- Ensure each engagement of the internal audit plan is executed, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work programs and testing results, and the communication of engagement results with applicable conclusions and recommendations to appropriate parties.
- Issue periodic reports to the Audit Committee of the Board of Regents summarizing the results of audit activities.
- Follow up on engagement comments and corrective actions, and report periodically to senior management and the Audit Committee of the Board of Regents any corrective actions not effectively implemented.
- Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld.
- Maintain a professional audit staff that collectively possesses or obtains the knowledge, skills, experience, professional certifications, and other competencies needed to meet the requirements of this Charter.
- Ensure trends and emerging issues that could impact the University of Wisconsin System are considered and communicated to senior management and the Audit Committee of the Board of Regents as appropriate.
- Ensure emerging trends and successful practices in internal auditing are considered.
- Conduct research and analysis in operational areas of interest to the Board of Regents.
- Provide consulting services to University of Wisconsin System management by conducting targeted studies to assist management in meeting its objectives, the nature of which is agreed to with management, and for which the Office of Internal Audit assumes no management responsibility.
- ~~Maintain a positive and cooperative working relationship with the Legislative Audit Bureau and the organization's external auditors, as appropriate.~~
- Consider the scope of work of the external auditors and regulators as appropriate for the purpose of providing optimal audit coverage to the institution.
- Assist in the investigation of suspected fraudulent activities within the University of Wisconsin System and notify management and the Audit Committee of the Board of Regents of the results, as appropriate.
- Establish and ensure adherence to policies and procedures designed to guide the Office of Internal Audit.
- Ensure adherence to the University of Wisconsin System's relevant policies and procedures, unless such policies and procedures conflict with this Charter. Any such conflicts will be resolved or otherwise communicated to senior management and the Audit Committee of the Board of Regents.

- Review and update the Office of Internal Audit Charter at least once every three years, or more often if changes are warranted, as necessary, and periodically provide updated the Charters to senior management and the Audit Committee of the Board of Regents for review and approval.
- Ensure conformance of the Office of Internal Audit with the *Standards*, with the following qualifications:
  - If the Office of Internal Audit is prohibited by law or regulation from conformance with certain parts of the *Standards*, the chief audit executive will ensure appropriate disclosures and will ensure conformance with all other parts of the *Standards*.
  - If the *Standards* are used in conjunction with requirements issued by other authoritative bodies, the chief audit executive will ensure that the Office of Internal Audit conforms with the *Standards*, even if the Office of Internal Audit also conforms with the more restrictive requirements of other authoritative bodies.

### **QUALITY ASSURANCE AND IMPROVEMENT PROGRAM**

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The Office of Internal Audit will maintain a quality assurance and improvement program that covers all aspects of the Office of Internal Audit. The program will include an evaluation of the Office of Internal Audit's conformance with the *Standards* and an evaluation of whether internal auditors apply The IIA's Code of Ethics. The program will also assess the efficiency and effectiveness of the Office of Internal Audit and identify opportunities for improvement.

The chief audit executive will communicate to senior management and the Audit Committee of the Board of Regents on the Office of Internal Audit's quality assurance and improvement program, including results of internal assessments (both ongoing and periodic) and external assessments conducted at least once every five years by a qualified, independent assessor or assessment team from outside the University of Wisconsin System.

The Office of Internal Audit's engagements are conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*, as supported by the results of the quality assurance and improvement program.

Thursday, October 7, 2021

## **APPROVAL OF FISCAL YEAR 2022 BUDGET AND RESOURCE PLAN**

### **REQUESTED ACTION**

Adoption of Resolution D.5.

**Resolution D.5.** That, upon the recommendation of the President of the University of Wisconsin System, the Board of Regents approves the Office of Internal Audit fiscal year 2022 budget and resource plan.

### **SUMMARY**

The University of Wisconsin System Office of Internal Audit Charter (Office Charter) governs the mission, purpose, responsibilities, and authority of the Office of Internal Audit.

The *International Standards for the Professional Practice of Internal Auditing (Standards)* require that the Chief Audit Executive communicate the internal audit activity's plans and resource requirements, including significant interim changes, to senior management and the board for review and approval.

To comply with the Standards, the Office of Internal Audit requests board approval of the fiscal year 2022 internal audit budget and resource plan, which are included in the Office of Internal Audit Annual Report – Fiscal Year 2021.

### **Presenter**

- Lori Stortz, Chief Audit Executive

### **ATTACHMENTS**

- A) UW System Administration Office of Internal Audit FY 2021 Annual Report, including FY2022 Internal Audit Budget and Resource Plan



University of Wisconsin System Administration  
Office of Internal Audit  
Annual Report - Fiscal Year 2021

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## Message from the Chief Audit Executive

I am pleased to provide this annual report of the University of Wisconsin System Administration (System) Office of Internal Audit. I hope you will find the information presented useful in assessing our performance to the stakeholders of System.

