BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

Audit Committee
Thursday, February 10, 2022
8:45 a.m. – 10:00 a.m.

A. Calling of the Roll

B. Declaration of Conflicts

C. Approval of the Minutes of the December 9, 2021 Meeting of the Audit Committee

D. Internal Audit
   1. Fiscal Year 2022 Audit Plan Progress Report
   2. Summarized Results of Audits Recently Issued

E. Compliance
   1. Proposed Regent Policy Document: “Youth Protection, Compliance, and Data Collection at UW System Institutions”

F. Enterprise Risk Management
   1. Information Security Update

G. External Audit Report
   1. Audit Report from Legislative Audit Bureau on the June 30, 2021 Financial Statements
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.
<table>
<thead>
<tr>
<th>Title</th>
<th>Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Payroll (Continuous Monitoring)</td>
<td>Fraud, Data Accuracy</td>
</tr>
<tr>
<td>2 Purchasing Cards (Continuous Monitoring)</td>
<td>Fraud, Embezzlement, Compliance with Policy</td>
</tr>
<tr>
<td>3 Information Security Awareness</td>
<td>Data Protection, Reputational, Operational, Financial</td>
</tr>
<tr>
<td>4 Contracts with Private Entities</td>
<td>Conflict of Interest, Reputational</td>
</tr>
<tr>
<td>5 NCAA Division III Athletics Financial Transactions</td>
<td>Fraud, Conflicts of Interest, Reputational</td>
</tr>
<tr>
<td>6 Change Requests of Bank and Contact Information</td>
<td>Fraud</td>
</tr>
<tr>
<td>7 Emergency Grant Aid Payments to Students Under the CRRSA</td>
<td>Regulatory Compliance, Reputational</td>
</tr>
<tr>
<td>8 Student Discrimination Complaint and Appeal Process</td>
<td>Compliance with Laws and Board Policy, Reputational</td>
</tr>
<tr>
<td>9 Management of Native American Human Remains and Artifacts</td>
<td>Compliance with Laws, Reputational</td>
</tr>
<tr>
<td>10 Shared Financial System Separation of Duties</td>
<td>Fraud, Data Integrity, Separation of Duties</td>
</tr>
<tr>
<td>11 ShopUW+ Separation of Duties</td>
<td>Fraud, Data Accuracy, Separation of Duties</td>
</tr>
<tr>
<td>12 Information Technology Remote Access (Phase One)</td>
<td>Data Security, Reputational, Operational, Financial</td>
</tr>
<tr>
<td>13 Information Technology Remote Access (Phase Two)</td>
<td>Data Security, Reputational, Operational, Financial</td>
</tr>
<tr>
<td>14 Information Technology Disaster Recovery – Backups of Mission Critical / High-Risk Data Systems (Phase One)</td>
<td>Data Security, Reputational, Operational, Financial</td>
</tr>
<tr>
<td>15 Information Technology Disaster Recovery – Backups of Mission Critical / High-Risk Data Systems (Phase Two)</td>
<td>Data Security, Reputational, Operational, Financial</td>
</tr>
<tr>
<td>16 Information Security Program Accountability (Phase One)</td>
<td>Data Security, Reputational, Operational, Financial</td>
</tr>
<tr>
<td>17 Information Security Program Accountability (Phase Two)</td>
<td>Data Security, Reputational, Operational, Financial</td>
</tr>
<tr>
<td>18 Conflicts of Interest and Outside Activity Reporting</td>
<td>Fraud, Reputational, Conflicts of Interest, Compliance with Policy</td>
</tr>
<tr>
<td>19 Criminal Background Checks</td>
<td>Reputational, Conflicts of Interest, Regulatory Compliance, Compliance with Policy</td>
</tr>
<tr>
<td>20 Engagement and Management of Independent Contractors</td>
<td>Fraud, Reputational, Conflicts of Interest, Data Protection</td>
</tr>
<tr>
<td>21 Contracts with Research Companies</td>
<td>Reputational, Conflicts of Interest, Compliance with Policy</td>
</tr>
<tr>
<td>22 NCAA Athletics Divisions I and II Consulting Engagements</td>
<td>Data Accuracy</td>
</tr>
<tr>
<td>23 Madison NCAA Athletics Compliance Audit</td>
<td>Compliance</td>
</tr>
<tr>
<td>24 Internal Assessment</td>
<td>Conformance with Standards and Code of Ethics</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Number of Audits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not Started</td>
</tr>
<tr>
<td>Planning Has Begun</td>
</tr>
<tr>
<td>Fieldwork/Reporting in Progress</td>
</tr>
<tr>
<td>Ongoing Monitoring</td>
</tr>
<tr>
<td>Completed</td>
</tr>
<tr>
<td>Deferred</td>
</tr>
</tbody>
</table>
SUMMARIZED RESULTS OF AUDITS RECENTLY ISSUED

