UW System Board of Regents
Audit Committee

University Center, St. Croix Room 321
UW-River Falls
501 Wild Rose Avenue
River Falls, Wisconsin
& via Zoom Videoconference
October 5, 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, Colón, Jones, Staton, Underly, and Weatherly were present. Regent Atwell was 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 July 6, 2023, meeting of the Audit Committee**

Regent Adams made a motion to approve the minutes of the July 6, 2023, Audit Committee meeting, seconded by Regent Jones, which were approved unanimously without discussion.

D.   **Internal Audit**

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

Chief Audit Executive, Lori Stortz, reviewed the progress to date on the Fiscal Year 2024 Audit Plan. She confirmed that her office is making solid progress on the plan and expects to bring a number of audit reports to the committee at the meeting in December.

   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 July 2023. This included the *Bi-Annual Purchasing Card Audit* report for the period of December 24, 2022, through June 23, 2023, the *Office of Internal Audit Annual Report 2023*, and an executive summary for the *ShopUW+ Internal Controls Assessment* audit.

Ms. Stortz discussed highlights from the *Bi-Annual Purchasing Card Audit* report and noted that levels of outstanding credit and the number of active purchasing cards remain very consistent with the prior six-month period. The report indicated that there are still some instances that lacked evidence of approval, and/or lacked approval signatures. Regent Miller aptly stated that if users would follow the *Purchasing Card Manual* (Manual), issues like these would probably end, to which Ms. Stortz agreed. Furthermore, she explained that users must sign off that they will follow the Manual when they are issued purchasing cards. Regent Adams

raised the question of user feedback opportunities, and CAE Stortz called upon Julie Gordon, Senior Associate Vice President for Finance, for further clarification. Ms. Gordon said that the Manual is going through the process to become a policy, and feedback opportunities will be available during this step.

The next report discussed was the *Office of Internal Audit Annual Report 2023.* Ms. Stortz emphasized the steps taken by her office to improve efficiency and focus on risk management. In addition, she was pleased to say that client survey results remain strong, and they continue to ask the staff for feedback via anonymous surveys. Regent Miller discussed the budget-to-actual hours reported and asked if the actual hours are then used in the next year's projection, to which Ms. Stortz affirmed. Regent Miller discussed the Office of Internal Audit's software usage and Ms. Stortz confirmed her team is pleased with Pentana (audit workpaper storage) and IDEA (data mining tool), and both are relatively inexpensive. Regent Miller congratulated Ms. Stortz and her office on the survey results, implementing new initiatives, and working toward strengthening connections with UW clients following the Covid pandemic.

The last report discussed was the executive summary for the *ShopUW+ Internal Controls Assessment* audit. Ms. Stortz stressed the necessity for good separation of duties (SOD). Overall, she was very pleased with the results and felt that there were fixed controls in place, concerning the supplier process. UW-Madison and UW System Administration closely monitor privileged users (those with higher access levels) to ensure authorizations stay current. Regent Weatherly asked if a log of these users is kept at each campus; Ms. Gordon responded that there is, and they will be developing a query that will provide that information as well.

E.   Office of Information Security

1.   Cybersecurity and Prohibiting the Use of Certain Foreign Technologies

Next, the committee heard from Edward Murphy, Associate Vice President & Chief Information Security Officer, and Allison Steil, Director for Federal Relations, who addressed the subject of Cybersecurity and Prohibiting the Use of Certain Foreign Technologies. The committee and Mr. Murphy reviewed the myriad of complexity involved in issues such as banning the social media platform, TikTok, systemwide. Regents further discussed Information Security risks and requested Mr. Murphy and Ms. Steil to keep the committee updated.

2. Update on Information Security Program

And lastly, Mr. Murphy gave an update to the committee on the Information Security Program. This centered on four main areas: security as a service, enterprise security, readiness, and policy. The committee was engaged with the topic and appreciated the approach taken since the audit report was issued last March. Regent Adams asked what would happen if a legitimate email was sent to IT security as a suspected phishing attempt. Mr. Murphy explained that the IT staff would let the user know if the email submitted was safe or spam. If it was safe, the message would be retrieved and would not be lost to the user. The committee discussed phishing awareness tests and the importance of remaining diligent, as spam emails are becoming more and more sophisticated, due in part to the use of artificial intelligence (A.I.). Mr. Murphy was asked to return in the near future and provide an update to the committee.

Respectfully submitted,

Erika L. Laabs
Recording Secretary