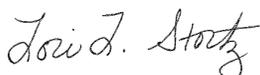
Fiscal 2021 was a productive year for the Office of Internal Audit. We completed virtually all of our planned audits as well as several special projects requested by the Board of Regents and management. We completed our audits within our budgeted hours and in a timely manner.

I continue to ensure that we conform with the *International Standards for the Professional Practice of Internal Auditing Standards*. We have invested in the growth of our staff with internally and externally developed relevant continuing education. We also conduct regular surveys of our staff and clients and have included the results of those surveys in this report. The feedback from these surveys is used to ensure we continually improve our performance as auditors and managers.

We could not do our work without the support of the Board of Regents and System and institutional management. We are grateful for the time they commit to us and their diligence in addressing our audit comments. It is a privilege to work with these dedicated leaders to protect and strengthen the System's internal controls, compliance with laws and regulations, and enterprise risk management. I am proud to serve as the System Chief Audit Executive.

Finally, thank you to my dedicated team of internal audit professionals. Your passion, professionalism, and insight inspire me each day.

Sincerely,



Lori L. Stortz

September 15, 2021

## Background

The University of Wisconsin System Administration (UWSA) Office of Internal Audit is comprised of 16 team members, including a Chief Audit Executive (CAE), four audit directors, two audit managers, eight senior auditors, and one executive assistant. The CAE reports to the Board of Regents through the Audit Committee directly and to the UW System President. Team members are located on six of the 13 four-year universities within the UW System, which employs approximately 40,000 faculty and staff statewide.

1 – Chief Audit Executive (CAE)  
4 – Directors  
2 – Managers  
8 – Senior Auditors  
1 – Executive Assistant (EA)

**UW-La Crosse:**  
Carol Christnovich  
Sandy Chapman  
Amanda King

**UW System:**  
Lori Stortz, CAE  
Erika Laabs, EA  
Steve Mentel  
Lisa Van Dong

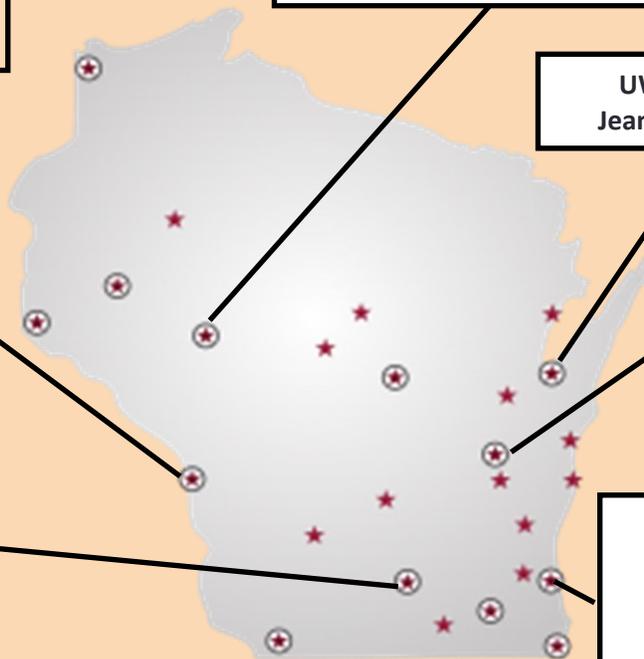
**UW-Madison:**  
Amanda Nehmer

**UW-Eau Claire:**  
Amy McHugh  
Valerie Wing

**UW-Green Bay:**  
Jean Bink-McGrath

**UW-Oshkosh:**  
Brenda Hallman

**UW-Milwaukee:**  
Mary Luebke  
Phil Pawlowski  
Daniel Gyorog  
Kimberly Olson



## Purpose and Mission

The purpose of the UWSA Office of Internal Audit is to provide independent, objective assurance and consulting services designed to add value and improve the UW System's operations.

The mission of internal audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. The Office of Internal Audit helps the UW System accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

## Internal Audit Process

The UWSA Office of Internal Audit has adopted the following process that includes planning, fieldwork, and reporting for each audit engagement.



## Staff Certifications and Years of Experience

As of June 30, 2021, 81% of our internal audit staff have at least one certification, 69% are certified public accountants (CPAs), 13% are certified information systems auditors (CISAs), and 13% are certified internal auditors (CIAs). Collectively, the internal audit staff have a total of 20 certifications. In addition, the average number of years of auditing experience for our internal audit staff is 16, while the average number of years of general business experience is seven. A list of the staff members can be found on the next page.



