BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

Audit Committee
Thursday, April 4, 2024
10:45 a.m. – 12:00 p.m.

A. Calling of the Roll

B. Declaration of Conflicts

C. Approval of the Minutes of the February 8, 2024, Audit Committee meeting

D. Internal Audit
   1. Fiscal Year 2024 Audit Plan Progress Report
   2. Summarized Results of Audits Recently Issued
   3. Overview of the Institute of Internal Auditors new Global Internal Audit Standards
FISCAL YEAR 2024 AUDIT PLAN PROGRESS REPORT

REQUESTED ACTION

For information and discussion.

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 2024 Audit Plan.

Presenter(s)

- Lori Stortz, Chief Audit Executive

ATTACHMENTS

A) Universities of Wisconsin Office of Internal Audit Fiscal Year 2024 Audit Plan Progress Chart.
## Audit Plan Progress

<table>
<thead>
<tr>
<th>Number</th>
<th>Title</th>
<th>Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Payroll (Bi-Annual Auditing)</td>
<td>Fraud, Data Accuracy, Compliance with Policy</td>
</tr>
<tr>
<td>2</td>
<td>Purchasing Cards (Bi-Annual Auditing)</td>
<td>Fraud, Embezzlement, Compliance with Policy</td>
</tr>
<tr>
<td>3</td>
<td>Information Technology Asset Management</td>
<td>Compliance with Policy, Data Security, Data Availability, Operational, Financial, Fraud</td>
</tr>
<tr>
<td>4</td>
<td>Nepotism and Conflicts of Interest</td>
<td>Conflicts of Interest, Fraud, Financial</td>
</tr>
<tr>
<td>5</td>
<td>ShopUW+ Internal Controls</td>
<td>Fraud, Financial, Operational</td>
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<tr>
<td>6</td>
<td>ATP</td>
<td>Operational, Financial</td>
</tr>
<tr>
<td>7</td>
<td>Concussion Protocols</td>
<td>Human safety, