

## BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

### **Audit Committee**

Thursday, June 9, 2022

8:45 a.m. – 10:00 a.m.

Suzanne and Richard Pieper Family  
Foundation Green Room (Room 171)  
Zelazo Center  
2419 E. Kenwood Blvd.  
UW-Milwaukee  
Milwaukee, Wisconsin

- A. Calling of the Roll
- B. Declaration of Conflicts
- C. Approval of the Minutes of the April 7, 2022 Meeting of the Audit Committee
- D. Internal Audit
  - 1. Fiscal Year 2022 Audit Plan Progress Report
  - 2. Summarized Results of Audits Recently Issued
  - 3. Approval of Fiscal Year 2023 Audit Plan
  - 4. Independence Statement
- E. Compliance
  - 1. Report of the Chief Compliance Officer
- F. Internal Controls
  - 1. UW System Administration Fiscal Misconduct Policy and Procedures

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

### **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)**

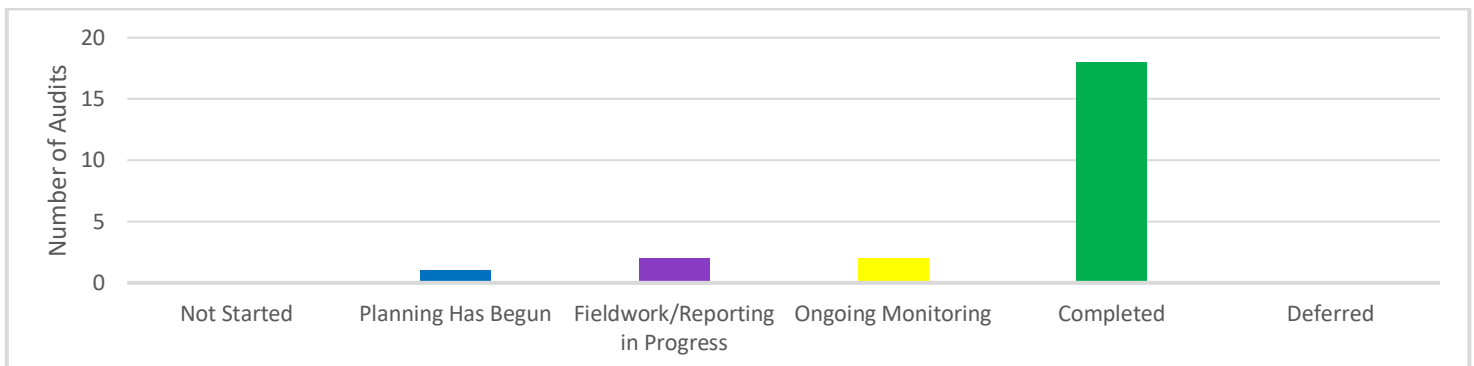
- Lori Stortz, Chief Audit Executive

### **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	Shared Financial System Separation of Duties	Fraud, Data Integrity, Separation of Duties
10	ShopUW+ Separation of Duties	Fraud, Data Accuracy, Separation of Duties
11	Information Technology Remote Access (Phase One)	Data Security, Reputational, Operational, Financial
12	Information Technology Remote Access (Phase Two)	Data Security, Reputational, Operational, Financial
13	Information Technology Disaster Recovery – Backups of Mission Critical / High-Risk Data Systems (Phase One)	Data Security, Reputational, Operational, Financial
14	Information Technology Disaster Recovery – Backups of Mission Critical / High-Risk Data Systems (Phase Two)	Data Security, Reputational, Operational, Financial
15	Information Security Program Accountability (Phase One)	Data Security, Reputational, Operational, Financial
16	Information Security Program Accountability (Phase Two)	Data Security, Reputational, Operational, Financial
17	Conflicts of Interest and Outside Activity Reporting	Fraud, Reputational, Conflicts of Interest, Compliance with Policy
18	Criminal Background Checks	Reputational, Conflicts of Interest, Regulatory Compliance, Compliance with Policy
19	Engagement and Management of Independent Contractors	Fraud, Reputational, Conflicts of Interest, Data Protection
20	Contracts with Research Companies	Reputational, Conflicts of Interest, Compliance with Policy
21	NCAA Athletics Divisions I and II Consulting Engagements	Data Accuracy
22	Madison NCAA Athletics Compliance Audit	Compliance
23	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 April 7, 2022 meeting of the Audit Committee, the Office of Internal Audit has issued the following reports:

- Engagement and Management of Independent Contractors – Executive Summary
- Information Security Program Accountability (phase two) – Executive Summary
- Information Technology Disaster Recovery Backups (phase two) – Executive Summary
- Internal Assessment – Executive Summary
- Report on Self-Assessment
- Quality Assurance and Improvement Program (QAIP)

### **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 FISCAL YEAR 2023 AUDIT PLAN**

### **REQUESTED ACTION**

Adoption of Resolution D.3.

**Resolution D.3.** That, upon the recommendation of the President of the University of Wisconsin System, the Board of Regents approves the Fiscal Year 2023 Audit Plan.

