

**UW System Board of Regents
Audit Committee**

UW-Milwaukee
Room 250
UW-Milwaukee Zelazo Center
2419 E. Kenwood Boulevard
Milwaukee, Wisconsin
& via Zoom Videoconference
June 8, 2023

MEETING OF THE AUDIT COMMITTEE

The meeting of the Audit Committee was called to order at 8:45 a.m. by Committee Chair Regent John Miller.

A. Calling of the Roll

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

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 March 30, 2023 meeting of the Audit Committee

Regent Underly made a motion to approve the minutes of the March 30, 2023, Audit Committee meeting, seconded by Regent Jones, which were approved unanimously without discussion.

D. Internal Audit

1. Fiscal Year 2023 Audit Plan Progress Report

Chief Audit Executive, Lori Stortz, reviewed the progress to date on the Fiscal Year 2023 Audit Plan. She confirmed that her office is making solid progress on the plan, with many audits completed and a number of audits currently under way. She expects to bring more reports to the committee when we meet again in July.

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 we last met in March 2023. This included the executive summary for the *IT Bi-monthly Compliance Audit*, an executive summary for the *Purchasing Cards (P-card) Bi-*

Annual Audit, and the *Internal Assessment* of the Office of Internal Audit. She began by discussing the quality control process of her office, as required by the governing body, the *Institute of Internal Auditors (IIA) Standards* (Standards). The outcome of the self-assessment concluded that the Office of Internal Audit “generally conforms” with the Standards. Regent Miller noted the results indicated a full column of good marks, to which Ms. Stortz affirmed her office takes compliance with the Standards seriously and holds themselves accountable.

The next report Ms. Stortz highlighted was the *Information Technology (IT) Bi-monthly Compliance Audit*. This report was prepared to comply with former President Thompson and Board President Petersen’s directive to the chancellors to pay attention to certain aspects of IT security, given the environment under which we were operating. Part of this direction included that every other month the institutions would compile a report to indicate how they are complying with the IT security and provide that to the chancellors, so they can monitor and assess progress. This data gets submitted to the UW System for their analysis. The audit found that process to be solid and had one comment related to the next steps now that we are in a more mature stage of information security management.

Lastly, Ms. Stortz discussed the continuing audit of purchasing card (p-card) transactions and the results were consistent with previous internal audits, which were excellent. P-card functions will be included in the implementation of ATP to make the process more automated across the UW System, but in the meantime her office does this audit due to the inherent risk involved. Regent Miller commented on the good results this audit indicated.

After that, Ms. Stortz presented the proposed *Fiscal Year 2024 Audit Plan* and noted a few changes that were made to the formatting of the plan. Regent Atwell moved to approve Resolution D.3. the *Fiscal Year 2024 Audit Plan*, seconded by Regent Jones, which was approved unanimously by the Audit Committee. Regent Weatherly complemented Ms. Stortz on the changes that were made to the format of the proposed audit plan. Ms. Stortz indicated that they took a more robust approach to developing the plan, after receiving input from the Audit Committee and President Rothman. Regent Miller discussed the Office of Internal Audit doing work for UW System, rather than hiring an outside agency to audit. He approved of this process as a fiscally-responsible action for the UW System. Regent Atwell raised a question regarding the general attitude of the UW System toward internal audits. Ms. Stortz indicated that it is satisfactory and discussed the approach her team is taking to build stronger relationships with the universities following the Covid disruption.

Lastly, Ms. Stortz reaffirmed the independence statement for the Office of Internal Audit. This was presented without further comment from the committee.

Then, Paige Smith, Chief Compliance Officer, presented the proposed *Fiscal Year 2024 Annual Plan* for the Office of Compliance and Risk Management (OCRM). Regent Adams moved to approve Resolution E. the *Fiscal Year 2024 Annual Plan*, seconded by Regent Staton, which the Audit Committee also approved unanimously. Ms. Smith compared the role of the OCRM to that of a foundation of a house and stressed the importance of “tone at the top.” Ms. Smith highlighted key functions of the OCRM, such as to identify, assess, monitor, and report. She stated her office plans to continue trainings to enhance the environmental health and safety of the UW System.

Director of Risk Management, Angela Ryan gave a brief update on cyber security insurance, in response to Regent Jones’ questions. Regent Miller thanked Ms. Smith and Ms. Ryan for all of their great work and stated they have done a superb job of managing all that OCRM covers. Ms. Smith

thanked the team, the President, and the institutional leaders for their support and confirmed she will bring updates on the Risk, Compliance, Audit (RCA) pilot program to the committee in July.

Next, Cathy Rossi, Deputy Director of Athletics, UW-Milwaukee, presented the UW-Milwaukee NCAA Division I Athletics 2022-23 Report, noting that student athletes have a 91 percent graduation success rate. Ms. Rossi outlined the program to support student athletes at UW-Milwaukee (UWM) and shared that for the 45th consecutive semester their student athletes have an overall G.P.A. of 3.0 and above. Ms. Rossi highlighted mental health awareness underway at UWM, including the student organization named the “Green Bandana Project.” This organization formed a beneficial partnership with McDonalds to raise money for mental health initiatives.

Ms. Rossi stated that UWM student athletes not only perform well in the classroom, but also on the field. Their athletic program had a total of 11 top-3 league team finishes in 2022-2023. She discussed philanthropic support and noted that 84 percent of UWM student athletes pay for some or all their tuition. The regents congratulated Ms. Rossi and her department for now having zero operating debt and on the excellent graduation rate of student athletes.

And lastly, we heard from Joely Urdan, Chief Legal Counsel, and Kathryn Amato, Compliance and Ethics Officer from UW-Milwaukee, who gave the host campus presentation titled: “Building a Culture and Community of Compliance at the University of Wisconsin-Milwaukee.” Ms. Urdan noted that UWM has a decentralized compliance structure, dispersed across the university. She too stated that the “tone at the top” beginning with Chancellor Mone supports the guiding values of UWM.

Ms. Amato discussed building compliance, culture, and community. She explained that they have created a compliance plan, reporting templates, topic templates, and a campus compliance calendar to strengthen these efforts at UWM. Regent Jones thanked them for their presentation, stating that the information given was helpful toward better understanding their system. Regent Miller added that it is important to bear in mind that information needs to flow not only top down, but also from the bottom up. Ms. Urdan replied that it is their hope that information is flowing in both directions.

The Regents thanked the participants for their ongoing efforts to support the UW System. The meeting was adjourned at 9:55 a.m.

Respectfully submitted,

Erika Laabs
Recording Secretary