## Staff Members

Employee	Title	Certifications	Years of Auditing Experience at UW System (UWSA and Other UW Institutions)	Years of Auditing Experience	Years of General Business Experience (Not Overlapping with Auditing Experience)
Jean Bink-McGrath	Senior Auditor	CIA, CGAP, CRMA	1.3	16.0	10.0
Sandy Chapman	Senior Auditor	CPA	2.5	6.0	22.5
Carol Christnovich	Audit Manager	CPA, CGMA	8.3	19.5	9.0
Dan Gyrog	Senior Auditor	CPA	1.7	3.5	–
Brenda Hallman	Senior Auditor	–	8.0	11.5	27.0
Amanda King	Senior Auditor	CPA	2.0	5.5	7.0
Erika Laabs	Executive Staff Assistant	–	–	–	29.0
Mary Luebke	IT Audit Director	CISA, CISM, PCIP	11.5	33.5	2.0
Amy McHugh	Senior Auditor	–	5.0	8.5	–
Steven Mentel	Audit Director	CPA	9.0	23.5	–
Amanda Nehmer	Audit Director	CPA, CISA	5.5	16.5	2.0
Kim Olson	Senior Auditor	CPA	1.5	6.5	–
Phil Pawlowski	Audit Manager	CPA	6.0	10.5	–
Lori Stortz	CAE	CPA	7.0	36.5	–
Lisa Van Dong	Audit Director	CPA	6.5	12.5	10.5
Valerie Wing	Senior Auditor	CPA, CIA	22.0	25.5	0.5

## Continuing Professional Education

Each of the certifications held by the Internal Audit staff listed on the prior page requires continuing professional development. This requirement of continuing education is measured by continuing professional education (CPE) hours. Employees are responsible for tracking the number of CPE hours earned to ensure compliance with the various certifications. The total CPE hours for all internal auditors for the period of July 6, 2020 through July 3, 2021 was 993 hours (time periods in the audit software are weekly; therefore cutoffs are not exactly fiscal year (FY) 2021). This equates to an average of 55 CPE hours per auditor for FY 2021.

## Utilization Rates

UWSA Internal Audit has established a utilization rate for each staff position. The utilization rate is calculated by removing the administrative, leave (e.g., vacation, sick, and holiday), and staff meeting hours from the employee's total hours. The remaining hours are considered chargeable hours and are divided by the total hours.

- The computed utilization rate for FY 2021 for all audit staff was 64%. This represents a 2% increase from the FY 2020 utilization rate of 62% for all audit staff. Coronavirus (COVID-19) contributed to a lower FY 2020 utilization rate, since our regular audit work was put on hold for several weeks during the COVID-19 pandemic and monthly employee furloughs increased leave time through June 2021.
- For calendar year (CY) 2021, the Internal Audit Office minimum utilization rate goal is 65%, with a preferred goal of 70-75% now that monthly employee furloughs have ended.

# Budget to Actual Expenses

UWSA Internal Audit completed a review of the operating budget for FY 2021, FY 2020, and FY 2019. Below is a highlight of the information:

- UWSA Internal Audit expenses were under budget for FY 2021 and FY 2020. (These expenses exclude Fringe Benefits which are covered by General Purpose Revenue (GPR) dollars.)
- Internal Audit expenses for FY 2019 were slightly over budget (\$8,193). The budget overrun is attributed to the initial start-up costs related to the FY 2019 implementation of Pentana, our audit management system.
- For FY 2021, total expenses were under budget by \$486,202 compared to budget less actual of \$136,705 for FY 2020. The decrease in expenses for FY 2021 is largely attributed to the required furloughs and travel bans due to the COVID-19 pandemic.
- Total salary (Permanent) is under budget in the three fiscal years, even including a FY 2019 \$327,865 transfer out of unused salary budget dollars.



# Fiscal Year 2022 Budget

FY 2022 Office of Internal Audit budget information was obtained from the UW System Administration Office of Budget and Planning and represents Phase 1 of the FY 2022 budget as of July 16, 2021. The Phase 1 budget is subject to change with Phase 2.

Category	Budget
<b>EXPENSES</b>	
Unclassified Permanent Salary	\$1,364,624
Classified Permanent Salary	471,328
<b>Total Permanent Salary</b>	<b>\$1,835,952</b>
Supplies and Expense	110,000
<b>Total Expenses</b>	<b>\$1,945,952</b>

## Budget to Actual Hours

As of July 3, 2021, actual hours for all FY 2021 audits/projects in Pentana were 301 hours less than budget (the time period extends beyond June 30, 2021 as auditor time is recorded in the audit software weekly). However, some audits were not yet completed, so there were still budget hours to use and conversely, there were a few special projects and continuous audits where a budget was not entered in our audit software.