### **SUMMARY**

The Board of Regents annually reviews and approves the UW System's internal audit plan, with interim progress reports provided to the Audit Committee at least quarterly.

### **Presenter**

- Lori Stortz, Chief Audit Executive

### **BACKGROUND**

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.

### **ATTACHMENTS**

A) UW System Administration Office of Internal Audit Fiscal Year 2023 Audit Plan

June 2022

**Office of Internal Audit Fiscal Year 2023 Audit Plan**

<b>Bi -Annual Auditing</b>	<b>Risks</b>	<b>Objectives/Procedures</b>
Payroll	<ul style="list-style-type: none"> <li>• Fraud</li> <li>• Data Accuracy</li> <li>• Compliance with policy</li> </ul>	<ul style="list-style-type: none"> <li>• Risk-based identification of Payroll expenditures that may not be allowable using automated techniques. Examples may include overload, overtime, and gross payments as well as payments after termination and the summarization of earnings code data to identify trends and deviations from expectations.</li> </ul>
Purchasing Cards (P-Cards)	<ul style="list-style-type: none"> <li>• Fraud</li> <li>• Embezzlement</li> <li>• Compliance with policy</li> </ul>	<ul style="list-style-type: none"> <li>• Risk-based identification of P-Card expenditures that may not be allowable using automated techniques.</li> <li>• Summarization of active P-cards, open credit, ineligible vendors, vendor spend, and other analytics.</li> <li>• Test internal controls over monitoring and non-compliance of expenditures.</li> </ul>
<b>Fiscal Year 2022 In Process</b>	<b>Risks</b>	<b>Objectives/Procedures</b>
Criminal Background Checks	<ul style="list-style-type: none"> <li>• Reputational</li> <li>• Conflicts of Interest</li> <li>• Regulatory Compliance</li> <li>• Compliance with Policy</li> </ul>	<ul style="list-style-type: none"> <li>• Test compliance with Regent Policy Document 20-19.</li> </ul>
Information Technology Remote Access (Phase Two)	<ul style="list-style-type: none"> <li>• Data Security</li> <li>• Reputational</li> <li>• Operational</li> <li>• Financial</li> </ul>	<ul style="list-style-type: none"> <li>• Review and evaluate whether remote access points have been closed to direct access from the internet.</li> <li>• For remote access points which cannot be closed, review and evaluate the additional layers of defense which have been implemented.</li> </ul>
<b>Fiscal Year 2023 New Audits</b>	<b>Risks</b>	<b>Objectives/Procedures</b>
Behavioral Health	<ul style="list-style-type: none"> <li>• Student Health and Safety</li> <li>• Compliance</li> </ul>	<ul style="list-style-type: none"> <li>• To evaluate and test the procedures regarding scheduling and monitoring of wait times for students (e.g., accessibility).</li> <li>• To evaluate and test the procedures to ensure forms</li> </ul>

		<p>are appropriate and processes and procedures are documented and followed.</p> <ul style="list-style-type: none"> <li>• To evaluate and test compliance with Regent Policy Document 23-1, <i>Basic Health Module</i>.</li> </ul>
Child Care Centers	<ul style="list-style-type: none"> <li>• Compliance with Policy</li> <li>• Financial</li> <li>• Operational</li> </ul>	<ul style="list-style-type: none"> <li>• Evaluate and test compliance with UWSA Policy 180.</li> <li>• Evaluation and test compliance with institutional policies.</li> </ul>
Controlled Substances in Research	<ul style="list-style-type: none"> <li>• Compliance</li> <li>• Fraud</li> <li>• Reputation</li> <li>• Public Safety</li> </ul>	<ul style="list-style-type: none"> <li>• To evaluate and test the procedures to ensure that acquisition and utilization of Controlled Substances are authorized as required by FDA Codified Federal Regulation #21.</li> <li>• To evaluate and test the procedures to ensure that inventories are properly recorded, secured, maintained and disposed of according to CFR #21.</li> </ul>
Export Controls	<ul style="list-style-type: none"> <li>• Compliance with Laws</li> <li>• Reputational</li> </ul>	<ul style="list-style-type: none"> <li>• Evaluate and test the institutions' programs to comply with and monitor the U.S. Export Control laws and regulations governing export controls.</li> </ul>
General Ledger Clearing Accounts	<ul style="list-style-type: none"> <li>• Fraud</li> <li>• Financial</li> </ul>	<ul style="list-style-type: none"> <li>• Evaluate and test the use of clearing accounts.</li> <li>• Evaluate and test the internal controls to reconcile clearing accounts.</li> </ul>
Information Technology Asset Management	<ul style="list-style-type: none"> <li>• Compliance with Policy</li> <li>• Data Security</li> <li>• Data Availability</li> <li>• Operational</li> <li>• Financial</li> <li>• Fraud</li> </ul>	<ul style="list-style-type: none"> <li>• Evaluate and test compliance with UW System Administrative Policy 1035.</li> </ul>
Information Technology Bi-Monthly Compliance Reports	<ul style="list-style-type: none"> <li>• Compliance with Policy</li> </ul>	<ul style="list-style-type: none"> <li>• For a sample of fully compliant areas on the bi-monthly self-assessments, test compliance with UW System Administrative Policies.</li> </ul>
Internal Assessment	<ul style="list-style-type: none"> <li>• Conformance with IIA <i>Standards</i> and Code of Ethics</li> </ul>	<ul style="list-style-type: none"> <li>• Perform and summarize a self-assessment of the internal audit activity.</li> </ul>

