

**UW System Board of Regents
Audit Committee**

Varsity Hall II, 2nd Floor
UW-Madison Union South
1308 W. Dayton Street
Madison, Wisconsin
& via Zoom Videoconference
February 8, 2024

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, 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 December 7, 2023, meeting of the Audit Committee

Regent Underly made a motion to approve the minutes of the December 7, 2023, Audit Committee meeting, seconded by Regent Weatherly, 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 on the *Fiscal Year 2024 Audit Plan*, now that we are more than half-way through the fiscal year. She stated that a number of audits are in the field, and confirmed that her office is making excellent progress on the plan and expects to bring several more audit reports to the committee when we meet in April. Due to the impact to our universities caused by the Federal FAFSA delays, her office was asked to defer the audit of third-party servicers, to prevent placing even more strain on the financial aid offices at our universities, who must focus on their core mission to serve the students and process the financial aid packages in a timely manner. Ms. Stortz indicated she and her team agreed and the audit will be deferred until summer. Ms. Stortz added that they have started very preliminary planning for the *Fiscal Year 2025 Audit Plan*, to be presented to the committee in June. She said that if Regents or members of management have any thoughts or ideas concerning the new audit plan, they would be welcomed to share with her.

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 December 2023. This included the *Concussion Protocols*, *the General Ledger Clearing Accounts Follow-Up*, *the National Collegiate Athletic Association (NCAA) Athletics Division I Agreed-Upon Procedures Engagement audits*, *the NCAA Agreed-Upon*

Procedures audit reports for UW-Green Bay and UW-Milwaukee, and lastly the Payroll Bi-Annual Audit – for the April A 2023–September B 2023 Pay Periods. Regent Miller urged the universities to ensure that their concussion protocol documentation is complete, timely, and on file.

Ms. Stortz led off with highlights from the *Concussion Protocols Executive Summary*, indicating they found excellent knowledge and practice for the UW NCAA Divisions I, II, and III athletes around compliance for traumatic brain injury, but need to tighten up our documentation. The auditors recommended that for anyone who is trained on concussion protocols, whether students or staff, a signed document is on file, to evidence it was done; the audit had about a 20% exception rate. Stating that a few reporting errors were made to the NCAA, Ms. Stortz also said five universities missed the reporting deadline slightly. She went on to say that the other area they looked at during this audit was Recreational Sports concussion protocols. The auditors shared best practices with the universities and encouraged attention to detail because this is such a high-risk area, additionally Ms. Stortz cautioned all sports, including intramural, have reputational risk to consider. Regent Miller voiced his concern and remarked it was alarming that only one university was able to provide all signed documentation asked for during this audit, meaning the remaining 12 were not in compliance. Furthermore, without signed documentation on file, from a legal standpoint Regent Miller stated that if a problem should occur, the UW would be liable, and stressed that universities make sure to meet deadlines and that paperwork is accurate.

The next audit discussed was *General Ledger Clearing Accounts Follow-Up*. Ms. Stortz was happy to say the attention paid by management has been fierce on this item and felt the audit had excellent results. Senior Associate Vice President for Finance, Julie Gordon and the controllers across the UWS have made good progress. To date, 12 out of 13 universities have addressed the open items, which are now closed, and the 13th has an active plan to do so as well. Ms. Stortz felt that more engagement between the universities and the System finance team around clearing accounts will pay dividends in the near future when the process is moved to ATP, and added that there has been a significant reduction in the number of clearing accounts and she expects that will continue. Regent Miller said the committee was pleased with the results of this audit and asked about the remaining 505 clearing accounts with no revenue or expenses. Ms. Gordon was called to respond and attested that they did what they could immediately, and she expects the number to continue to decline, especially with the implementation of Workday.

Ms. Stortz moved on to the *NCAA Athletics Division I Agreed-Upon Procedures (AUP) Engagement*, and began by explaining that the NCAA AUP requires very detailed financial reports that go to the chancellors annually, and in general the work during this audit went well with no material concerns or exceptions. Regarding the *NCAA Agreed-Upon Procedures report for UW-Green Bay*, Regent Miller commented that he was a little concerned by reading there were quite a few adjustments and reclassifications, and some variances between the budget and actual were quite large, so whatever was budgeted compared with what was spent was significantly underrepresented in the budget - creating an overage which led to their deficit (up to 25-50% wrong). Ms. Stortz called upon Josh Moon, Athletic Director for UW-Green Bay, to respond. Director Moon attributed the numbers being affected by HEERF (Higher Education Emergency Relief Fund grants for institutions of higher education affected by Covid-19), received in one fiscal year. He went on to explain it would then be spread out over the next three years as they transition out of Covid. Mr. Moon stated that most of the reclassifications were just tightening the controls to ensure they were in the correct location for subsequent reporting. Ms. Stortz added that UW-Green Bay management had already committed to a plan, and her office will follow up.