<b>FY 2021 Audit/Project</b>	<b>Budget Hours as of July 3, 2021</b>	<b>Actual Hours as of July 3, 2021</b>	<b>Budget Less Actual</b>
<b>Change Requests of Bank and Contact Information</b>	705	835	(130)
<b>Contracts with Private Entities</b>	750	500	250
<b>Emergency Grant Aid Payments to Students Under the CARES Act</b>	640	399	241
<b>Emergency Grant Aid Payments to Students Under the CRRSAA</b>	535	305	230
<b>Foreign Influence</b>	1,750	1,665	85
<b>Incident Response</b>	915	1,288	(373)
<b>Independent Contractors</b>	765	614	151
<b>Internal Assessment FY 2021</b>	765	875	(110)
<b>IT Disaster Recovery</b>	1,231	1,700	(469)
<b>NCAA Agreed Upon Procedures 2020 (Consulting)</b>	896	1,111	(215)
<b>NCAA Compliance Audit FY 2021</b>	1,210	275	935
<b>NCAA Division III Athletics Financial Transactions</b>	850	590	260
<b>Non-Competitive Negotiations</b>	1,750	1,439	311
<b>Payroll Continuous Audits</b>	0	355	(355)
<b>Purchasing Cards Continuous Audits</b>	300	425	(125)
<b>Special Projects</b>	730	1,115	(385)
<b>Total Hours</b>	13,792	13,491	301

# Fiscal Year 2022 Audit Plan Resource Allocation Summary

<b>Continuous Auditing</b>	<b>Total Estimated Hours</b>
Payroll	550
Purchasing Cards (P-Cards)	400
<b>Fiscal Year 2021 In Process</b>	<b>Total Estimated Hours</b>
Information Security Awareness	1,125
Contracts with Private Entities	375
NCAA Division III Athletics Financial Transactions	100
Change Requests of Bank and Contact Information	100
Student Emergency Grant Aid Payments to Students under the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA)	150
<b>Fiscal Year 2022 New Audits</b>	<b>Total Estimated Hours</b>
Student Discrimination Complaint and Appeal Process	1,600
Management of Native American Human Remains and Artifacts	680
Shared Financial System Separation of Duties Management	1,400
ShopUW+ - Separation of Duties	1,125
Information Technology Remote Access	1,550
Information Technology Disaster Recovery – Backups of Mission Critical / High-Risk Data Systems	1,125
Information Security Program Accountability	1,100
Conflicts of Interest and Outside Activity Reporting	1,250
Criminal Background Checks	1,240
Engagement and Management of Independent Contractors	1,250
Contracts with Research Companies	820
NCAA Athletics Divisions I and II Consulting Engagements	1,200
Madison NCAA Athletics Compliance Audit	1,200
Internal Assessment	765
<b>Audit Follow-Up, Special Projects, and Management Requests</b>	<b>Total Estimated Hours</b>
Follow-up on all audits	700
Administrative Transformation Project (ATP)	500
Enterprise Risk Management (ERM)	500
Fifteen percent of audit time is available for audits and special projects, including ATP and ERM, as requested by System or institutional leaders. Past projects have included assistance with fraud and other investigations, program assessments, compliance with policy assessments, and special audits.	2,500
<b>Grand Total</b>	<b>23,305</b>

# Benchmarking

UW System Internal Audit reviewed the 2020 Institute of Internal Auditors' (IIA's) Benchmarking Report (dated February 2021), which compares UWSA to our peers in Education regarding the categories listed below. Potential opportunities for improvement are noted below, with FY 2021 updates and successful Internal Audit practices, as applicable.

## **Internal Audit Governance:**

- Opportunities for professional development of Audit Committee provided by Internal Audit and evaluations of Audit Committee (0% at UWSA compared with 35% Education and 33% Education - Public).
  - Action Plan: Provide professional development at Audit Committee meetings, such as presenting on the IIA's Three Lines Model.

## **Internal Audit Staff:**

- Successful Internal Audit practice:
  - Benefits as a percentage of total audit costs is higher at UWSA (27%) than Education (13%), Education – Public (11%), Audit Staff Size: 16 to 25 (12%), and Universe (12%).