Madison NCAA Athletics Compliance Audit	<ul style="list-style-type: none"> <li>• Compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Perform risk-based procedures suggested by the comprehensive program in the NCAA Division I Compliance Audit Guide published by the Association of College and University Auditors (ACUA).</li> </ul>
NCAA Athletics Division I Consulting Engagements	<ul style="list-style-type: none"> <li>• Data Accuracy</li> </ul>	<ul style="list-style-type: none"> <li>• Agreed upon procedures engagements over financial matters (Green Bay and Milwaukee).</li> </ul>
Nepotism and Conflicts of Interest	<ul style="list-style-type: none"> <li>• Conflicts of Interest</li> <li>• Fraud</li> <li>• Financial</li> </ul>	<ul style="list-style-type: none"> <li>• Test compliance with UWS Chapter 8.03(3) Nepotism.</li> <li>• Systematic identification of employees with common addresses or payroll direct deposit accounts that warrant further review.</li> </ul>
Recruitment and Admission of International Students	<ul style="list-style-type: none"> <li>• Fraud</li> <li>• Compliance with Laws and Policy</li> <li>• Reputational</li> </ul>	<ul style="list-style-type: none"> <li>• Evaluate and test compliance with UW System Administrative Policy 147.</li> </ul>
Research Integrity	<ul style="list-style-type: none"> <li>• Compliance</li> <li>• Fraud</li> <li>• Reputation</li> </ul>	<ul style="list-style-type: none"> <li>• Understand if institutions have a designated Research Integrity Officer (RIO).</li> <li>• Understand if institutions have institutional procedures for “assessing and investigating allegations of misconduct in scholarly research.”</li> <li>• Understand how institutions ensure they comply with their institutional procedures.</li> </ul>
ShopUW+ Internal Controls	<ul style="list-style-type: none"> <li>• Fraud</li> <li>• Financial</li> <li>• Operational</li> </ul>	<ul style="list-style-type: none"> <li>• Evaluate and test the key controls implemented during Phase 1.</li> </ul>
Working in Isolation	<ul style="list-style-type: none"> <li>• Human Safety</li> <li>• Regulatory Compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Evaluate and test compliance with UW System Administrative Policy 620.</li> </ul>
	<b>Advisory/Consulting Services</b>	
	Follow Up to Allow Audit Comments to be Closed	
	Prepare Draft Internal Control Self-Assessments For Use By Institutional Management	
	Administrative Transformation Project	
	Enterprise Risk Management	
	IT as a Service Program	
	Harmony Project	
	ShopUW+ Phase 2	



	<b>Audits/Projects as Requested by Management</b>
	15% of audit time is available for audits and special projects as requested by System or institutional leaders.
	Past projects have included assistance with fraud investigations, program assessments, compliance with policy assessments, and special audits.

## **INDEPENDENCE STATEMENT**

### **REQUESTED ACTION**

For information and discussion only.

### **SUMMARY**

The Institute of Internal Auditors *International Standards for the Professional Practice of Internal Auditing (Standards)* require the internal audit activity be independent and internal auditors be objective in performing their work.

Specifically, Standard 1110 states: "The chief audit executive must report to a level within the organization that allows the internal audit activity to fulfill its responsibilities. The chief audit executive must confirm to the board, at least annually, the organizational independence of the internal audit activity."

The Audit Committee Charter of the Board of Regents requires the chief audit executive to report to the Board of Regents through the Audit Committee directly and to the UW System President. The Audit Committee also performs the following functions:

- Approves the internal audit charter.
- Approves the risk-based internal audit plan.
- Approves the internal audit budget and resource plan.
- Receives communications from the chief audit executive on the internal audit activity's performance relative to its plan and other matters.
- Jointly with the UW System President, approves decisions regarding the appointment, renumeration, and removal of the chief audit executive.
- Makes appropriate inquiries of management and the chief audit executive to determine whether there are inappropriate scope or resource limitations.

The Office of Internal Audit is compliant with the organizational independence requirements of the *Standards*.

### **Presenter(s)**

- Lori Stortz, Chief Audit Executive

## **REPORT OF THE CHIEF COMPLIANCE OFFICER**

### **REQUESTED ACTION**

For information and discussion only.

### **SUMMARY**

Presentation on the progress of UW System Office of Compliance and Integrity work in Fiscal Year 2022 and proposed Annual Plan of Fiscal Year 2023.

### **Presenter**

- Paige Smith, UW System Chief Compliance Officer

### **BACKGROUND**

In February of 2019, UW System hired its first Director of Compliance and began its efforts to develop a systemwide compliance framework to support key focus areas and establish a governance structure across UW System. The UW System Office of Compliance and Integrity (OCI) continues to evolve its work regarding UW System risks, compliance obligations and audit findings to guide UW System institutions in their compliance efforts. OCI will continue its work to craft policies to codify standards for compliance, and develop tools and training necessary to support institutions, as well as move into the next phase of compliance services. This Annual Plan outlines our progress for FY22 and how our work in this phase will utilize a risk-informed approach where risk assessments will be used to identify and define the level, type, and timeliness of OCI services to assist institutions in the creation of compliance plans and development of resources to mitigate and respond to risks and set up processes and programs for institutional success.

### **ATTACHMENTS**

- A) UW System Administration Office of Compliance and Integrity, Fiscal Year 2023 Annual Plan

# UW System Office of Compliance & Integrity

## FY 2023 Annual Plan



# Introduction

The UW System Office of Compliance and Integrity provides a centralized approach to developing and implementing an effective and impactful compliance structure at the system and institutional level, as well as promoting and maintaining a culture of ethics and integrity in our work.

When the Office of Compliance and Integrity was created, it incorporated a centralized compliance framework and structure based on Six Key Elements of an Effective Compliance Structure as identified in the Federal Sentencing Guidelines (shown below).



The Office of Compliance and Integrity also used a phased-in approach to develop the necessary governance structure and inventory to identify and understand the compliance requirements. This was and continues to be an important step in creating a long-term, sustainable compliance structure, both at the institutional level and at the UW System level. Phases 1 and 2 have been successfully completed over the past three years. We are now in Phase 3.

**Phase 1:**

Assess current state; establish governance structure for systemwide compliance.

**Phase 2:**

Develop systemwide inventory of major compliance obligations and identify responsible parties on all campuses.

**Phase 3:**

Identify high-risk compliance areas; create plans & develop resources to mitigate compliance risk in those areas.

The Office of Compliance and Integrity has worked in collaboration with each UW System institution to identify campus liaisons who will assist and support the institution in its responsibility to identify high-risk compliance areas, craft policies to codify standards for compliance, and develop tools and resources necessary to aid compliance efforts. The Office of Compliance and Integrity has and will continue to seek innovative and cost-effective ways to support institutions in their compliance efforts to mitigate new and emerging risks.

This Annual Plan provides a high-level overview of the Office of Compliance and Integrity and how it has and continues to serve the UW System and its institutions regarding compliance and ethics.

## Our Mission

To assist UW System institutions in identifying and fulfilling compliance obligations from federal law, state law, and Board of Regents policies and to promote a culture of ethics and integrity in the work done across UW-System.

## Our Guiding Principles

- **Integrity:** We work honestly, fairly, and in line with policies, procedures, and professional best practices.
- **Collaborative:** We strive to build trust, operate with unity of purpose, build meaningful connections, networks, and consensus, and facilitate communication and learning.
- **Objective:** We approach issues with an open mind and empathy.
- **Analytical:** We apply comprehensive, evidence-based standards, and data in assigning priorities, and we maximize efficiencies when utilizing resources.
- **Innovative:** We lead by example and use creative, cutting-edge approaches to problem-solving.
- **Growth Mindset:** We engage with others and proactively plan to enable the UW System institutions to be future ready.
- **Transparent:** We commit to openly share information about our services, to provide access and appropriate disclosure of information, and bring clarity to compliance-related policies, procedures, and guidance.
- **Service:** We are dedicated to help UW System institutions be successful with compliance and integrity-related information, policies, procedures, and guidance.
- **Outreach:** We seek to continuously assess the needs and interests of UW System institutions and respond appropriately and in a timely manner to their interests and needs.

## Our Responsibilities

- Create and maintain a centralized compliance framework and structure using the Office of Compliance and Integrity's Six Key Elements of an Effective Compliance Structure (adapted from the Federal Sentencing Guidelines) to provide compliance services to UW System and its institutions.
- Monitor internal and external compliance environments; produce reports; identify and communicate potential risks and vulnerabilities to university decision makers; and establish processes to coordinate and communicate internally regarding the UW System's compliance with federal, state, and local laws, rules, and regulations as well as institutional policies.
- Coordinate educational and training programs to ensure that members of the university community understand the compliance responsibilities relevant to their work.
- Build collaborative relationships and establish regular communication processes with compliance partners with UW System and between and among the comprehensive institutions.
- Collaborate with UW System Risk Management to evaluate and prioritize compliance risks to the UW System and develop mitigation plans to lower risks and probability of noncompliance.
- Assist management and staff in high-risk compliance areas across the UW System with development and maintenance of compliance programs.
- Provide support, guidance, and resources to institutions in areas of Title IX, Investigations of Misconduct, Clery Act, Ethics, Wisconsin Public Records Law, Youth Protection Activities, Mediation and Facilitation Services, and State Authorization of Distance Education.
- Brief the Audit Committee of the Board of Regents, the UW System President, and the UW System Risk and Compliance Council on key compliance risks and gaps within the UW System.
- Develop tools and resources to leverage expertise and share best practices among UW System institutions to address common barriers to compliance.
- Develop an annual training program, in conjunction with the Office of General Counsel, to educate and inform institutions and stakeholders on compliance-related topics of interest.
- Oversee and facilitate regular meetings and collaboration with institutional communities of practice to remain up to date on institutional issues as well as provide general updates and information on compliance related issues.



## Our Areas of Focus

- Oversight and Updates on Changes to Laws and Regulations (Compliance Matrix Management)
- Title IX and Sexual Violence Prevention
- Clery Act
- Title IX and Civil Rights Investigations
- Mediation and Facilitation Services
- Youth Protection, Data Collection and Compliance
- Public Records
- Record Management
- Ethics and Conflicts of Interest
- State Authorization of Distance Education (SARA)



## Our Team

The UW System Office of Compliance and Integrity team is a highly qualified, focused, and energetic group that approaches their work with passion, commitment, and focus so that the UW System and its institutions can focus on its goals, priorities, and mission.

**Chief Compliance Officer** (Paige Smith)

**Director of Title IX and Clery Compliance and Investigations** (Sarah Harebo)

**Director of Youth Protection and Compliance** (Prenicia Clifton)

**Records Officer and Public Records Coordinator** (Katie Patten)

**Ethics & Compliance Specialist** (Kristina Williston)

**Investigators** (Christine Buswell)

**Special Projects** (Greg Lampe)

**Office Manager** (Amanda Reese)

# FY2022 Accomplishments

FY 2022 has been a very productive year for the Office of Compliance and Integrity. The office has continued to expand certain areas of specialty in areas of records management, public records and youth protection. The office continues to see an increase in our services as it relates to Title IX, Clery Act, sexual misconduct investigations and UWS Ch. 17 hearings. We have also identified training opportunities and software tools and resources that will assist institutions in successfully meeting their compliance obligations. Highlights of this work are provided below:

## **General:**

- Provided two system-wide training programs/conferences on specialized topics for the UW System institution compliance-related liaisons and work groups, including guest speakers on topics of interest.
- Participated in the UW System Law Days conference by presenting on specialized topics.
- The Chief Compliance Officer visited 12 campuses to meet with chancellors, leadership teams, liaisons, directors, and stakeholders and discuss our scope, type and quality of services, and most importantly, how our office can continue to serve and support institutions in fulfilling their compliance efforts.
- Provided specialized support, knowledge, and expertise regarding COVID-related planning, response, and risks tied to compliance-related issues or concerns.

## **Youth Protection Activities:**

- Furthered UW System's commitment to youth protection through the development of Regent Policy Document 23-3 (Youth Protection, Compliance and Data Collection) and UW System Administrative Policy 625 (Youth Protection and Compliance).
- Supported youth protection practice on campuses with Interim Covid-19 policy and mitigation plans.
- Hosted Youth Protection virtual professional development conference focusing on considerations of returning youth to campus during a pandemic.
- Provided and developed resources to assist with centrally tracking youth on campuses and identifying employees and non-employees working in activities involving minors.

- Visited 11 institutions to meet with campus stakeholders to better understand youth protection practices and concerns. Provided assessments of activities occurring and conducted training sessions such as “Understanding the Importance of Youth Protection” and “Youth Mental Health First Aid Best Practices.”
- Conducted monthly UW-System Precollege Liaison meetings to update institutions on policy development and implementation, share best practices, and educate campuses on trends in youth protection.
- Supported campuses in returning 40,000 minors to campus post Covid-19 closures, without a single outbreak.
- Supported UW-Bridge Programs in best practices in safely transitioning from programming with minors to matriculated student activities.

### **Records Management**

- Convened the UW System records custodian’s community of practice to exchange best practices and develop tools and resources.
- Continued to provide one-on-one training to new records custodians on the Wisconsin Public Records Law and the proper handling of public records requests and communication with requestors.
- Initiated a new records disposition authorization form approval process in collaboration with the Wisconsin Department of Administration.

### **Public Records**

- Assisted institutions in responding to over 100 public records requests
- Administered 107 public records requests for UW System Administration and Board of Regents during FY2021.
- Conducted quarterly public records and records management training for UW System Administration new employee training and bi-annual refresher courses.

### **Ethics**

- Partnered with UW-Shared Services to enhance the automation of Outside Activity Reporting. Two additional questions were added which focused on Section 117 of the Higher Education Act to support the reporting requirements. Eleven institutions are now utilizing this automation to track and monitor OAR.
- Provided Ethics training to UW System Compliance Officers.
- Offered Ethics training to UWSA Administration quarterly for new employees and refresher training bi-annually.
- Developed Matrix training manual and videos to guide Matrix administrators in updating responsible parties. Held orientation meetings with three new administrators to provide an overview of the matrix and their role in supporting compliance efforts on campus.