REQUESTED ACTION

For information and discussion only.

SUMMARY

Since the December 9, 2021 meeting of the Audit Committee, the Office of Internal Audit has issued the following reports:
  - NCAA Athletics Division I and II Agreed-Upon Procedures Engagement – Executive Summary
    - NCAA Agreed-Upon Procedures Management Letter – UW-Green Bay
    - NCAA Agreed-Upon Procedures Management Letter – UW-Milwaukee
    - NCAA Agreed-Upon Procedures Management Letter – UW-Parkside

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.
PROPOSED REGENT POLICY DOCUMENT:
“YOUTH PROTECTION, COMPLIANCE, AND DATA COLLECTION”

REQUESTED ACTION

Adoption of Resolution E.1., approving the new Regent Policy Document on Youth Protection, Compliance, and Data Collection.

Resolution E.1. That, upon the recommendation of the President of the UW System, the UW System Board of Regents approves a new Regent Policy Document titled “Youth Protection, Compliance, and Data Collection.”

SUMMARY

The purpose of this policy is to communicate the Board of Regents' expectation that UW institutions consider the full impact and risk involved in conducting precollege and youth activities and collecting data on minor participants. The proposed policy stems from the recognition that the well-being of minors on campus is of utmost importance to the UW System.

Presenter(s)

- Prenicia Clifton, Director of Youth Protection and Compliance

BACKGROUND

UW System institutions offer hundreds of academic and recreational programs/activities to youth (ages 5-18 years old) and have operated these activities independently of each other. The safety of minors on UW System campuses continues to be a priority and the adoption of this new Regent Policy Document will further define the UW System's commitment to youth protection standards.

Historically, youth protection policies existed at the UW System level in both Risk Management and Human Resources. Adoption of the new Regent Policy Document will establish the first Board policy directing institutions to take a holistic approach to youth protection.
Under the guidance of the Director of Youth Protection and Compliance, UW System has been working with stakeholders to develop UW System Administrative (SYS) Policy 625, *Youth Protection and Compliance*, and best practices to empower institutions with the ability to implement the minimum youth protection standards required for minors on campus whether activities are sponsored by the university, organized by affiliated entities or a third party.

The Risk Management's Minor Protection and Adult Leadership Policy has been integrated into SYS 625 and will be rescinded once SYS 625 is approved by the UW System President.

**Related Policies and Applicable Laws**

- Regent Policy Document 20-19, “University of Wisconsin System Criminal Background Check Policy”
- Chapter UWS 17, Wis. Admin. Code, Nonacademic Student Disciplinary Procedures
- Chapter UWS 18, Wis. Admin. Code, Conduct on University Lands
- Wisconsin Statute Section 48.981(2)(a)
- 2011 Executive Order #54 Relating to Supplemental Mandatory Reporting Requirements of Child Abuse and Neglect
- US Code of Federal Regulations [34 C.F.R. 668.46]

**ATTACHMENT**

A) Regent Policy Document, “Youth Protection, Compliance, and Data Collection” - Proposed Policy
Regent Policy Document, “Youth Protection, Compliance, and Data Collection” – Proposed Policy

Scope

This policy addresses precollege and youth activities involving minors at UW institutions; specifically, youth protection, regulatory compliance, and collection of data pertaining to minors.

Purpose

The purpose of this policy is to communicate the Board of Regents' expectation that UW institutions consider the full impact and risks of hosting minors in higher education settings and the importance of proper data collection. This is to ensure all programs and staff hosting minors on UW campuses comply with minimum safety standards and protocols. This policy recognizes that the well-being of minors on campus is of utmost importance to the UW System.