## **Internal Audit Management:**

- Consider an Audit Plan with periodic updates (55% Education) rather than a plan with minimal revisions.
- Increase training costs per auditor, as it is lower at UWSA (\$526) compared to Education (\$1,601), Education – Public (\$1,449), Audit Staff Size 16 to 25 (\$973), and Universe (\$1,677).
- Increase training hours (36 at UWSA, average 97 in Education and 123 in Education - Public).
  - Completed Action Plan: Internal auditors averaged 55 CPE hours per auditor for FY 2021 (see page 8). In addition, we are currently planning an in-person Fall Team Meeting to provide training for our office.

## **Internal Audit Process:**

- Increase the number of audits planned and performed (11 at UWSA compared to 37-42 in Education and 15-21 in Education – Public).
  - Completed Action Plan: We have increased the number of new audits in the FY 2022 Audit Plan (14) compared to 12 new audits in the FY 2021 Audit Plan.

## Internal Audit Staff Survey Results

In November 2020, we sent out a staff survey to Internal Audit team members and received responses from all 19 team members. Responses were rated on a five-point scale (5 – Strongly Agree, 4 – Agree, 3 – Don’t Know, 2 – Disagree, and 1 – Strongly Disagree).

- In aggregate for all 27 questions, the average score was 4.16 (or 83%) for November 2020, compared to 4.04 for October 2019, an increase of 0.12.
  - The question with the largest increase from 2019 to 2020 was, “My performance is reviewed on a regular and sufficiently frequent basis; the criteria used is adequate and the reviews are meaningful and helpful.” The average score for 2020 was 4.21 compared to an average score of 3.63 for 2019, or an increase of 0.58.
  - The question with the largest decrease from 2019 to 2020 was, “I have ample opportunity to enhance my knowledge, skills, and competencies through in-house training sessions and/or outside seminars.” The average score for 2020 was 3.58 compared to an average score of 3.95 for 2019, or a decrease of 0.37.
- Survey results noted the following related to opportunities for continuous improvement, which have been addressed:
  - At the May 2021 Team Meeting, information was provided to all staff regarding Audit Plan development prior to presentation to the board in June 2021 for approval. Regarding development of the Audit Plan, a better tool was developed and implemented for the FY 2022 Audit Plan.
  - Assign smaller teams to audits rather than have everyone do one campus. Several audits had smaller scopes and smaller audit teams for FY 2021.
- Survey results included the following elements that contribute to successful Internal Audit practices:
  - Variety of audits/projects/assignments, challenging work, and ability to prioritize work.
  - Collaboration with a variety of people, working with a diverse group of clients, being part of a professional team, support of management, great leadership/team, helping the UW System, and the ability to make a difference.



# Client Survey Results

Upon completing our audits and consulting engagements, UWSA Internal Audit provides the individuals whom we worked closely on our projects the opportunity to evaluate our services through client surveys. These survey results provide valuable feedback and help us improve our operations.

The survey questions were revised starting in FY 2021 to better align with the IIA's recommended survey. Thus, the FY 2021 results are not comparable to prior years when different questions were asked.

We received 105 responses to surveys distributed in FY 2021, out of 412 surveys sent for that same time period, representing a 25.5% response rate. This response rate is lower than the prior year response rate of 30.5%. The COVID-19 pandemic may be a contributing factor.

Responses were rated on a five-point scale (5 – Strongly Agree, 4 – Agree, 3 – Don't Know, 2 – Disagree, and 1 – Strongly Disagree). In aggregate for all 15 questions, the average rating was 4.36 (or 87%) for FY 2021.

A few opportunities for improvement identified by our audit clients, and the steps taken to address these comments, include:

- Keep up-to-date with changes in the higher education industry and relevant regulatory issues.
  - Actions taken:
    - Obtaining training from stakeholders who are subject matter experts in the audit topic.
    - Working with various UWSA offices (e.g., Office of Compliance and Integrity, Office of Federal Relations, etc.) as we plan and scope our audits.
- Work to ensure our engagements are value added, timely, and relevant.
  - Actions taken:
    - Being more aware of client busy times.
    - Ensuring the purpose of the audit, procedures, and action steps are sufficiently clear to the client through robust entrance conferences and touch-points throughout the engagement.
    - Conducting an audit planning meeting with the Chief Audit Executive to ensure high-level risks have been identified and to discuss testing plans in order that audits stay within scope.
    - Reducing the number of questions on the internal control questionnaire and gathering audit data independently using our own subject matter experts of the various systems (WISER, SFS, HRS, and ShopUW+).

## Client Survey Results (Continued)

- Add an information technology (IT) auditor with higher education experience to the audit team.
  - Action taken: Starting in mid-August 2021, we added a senior IT auditor to our team who has experience with UW System audits. We currently have two CISAs on staff.