## **Title IX, Clery Act, and Sexual Violence and Prevention**

- Conducted 23 investigations to date in FY21/22 versus 16 cases in FY20/21 (plus 3-4 investigations in progress).
- Completed 2 organizational Title IX compliance assessments to provide recommendations to improve response mechanisms and overall structure on individual campuses.
- Regularly consulted with individual institutions on an array of misconduct matters and compliance issues.
- Participated in student speaking engagement at UW-Stevens Point for Sexual Assault Awareness Month on Title IX: The Pathway from Response to Prevention.
- Facilitated and led the UW System Title IX Coordinator Council; UW System Clery Administrator Council; and UW Prevention Coordinator Council.
- Continued work on implementing and effectuating the updated UWS Chapters 4, 7, 11, 17 and Regent Policy Document 14-2 (Sexual Violence and Sexual Harassment)
- Conducted training for Administrative Law Judges and advisors on new Title IX regulations and their role in UW System investigations and hearings.
- Represented UW System at the National Academies of Sciences, Engineering, and Medicine (NASEM) Action Collaborative meetings and working group meetings.
- In July of 2021, designed and conducted a systemwide professional development day long virtual training on matters related to Title IX, Clery Act, and Sexual Violence and Harassment Prevention.

# FY2023 Goals

This coming year provides the Office of Compliance and Integrity with an opportunity to continue to provide the high-quality support, guidance and training that has been offered in the past, as well as move into the next phase of compliance services. This phase will utilize a risk-informed approach where risk assessments will be used to identify and define the level, type, and timeliness of the Office of Compliance and Integrity's services to assist institutions in the creation of compliance plans and development of resources to mitigate and respond to risks and set up processes and programs for institutional success.

The following goals are intended to enhance the level and quality of services in the Office of Compliance and Integrity in an impactful, proactive, and efficient manner for the benefit of the UW System.

## **GOAL 1: Communication, Training and Data Tracking**

- Develop and implement a communications plan to provide regular and relevant information and updates on compliance-related issues in a variety of formats to the Board of Regents, System Administration and institutional leadership and stakeholders.
- Develop and implement changes to the UW System Compliance Matrix database that will create a more interactive process for user-engagement, automated updates and notifications, accountability of responsible parties and/or timely updates and data-tracking.
- In conjunction with institutional needs, and in collaboration with Office of General Counsel, develop and implement an annual Compliance and Integrity training program that will provide regular and consistent topic-specific training programs and resources that can be utilized by UW System and institution on issues and topics related to compliance.
- Implement a data tracking program to assess the level and quality of the services provided, such as number and type of cases, investigations, mediations, record requests and other recordable activities within the Office of Compliance and Integrity and provide an annual report of this information to UW System leadership and institutions.

## **GOAL 2:**

### **Policy Development and Implementation**

- Assist the Board of Regents and UW System Administration in the development and implementation of board and system policies on matters related to foreign gifts and influence, records management, investigative services, mandatory employee training updates, and other policies or processes that may be necessary to address system-wide standards of compliance.
- Continue to assist institutions in the development and implementation of youth protection processes and procedures to comply with the newly adopted RPD 23-3 (Youth Protection, Compliance, and Data Collection) and approved SYS 625 (Youth Protection and Compliance).
- Provide training, education, and resources to institutions and stakeholders, as needed, to ensure compliance with board and system policies.
- Facilitate and oversee the state rulemaking process to revise applicable UWS Administrative Codes, as necessary, to comply with the amended federal regulations under Title IX of the Education Amendments of 1972.

## **GOAL 3:**

### **Implement a UW System Risk, Compliance and Audit (RCA) Model**

- Work in collaboration with UW System Office of Internal Audit and Office of Risk Management to implement a new three-pronged planning process that will incorporate the annual goals, plans and functions from all three areas into one main communication plan to assist institutions in creating a strategic approach for assessing risks, implementing processes, and verifying the quality and success of internal controls.
- Review and revise the role and responsibility of the UW System Risk and Compliance Council to add audit and ethics areas of oversight, as well as an increased engagement with institutional leadership.
- In collaboration with UW System Risk Management, develop and implement a new user-friendly risk assessment tool that can be used by both UW System and institutions to identify, address, and respond to past, present, and future risks.

**Goal 4:****Develop New Specialized Area of Expertise for State Authorization of Distance Education/Reciprocity Agreement (SARA).**

- Develop and implement a centralized the Office of Compliance and Integrity compliance plan and structure for assisting institutions in meeting the compliance requirements of the State Authorization Reciprocity Agreement (SARA) which regulates the terms and conditions under which participating institutions may offer distance education across state borders.
- Provide staff support to the UW System President's Office in its membership on the State of Wisconsin Distance Learning Authorization Board (DLAB)(this board is responsible for the regulatory oversight and authorization of all Wisconsin institutions that participate in SARA).

**Goal 5:****Spearhead the UW System Civil Dialogue Project**

- Work in collaboration with UW System Administration and institutional stakeholders to develop and offer educational programming, training and resources on topics related to freedom of speech and expression and civil discourse, in accordance with RPD 4-21 (Commitment to Academic Freedom and Freedom of Expression).

