

**UW System Board of Regents  
Audit Committee**

Overture Room, 2nd Floor  
Gordon Dining & Event Center  
770 W. Dayton Street  
Madison, Wisconsin  
& via Zoom Videoconference  
**December 7, 2023**

**MEETING OF THE AUDIT COMMITTEE**

The meeting of the Audit Committee was called to order at 10:45 a.m. by Committee Chair Regent John Miller.

**A. Calling of the Roll**

Roll call was taken. Regents Miller, Adams, Atwell, Colón, Jones, and Weatherly were present. Regents Staton and Underly were absent.

**B. Declaration of Conflicts**

Regent Miller asked if anyone had a conflict of interest regarding the items on the agenda: none were stated.

**C. Approval of the minutes of the October 5, 2023, meeting of the Audit Committee**

Regent Jones made a motion to approve the minutes of the October 5, 2023, Audit Committee meeting, seconded by Regent Atwell, which were approved unanimously without discussion.

**D. Internal Audit**

**1. Fiscal Year 2024 Audit Plan Progress Report**

Chief Audit Executive Lori Stortz reviewed the status, half-way through the fiscal year on the *Fiscal Year 2024 Audit Plan*. She stated that a number of audits are in the field, and confirmed that her office is making solid progress on the plan and expects to bring more audit reports to the committee at the meeting in February. In addition, Ms. Stortz indicated that her team has completed approximately 10 consulting projects for System this year as well.

**2. Summarized Results of Audits Recently Issued**

Ms. Stortz then provided a high-level summary of the results of audits recently issued by the Office of Internal Audit since the last Audit Committee meeting in October 2023. This included the *Information Technology Asset Management*, the *Madison NCAA Compliance for Fiscal Year 2023*, and the *Nepotism and Conflicts of Interest* audits.

Ms. Stortz reviewed highlights from the *Information Technology (IT) Asset Management Audit* report and noted that it was audited against UW System Administrative Policy 1035, *Information Security: IT Asset Management*, which was written pre-Covid. The report indicated that the growing volume and cost of IT assets is outpacing staff and budget to account for the inventory. Ms. Stortz stated an action plan is needed and a task

force between System and the universities to establish what is reasonable to maintain, especially given the way we do business today, post-Covid. Regent Miller asked if a working group would try to ensure uniform answers to the questions concerning IT asset management, and CAE Stortz called upon Edward Murphy, Assistant Vice President & Chief Information Security Officer, for further clarification. Mr. Murphy replied to Regent Miller's question that yes, a working group will look at gaps between policy and process and address the gaps between.

The next report mentioned was the *Madison NCAA Compliance for Fiscal Year 2023*. Ms. Stortz was happy to say there were no findings during this audit, it was very clean, and UW-Madison was found in compliance. The committee was pleased with this result.

Lastly, Ms. Stortz discussed the *Nepotism and Conflicts of Interest* audit. She began by stating that nepotism is really an issue of ethics, and Wisconsin law has a very narrow definition. During the course of the audit, several best practices were identified at UW universities. CAE Stortz stressed the importance of raising awareness at the universities to cultivate a more proactive approach to managing nepotism. With the implementation of ATP in approximately 18 months, Ms. Stortz said they were working with Human Resources on some interim measures to address this issue. The Regents were very engaged with this item and included Dan Chanen, Associate Vice President and Chief Human Resource Officer at the table, resulting in a good discussion.

#### **E. UW-Green Bay Annual Athletics Report**

Next, Paige Smith, Chief Compliance and Risk Officer, UW Administration, introduced Joshua Moon, Director of UW-Green Bay Athletics, who presented the UW-Green Bay Annual Athletics Report to the committee. Some highlights of the presentation included noting that this marks UW-Green Bay's 42<sup>nd</sup> year of Division 1 athletics, there is no historical operating debt, and they have \$1.8 million in endowment funds for athletic operational support and scholarships. Additionally, Athletic Director Moon shared that UW-Green Bay athletics has a 92% graduation success rate, taking pride in their focus on academic success. Regent Miller thanked him for the presentation on behalf of the committee.

#### **F. Office of Finance**

##### **1. General Ledger Clearing Accounts Update**

Next, the committee heard from Julie Gordon, Senior Associate Vice President for Finance, to present the General Ledger Clearing Accounts Update. Beginning with a brief background recap, she stated in February 2023, of the 1,318 clearing accounts noted in fiscal year 2022, 855 had no activity. Her office asked all UW universities to review the accounts found by the Office of Internal Audit and determine if the accounts were needed. Ms. Gordon said she anticipates a 46% reduction in clearing accounts. The second step in this process was the reconciliation of accounts. She indicated that she would report back to the Audit Committee in February 2024 with an update. The Regents acknowledged the significant work and progress made by management to reduce the number of general ledger clearing accounts.

Respectfully submitted,

Erika L. Laabs  
Recording Secretary