Successful Internal Audit practices noted by our clients include:

- Institutions made improvements to their processes and procedures as a result of our recommendations, which were constructive and actionable.
- Audits were helpful in assessing the organization and calling attention to potential problem areas.
- Auditors were described as outstanding, professional, courteous, excellent, providing a valued service, a pleasure to work with, and well-prepared. Auditors maintained communication, kept clients updated on status, and were responsive to questions and patient in their requests.
- Working with the auditors felt like a partnership.



The chart on the next page summarizes the question number, category, and average response for FY 2021, from highest to lowest.

## Client Survey Results (Continued)

<b>Question</b>	<b>Category</b>	<b>Average 2021</b>
Q 5	Professionalism	4.69
Q 6	Access	4.57
Q 4	Communication	4.54
Q 13	Ethics	4.45
Q 2	Significance	4.42
Q 9	Status	4.40
Q 11	Report	4.38
Q 7	Disruption	4.33
Q 12	Objectives	4.33
Q 8	Time	4.32
Q 1	Scope	4.32
Q 10	Recommendations	4.31
Q 3	Knowledge	4.19
Q 14	Value	4.16
Q 15	Relevance	4.05
-	Aggregate Response	4.36

# Integrity Hotline

The UW System has selected EthicsPoint Incident Management, a product of NAVEX Global, to provide individuals with a simple and anonymous way to report activities that may involve misconduct, abuse, fraud, illegal activity, violations of university policy, or if individuals fear retaliation for speaking out. Reports may be filed online at <https://secure.ethicspoint.com/domain/media/en/gui/58858/index.html> or by dialing (855) 827-4950.

Below is a summary of the number of hotline complaints received by fiscal year. The chart also illustrates the number of closed cases, number of open cases, and the cases that required action by fiscal year. \*Cases prior to FY 2020 were rolled into the new hotline system as “legacy data.”

Fiscal Year	Number of Hotline Cases	Number of Closed Cases	Number of Open Cases	Cases that Required Action
2021	38	37	1	13
2020	35	32	3	1
2019*	26	26	0	2
2018*	36	36	0	2
2017*	26	26	0	6
2016*	55	55	0	1
2015*	46	46	0	2

We have worked with the UW System Office of Public Affairs and Communications on a relaunch of the hotline to enhance awareness of this tool. The relaunch includes a new name, marketing plan, and communication strategy.

## Contacts

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## **TITLE IX INVESTIGATIONS**

### **REQUESTED ACTION**

Item for information and discussion only.

### **SUMMARY**

A status update will be provided on the Office of Compliance and Integrity's (OCI) new Title IX initiatives including development of a case management database and a UW System policy governing high risk investigations. In part, these new initiatives stem from the UW System Title IX Audit that was completed. The audit recognized inconsistencies and lack of a case management database for Title IX matters involving employees as well as a need to develop a process to determine if conflicts of interest exist and protocols to address them.

### **Presenter(s)**

- Sarah E. Harebo, Director of Title IX and Clery Compliance and Investigations, UW System

### **BACKGROUND**

Title IX of the Education Amendments of 1972 requires that all educational institutions that receive federal funds eliminate sex discrimination in their education programs and activities (34 C.F.R. Part 106). The U.S. Department of Education (ED) released final regulations effective August 14, 2020, establishing educational institutions' responsibilities in responding to reports of sexual harassment, sexual assault, dating violence, domestic violence, and stalking involving faculty, staff, and students. In accordance with the new regulations released in August 2020, the University of Wisconsin System (UW System) updated related chapters of the Wisconsin Administrative Code and Regent Policy Document 14-2.

## **Related Policies**

- Regent Policy Document 14-2, "Sexual Violence and Sexual Harassment"
- Chapter UWS 4, Wis. Admin. Code: "Procedures for Faculty Dismissal and for Dismissal and Discipline in Title IX Cases"
- Chapter UWS 7, Wis. Admin. Code: "Procedures for Faculty Dismissal in Special Cases"
- Chapter UWS 11, Wis. Admin. Code: "Procedures for Academic Staff Dismissal and for Discipline and Dismissal in Title IX Cases"
- Chapter UWS 17, Wis. Admin. Code: "Student Nonacademic Disciplinary Procedures"
- Other relevant guidelines

October 7, 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. Cybersecurity was rated as a top risk for each of these initiatives. An update on the Cybersecurity risk mitigation plan will be presented.

### **Presenter(s)**

- Angela Ryan, Director, Risk Management, UW System
- Katherine Mayer, Associate Vice President, Information Security, UW System

### **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 of these operations bring risks to the 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 through the use of

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 System. Four priority risks were selected: 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. Attachment A provides the 2019 Cybersecurity Risk Mitigation Plan.

In the past two years, progress was made in cybersecurity risk mitigation within the UW institutions as well as at the UW System Administration level. Some enterprise efforts are in process, including IT as a Service (ITaaS) and the Administrative Transformation Program (ATP), which can be leveraged to enhance the security posture across UW System. The 2021 cybersecurity risk mitigation plan has been updated and can be found in attachment B.

## **ATTACHMENTS**

- A) 2019 Cybersecurity Risk Mitigation Plan
- B) 2021 Cybersecurity Risk Mitigation Plan

# Risk Mitigation Plan – Cybersecurity (2019)

<p><b>Risk Description</b></p>	<p><i>Compromise of the confidentiality, integrity or availability of UW System hardware, software or data assets, due to theft, alteration, destruction or misuse of institutional systems or data, resulting in substantial financial loss, threat to health/safety, legal liability, reputational harm or inability to conduct the university’s core mission.</i></p>	
<p><b>Key Controls (Current)</b></p>	<ul style="list-style-type: none"> <li>• Establishment of a dedicated UW System Office of Information Security</li> <li>• Creation and on-going execution of a formal Information Security program and work plan</li> <li>• Refinement of existing policies to focus on highest risks and providing clarity to institutions</li> <li>• Employment of standard technical controls such as firewalls, anti-virus, etc. in select environments across UW System</li> <li>• Third party cyber security risk assessments for all institutions</li> <li>• Third party penetration testing of selected environments</li> <li>• Structured educational phishing campaigns</li> <li>• Incident response tabletop exercises</li> <li>• Threat intelligence sharing through Wisconsin Statewide Intelligence Center (WSIC) and Research and Education Networks Information Sharing and Analysis Center (REN-ISAC)</li> <li>• Creation of a system-wide risk register</li> <li>• Enhanced physical controls and camera-based monitoring in select environments across UW System</li> </ul>	<ul style="list-style-type: none"> <li>• Policy-driven security awareness training for all UW System employees</li> <li>• Deployment of multifactor authentication for faculty and staff throughout UW System</li> <li>• Deployment of an enterprise security suite to protect against a wide range of Internet-based threats</li> <li>• Codification of Emergency Operations Center (EOC) membership, process and convening for qualifying cyber security incidents</li> <li>• Established retainer with third party experts to assist in incident response activities, including digital forensics</li> <li>• Enhanced partnership with various agencies, including WI Departments of Administration, Justice, Military Affairs, local law enforcement, Department of Homeland Security and the Federal Bureau of Investigation</li> <li>• The purchase and continuous enhancement of UW Systems’ cyber liability insurance policy</li> </ul>
<p><b>Risk Response</b></p>	<p><i>Mitigate</i></p>	

# Risk Mitigation Plan – Cybersecurity (2019)

<b>Action Plan for those Risks that are Retained</b>	<ul style="list-style-type: none"> <li>• Build out the UW System Information Security policy portfolio, including new policies related to: Information Security Risk Management, Vendor Risk Management, Asset Management and Privacy</li> <li>• Investigate and select new modern, modular and adaptive security awareness training content to improve education and awareness of UW System</li> <li>• Investigate and recommend a system-wide IT asset inventory/discovery tool</li> </ul>		<ul style="list-style-type: none"> <li>• Expand the use of multifactor authentication to include the student population</li> <li>• Expand implementation of the enterprise security suite capabilities to enhance monitoring and response actions</li> <li>• Assist UW-Shared Services in developing and delivering the information security operations service</li> <li>• Publish a standardized incident response plan for use across all UW System institutions and exercise the plan through annual cyber security tabletop events</li> </ul>	
<b>Implementation Date</b>	<i>Continuous throughout calendar year 2020 and beyond</i>			
<b>Risk Score Before Treatment</b>	<i>Likelihood: 4.5</i>	<i>Impact: 4.2</i>	<i>Effectiveness: 4.0</i>	<i>Ranking Composite: 75.6</i>
<b>Risk Monitoring/ Key Risk Indicators</b>	<ul style="list-style-type: none"> <li>• Conduct periodic review of institutions’ action plans to address findings from third party cyber security risk assessments</li> <li>• Conduct periodic review and updates to system-wide risk registry and corresponding action plans to focus on highest risk areas</li> <li>• % completion rate for employee security awareness training</li> <li>• Tabletop exercise results and lessons learned incorporated into the system-wide incident response plan</li> <li>• % of UW System students using multifactor authentication</li> <li>• % of IT assets inventoried throughout UW System</li> </ul>			
<b>Risk Owner</b>	Robert Cramer, Vice President for Administration / Katherine Mayer, Assoc VP for Information Security			