*Updated June 1, 2022*

**UW SYSTEM ADMINISTRATIVE  
FISCAL MISCONDUCT POLICY AND PROCEDURES**

**REQUESTED ACTION**

For information and discussion only.

**SUMMARY**

The recent update to UW System Administrative Policy 304 (formerly F16) *Fiscal Misconduct* will be discussed at a high-level outlining this critical policy. The changes were made to clarify definitions and to keep the policy consistent and comprehensive.

**Presenter(s)**

- Lori Stortz, Chief Audit Executive

**ATTACHMENTS**

- A) UW System Administrative Policy 304 (formerly F16) *Fiscal Misconduct*.



UW System Administrative Policy 304 *(formerly F16)*

# Fiscal Misconduct

## Policy

- **1. Policy Purpose**
- **2. Responsible UW System Officer**
- **3. Scope**
- **4. Background**
- **5. Definitions**
- **6. Policy Statement**
- **7. Related Documents**
- **8. Policy History**
- **9. Scheduled Review**

**Original Issuance Date:** December 12, 1974

**Last Revision Date:** March 22, 2022

## 1. Policy Purpose

This policy establishes the parameters for the reporting, investigation, and resolution of instances of fiscal misconduct within the University of Wisconsin System.

## 2. Responsible UW System Officer

Vice President for Finance

## 3. Scope

This policy applies to UW System employees and agents and covers instances of fiscal misconduct as defined in this policy.

The management, reporting, and resolution of financial conflicts of interest is governed by [Wis. Admin. Code § UWS 8.04 \(2016\)](#), [Wis. Admin. Code § UWS 8.05 \(2016\)](#) and [Regent Policy Document 20-22, Code of Ethics](#).

## 4. Background

The UW System is committed to the highest standards of financial stewardship and encourages the detection and prevention of acts that would be detrimental to this responsibility. Fiscal misconduct can occur in any organization including the UW System and its institutions. These acts carry legal implications for the university employee, both as an employee and as a citizen, and increase the risk to the operations and reputation of the UW System. This policy and [UW System Administrative Procedure 304.A, Fiscal Misconduct: Reporting and Review Process](#) establish expectations of employees and agents when managing or using the UW System's fiscal resources and the reporting and review process to be used when suspected or actual fiscal misconduct has occurred.

## 5. Definitions

**Agent:** Students and volunteers who have been authorized to act on behalf of the UW System or one of its institutions.

**Employee:** Faculty, staff, or students who work for the university in exchange for remuneration.

**Fiscal Misconduct:** A deliberate act or failure to act that is contrary to established laws, regulations or policies and which results or was intended to result in either loss or other damage to the State or the UW System or improper personal gain. Instances of fiscal misconduct to be reported and reviewed include, but are not limited to:

- Theft of any State or UW System funds or resources;
- Bribery, kickbacks, and bid rigging;
- Misappropriation, misapplication, destruction, removal, or concealment of State or UW System funds or resources;
- Authorizing or receiving compensation for hours not worked or covered by appropriate and available leave;
- Improper handling or reporting of financial transactions;
- Credit card and travel expense fraud; and
- Forgery, falsification, or unauthorized alteration of financial documents or records.

## 6. Policy Statement

When managing or using the university's fiscal resources, employees, and agents of the UW System are expected to:

- act in accordance with all applicable laws, regulations, and policies with respect to the handling of State or UW System funds or resources;
- aid in the detection and prevention of fiscal misconduct;

- be familiar with the types of fiscal misconduct that could occur in their area;
- be attentive for suspected instances where fiscal misconduct might exist in their unit; and
- promptly report any known or suspected fiscal misconduct.

The course of action to be followed when reporting and investigating actual or suspected cases of fiscal misconduct is outlined in [UW System Administrative Procedure \(SYS\) 304.A, Fiscal Misconduct: Reporting and Review Process](#). If an employee or agent of the UW System is found, or suspected, to be engaged in fiscal misconduct, the individual's supervisor cannot solely determine the remedy to be used. Instances of fiscal misconduct are to be handled through the procedure outlined in [SYS 304.A](#).

UW System employees who report an actual or suspected instance of fiscal misconduct in good faith shall not be subject to any adverse employment action including separation, demotion, suspension, or loss of benefits because of the report.

Reports and investigations will be kept confidential to the extent possible, consistent with UW policies, applicable laws, and the need for an investigation.