Policy Statement

It is the policy of the UW System Board of Regents that each UW System institution shall seek to provide a safe environment for minor visitors to campus and campus lands through the establishment of proper safeguards and controls for all precollege and youth activities. To address this, the Board of Regents directs the UW System President to adopt a UW System policy requiring UW institutions to ensure all events, processes around collecting data, and activities that serve minors under the auspices of a UW System institution adhere to minimum standards designed to address the well-being and safety of minors.

Members of the university community shall comply with applicable safety and compliance policies to fulfill their shared responsibility for maintaining a safe campus environment for minors. Chancellors shall monitor and address any emerging youth and precollege risks that may arise within an institution and shall notify the UW System President of significant instances of noncompliance.
Oversight, Roles, and Responsibilities

The UW System President or designee shall formulate operating policies and procedures to implement and administer this policy. Each Chancellor or designee shall be responsible for implementing institutional actions to implement the operating policies and/or procedures.

The UW System Office of Compliance and Integrity will provide support to the Chancellors in performing their responsibilities and assist in coordinating activities under this policy.

Related Regent Policies and Applicable Laws

- Regent Policy Document 20-19, “University of Wisconsin System Criminal Background Check Policy”
- Chapter UWS 17, Wis. Admin. Code, “Nonacademic Student Disciplinary Procedures”
- Chapter UWS 18, Wis. Admin. Code, “Conduct on University Lands”
- Wisconsin Statute Section 48.981(2)(a)
- 2011 Executive Order #54 Relating to Supplemental Mandatory Reporting Requirements of Child Abuse and Neglect
- US Code of Federal Regulations [34 C.F.R. 668.46]
- Children's Online Privacy Protection Rule ("COPPA")

Res. xxxxx, adopted 02/xx/2022, created Regent Policy Document XX-X.
Information Security Update

REQUESTED ACTION

For information and discussion only.

SUMMARY

Board of Regents Audit Committee Chair requested an update on information security, focusing on activities planned for 2022.

Cyberattacks are currently on the rise, both in terms of frequency and severity, and UW System, like many other organizations, is consistently facing persistent threats and responding to these attacks. To reduce cyber risk and improve operational resiliency the UW System is deploying critical, long-term initiatives to improve information security. A brief status report will be provided on the 2022 information security roadmap highlighting the following roadmap elements:

- Continued Leadership Engagements
- Sustained Funding
- IT as a Service, Security Offerings
- Cyber Everywhere
- Outcome Driven Metrics
- System President Transition

Presenter

- Edward Murphy, Associate Vice President (interim) of Information Security
AUDIT REPORT FROM LEGISLATIVE AUDIT BUREAU ON THE JUNE 30, 2021 FINANCIAL STATEMENTS

REQUESTED ACTION

For information and discussion only.

SUMMARY

At the December 9, 2021, meeting of the Business and Finance Committee, UW System finance staff reviewed the draft Annual Financial Report for fiscal year 2021. Subsequent to that meeting on December 20, 2021, the Legislative Audit Bureau (LAB) provided an unqualified (or clean) opinion on the UW System’s FY 2021 Annual Financial Report. Of particular mention:

- No significant changes were made to the FY 2021 Annual Financial Report from the version presented to the Board of Regents on December 9, 2021. Changes largely included formatting adjustments and expanded disclosures related to contributions to the UW System’s other post-employment programs. (Page 64 of final AFR)
- LAB did identify one significant deficiency in its internal control and compliance report.
  - During the FY 20 audit, LAB recommended that UWSA develop systemwide information security policies that align with National Institute of Standards and Technology (NIST) guidance, develop a structure to effectively monitor compliance with these systemwide policies, and work with UW institutions to achieve compliance.
  - LAB found these steps were taken in FY 21 and only recommended that UWSA continue to work with institutions when noncompliance is identified.
  - However, since the policies and monitoring structure were not in place for all of FY21, the significant deficiency is again reported.
- The FY 21 Annual Financial Report has been provided to all Regents and is publicly available on the UW System Administration website.

UWSA thanks LAB for their audit efforts and collaboration with UW System staff. UWSA also thanks the auditing firm of Plante Moran, which provided consultation regarding higher education’s best practices for financial reporting.

Presenter(s)

- Sean P. Nelson, Vice President for Finance, UW System Administration