# Risk Mitigation Plan – Cybersecurity (2021)

<p><b>Risk Description</b></p>	<p><i>Compromise of the confidentiality, integrity or availability of UW System hardware, software or data assets, due to theft, alteration, destruction or misuse of institutional systems or data, resulting in substantial financial loss, threat to health/safety, legal liability, reputational harm or inability to conduct the university’s core mission.</i></p>	
<p><b>Key Controls (Current)</b></p>	<ul style="list-style-type: none"> <li>• <b>Most of the key controls from 2019 remain in place</b></li> <li>• <b>These 2019 key controls require additional discussion:</b> <ul style="list-style-type: none"> <li>• Third party cybersecurity risk assessments</li> <li>• Third party penetration testing</li> <li>• Incident response tabletop exercises</li> <li>• Creation of a systemwide risk register</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• <b>Additional key controls that have been put in place since 2019:</b> <ul style="list-style-type: none"> <li>• New security awareness training content and potential consequences for failing to complete</li> <li>• Monthly systemwide phishing simulation campaigns and potential consequences for repeated failures</li> <li>• Accountability and reporting measures</li> </ul> </li> </ul>
<p><b>Risk Response</b></p>	<p><b>Mitigate</b></p>	
<p><b>Status of 2019 Risk Mitigation Plan</b></p>	<ul style="list-style-type: none"> <li>• Built out the UW System Information Security policy portfolio in seven new areas</li> <li>• Procured new modern, modular and adaptive security awareness training content</li> <li>• Expanded the use of multifactor authentication to include some student populations</li> </ul>	<ul style="list-style-type: none"> <li>• Expanded implementation of the enterprise security suite capabilities to enhance monitoring and response actions</li> <li>• Published a standardized incident response plan for use across all UW System institutions</li> </ul>

# Risk Mitigation Plan – Cybersecurity (2021)

<b>2021 Action Plan for those Risks that are Retained</b>	<ul style="list-style-type: none"> <li>• Complete the build out of the UW System Information Security policy portfolio, and update existing policies consistent with threat landscape and risk posed</li> <li>• Close off remote access points exposed directly to the Internet or implement additional controls for access</li> <li>• Regularly conduct backups and testing of mission critical / high risk data systems according to documented plans</li> <li>• Leverage security rating service and take recommended actions to improve security posture at UW institutions</li> </ul>		<ul style="list-style-type: none"> <li>• Develop and execute a sustained investment strategy for cybersecurity</li> <li>• Conduct gap analysis of system-wide IT asset inventories versus policy requirements and recommend, if appropriate, an IT asset management tool</li> <li>• Build out ITaaS security services in the following areas:               <ul style="list-style-type: none"> <li>• Cyber defense</li> <li>• Governance risk and compliance</li> <li>• Awareness and outreach</li> </ul> </li> </ul>	
<b>Implementation Date</b>	<i>Continuous from present through calendar year 2022 and beyond</i>			
<b>Risk Score Before Treatment (From 2019 Survey)</b>	<i>Likelihood: 4.5</i>	<i>Impact: 4.2</i>	<i>Effectiveness: 4.0</i>	<i>Ranking Composite: 75.6</i>
<b>Risk Monitoring / Key Risk Indicators</b>	<ul style="list-style-type: none"> <li>• Increased compliance by all institutions in new bi-monthly reporting</li> <li>• Security rating service reports showing improvement trends</li> <li>• % completion rate for employee security awareness training</li> <li>• Cybersecurity incident lessons learned incorporated into the system-wide incident response plan</li> <li>• % of UW System students using multifactor authentication</li> <li>• % of IT assets inventoried throughout UW System</li> </ul>			
<b>Risk Owner(s)</b>	James Langdon, Vice President for Administration / Katherine Mayer, Assoc VP for Information Security			

**UW SYSTEM PRESENTATION ON  
PURCHASING CARD ADMINISTRATION AND MANAGEMENT**

**REQUESTED ACTION**

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

**SUMMARY**

UW System's Office of Finance administers the purchasing card program, which provides university-backed, VISA-issued cards to UW employees to efficiently make low-dollar purchases. Officials from the Office of Finance will provide a brief presentation on the purchasing card program's history, existing internal controls, future control enhancements and potential for program reductions due to the implementation of Shop UW+.

**Presenter(s):**

- Sean Nelson, Vice President for Finance, UW System Administration
- Julie Gordon, Associate Vice President for Finance, UW System Administration
- Ginger Hintz, Assistant Vice President and Controller, UW System Administration

**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):**

- Sean Nelson, Vice President for Finance, UW System Administration
- Julie Gordon, Associate Vice President for Finance, UW System Administration
- Ginger Hintz, Assistant Vice President and Controller, UW System Administration