## 7. Related Documents

[UW System Administrative Procedure 304.A, Fiscal Misconduct: Reporting and Review Process](#)

[Regent Policy Document 20-22, Code of Ethics](#)

[Regent Policy Document 25-3, Policy on Use of University Information Technology Resources](#)

[Wis. Admin. Code § UWS 8.04 \(2016\), Unclassified Staff Code of Ethics: Action to Avoid Possible Conflict](#)

[Wis. Admin. Code § UWS 8.05 \(2016\), Unclassified Staff Code of Ethics: Sanctions](#)

## 8. Policy History

Revision 5: March 22, 2022

Revision 4: April 28, 2017

Revision 3: January 22, 1998

Revision 2: November 5, 1993

Revision 1: October 14, 1983

First approved: December 12, 1974

## 9. Scheduled Review

April 2025

# Fiscal Misconduct: Reporting and Review Process

- 1. Purpose of Procedures
- 2. Responsible UW System Officer
- 3. Definitions
- 4. Procedures
- 5. Related Documents
- 6. History

**Original Issuance Date:** May 1, 2017

**Last Revision Date:** March 21, 2022

## 1. Purpose of Procedures

This procedure outlines the process through which acts of fiscal misconduct within the UW System are to be reported, investigated, and resolved.

## 2. Responsible UW System Officer

Vice President for Finance

## 3. Definitions

**Fiscal Misconduct:** A deliberate act or failure to act that is contrary to established laws, regulations or policies and which results or was intended to result in either loss or other damage to the State or the UW System or improper personal gain. Instances of fiscal misconduct to be reported and reviewed include, but are not limited to:

- Theft of any State or UW System funds or resources;
- Bribery, kickbacks, and bid rigging;
- Misappropriation, misapplication, destruction, removal, or concealment of State or UW System funds or resources;
- Authorizing or receiving compensation for hours not worked or covered by appropriate and available leave;

- Improper handling or reporting of financial transactions;
- Credit card and travel expense fraud; and
- Forgery, falsification, or unauthorized alteration of financial documents or records.

## 4. Procedures

As soon as there is any indication of an actual or suspected act of fiscal misconduct the process outlined below shall be followed. Where the suspected fiscal misconduct occurs at UW System Administration or involves a chancellor, the term 'UW System President' shall be substituted for 'chancellor' in the following process.

- a. The discovering party should generally notify their immediate supervisor of the situation. The supervisor, in turn, should immediately notify the institution's chief business officer or the UW System Vice President for Finance.
  - i. If the individual is uncomfortable speaking with the supervisor, is not satisfied with the supervisor's response, or does not have a supervisor, the individual may report the concern directly to:
    - the institution's chief business officer;
    - the UW System Vice President for Finance;
    - the UW System Office of Internal Audit; or
    - the UW System Integrity Hotline.

The relevant UW System institution shall conduct a preliminary review into the suspected instance of fiscal misconduct.

If the institution determines that the suspected fiscal misconduct has not caused or is unlikely to cause significant financial, legal, and/or reputational risk to the UW System or the institution, the institution may resolve and conclude the matter through appropriate institutional processes.

If the preliminary review finds that the suspected fiscal misconduct has caused or is likely to cause significant financial, legal, and/or reputational risk to the UW System or the institution, the chancellor or other appropriate institutional representative shall report the suspected misconduct to the Chief Audit Executive and the UW System Vice President for Finance. The remainder of this procedure shall then be followed.

- b. The Chief Audit Executive, or designee, shall convene a working group to coordinate a more comprehensive review. Representation will vary from instance to instance, depending on the nature of the suspected fiscal misconduct and the individual(s) involved. However, individuals from the following areas shall be considered when convening a working group:

- University police or campus safety;
- appropriate institutional officials, as designated by the chancellor;
- UW System Office of Internal Audit (convener);
- UW System Office of Finance; and
- UW System Office of Human Resources and Workforce Diversity.

A working group may consult with the UW System Office of General Counsel, or in the case of UW-Madison or UW-Milwaukee the campus legal affairs office, for advice and counsel where needed.

If uncertain whether an instance of suspected fiscal misconduct rises to the threshold where a working group is to be convened under this procedure, the chancellor or other appropriate institutional representative should consult with the Vice President for Finance and the Chief Audit Executive.

- c. The working group shall thoroughly review the suspected fiscal misconduct to determine if a violation has occurred. Every effort will be made to maintain confidentiality throughout the review process to the extent allowable by law. However, confidentiality is not guaranteed.
- d. If a violation is found to have occurred, the chancellor, in consultation with the UW System Vice President for finance and the Chief Audit Executive, shall:
  - determine whether referral of the matter to the Department of Justice and/or local law enforcement agencies is necessary for purposes of potential criminal prosecution or other legal action;
  - notify federal authorities if federal funds or resources are involved;
  - determine whether any disciplinary action may be appropriate. Any disciplinary action the chancellor may wish to initiate must follow applicable UW System and/or institutional policies and procedures.

In addition, the Chief Audit Executive shall notify the UW System President and the Chair of the Board of Regents Audit Committee of any significant instances of fiscal misconduct. The UW System Office of Internal Audit may prepare a report for the Audit Committee of the Board of Regents based on a determination of a violation by the working group.

The working group may offer recommendations for improvement of policies, processes, or controls to institutional personnel based on its review.

## 5. Related Documents

[UW System Administrative Policy 304, Fiscal Misconduct](#)

## 6. History

Revision 1: March 21, 2022

First approved: May 1, 2017\*

\*Prior to this date, [UW System Administrative Policy 304, Fiscal Misconduct](#), contained certain procedures now revised and found in this document.