Lastly, Ms. Stortz discussed the *Payroll Bi-Annual Audit – for the April A 2023–September B 2023 Pay Periods*. She indicated the results were very similar to those from prior years: coding errors and lack of training. The auditors discussed with the university and UW-Shared Services, it has already been addressed and expect it will improve with ATP. Regent Miller said some of these issues appear frequently, but are small dollar amounts, Ms. Stortz agreed and noted that the information you get out of a system is only as good as what is put in, so it is important to be accurate.

E. Office of Compliance and Risk Management

1. Update on the Universities of Wisconsin Risk, Compliance and Audit (RCA) Program

Next, the committee heard from Paige Smith, Chief Compliance and Risk Officer, UW, who began by introducing new Risk Management Director, Joseph Rayzor. Beginning with a brief background, Ms. Smith then presented an update on the Universities of Wisconsin Risk, Compliance and Audit (RCA) Program to the committee. The next step will be for the Office of Compliance and Risk Management (OCRM) to collect results from the universities and facilitate a systemwide risk-assessment discussion with the UWSA Risk and Compliance Council and the final findings will be presented to President Rothman and the Audit Committee in June or July. She stated the next phase for year two will begin the “C” portion of RCA, the Compliance Office will work closely with to work with the campuses who have conducted the risk assessments, to evaluate and monitor whether existing controls are working or if there are new opportunities to mitigate those risks at a high level. Ms. Smith continued by stating they will work with the remaining universities, to initiate their pilot of the program, except for UW-Madison, who is commencing their own ERM initiative program. Following this, she indicated the OCRM would collaborate with the Office of Internal Audit on what topics may be timely for future audits. Ms. Smith thanked the participating chancellors and their teams and her team for their work. Regent Miller thanked her for piloting this program and the work that has been done.

2. Update on Youth Protection and System Policy 625 Compliance

Ms. Smith followed by giving an update on Youth Protection and System Policy 625 Compliance. She has met with every university compliance officer and/or pre-college liaison to assess the status of their implementation of the policy and all have made great progress and managing the requirements well. Noting a few isolated issues, Ms. Smith added this was not due to a lack commitment, but a lack of resources, staffing, and turnover. Ms. Smith was very pleased to report a true collaboration effort across the UW System forming, including working with UW-Shared Services to identify and secure three software systems for compliance with System Policy 625. She and the committee acknowledged former Director of Youth Protection and Compliance, Prenicia Clifton, for her positive contributions to the office. The committee was very engaged with this item and further discussed background checks, reference checks, and the volunteer tracking system.

F. Office of Information Security

1. Cyber Insurance Policy Renewal Update

Associate Vice President and Chief Information Security Officer, Edward Murphy, gave an update on the Cyber Insurance Policy Renewal, (term runs until 12/30/2024), and saved the UW \$285,000 from last year. Regent Miller took a moment to thank Mr. Murphy and stated what he accomplished was remarkable. The committee commended Mr. Murphy, and his team for the work done to increase coverage and reduce costs. Mr. Murphy responded by saying that the credit is shared with the campuses who have been supportive.

G. UW-Madison Annual Athletics Report

Lastly, Chris McIntosh, Director of Athletics, presented the UW-Madison Annual Athletics Report, joined by a number of his UW-Madison colleagues. This included, Marcus Sedberry, Deputy Athletic Director; Adam Barnes, Senior Associate Athletic Director for Business Operations/CFO; Katie Ahrens Smith, Senior Assoc. Athletic Director & Senior Woman Admin.; Doug Tiedt, Senior Associate Athletic Director for Student Services. Mr. McIntosh told the committee that mental health has been made a top priority of their athletics program, and affirmed that mental health screening was done for all 23 athletic teams. He highlighted some of the steps they are taking to reduce the stigmatism around mental health and work towards suicide prevention. The Regents congratulated them on the strong performance of their athletics program, both financially and

academically. Regent Underly stated that this performance is even more impressive when taking into consideration that these student-athletes have been dealing with Covid during their college years too. There was some discussion on job placement rates for student athletes and Mr. McIntosh attested that the Athletics Program is a resource for all student athletes. Regents Miller and Adams thanked him and his team for the presentation.

Respectfully submitted,

Erika L. Laabs
Recording Secretary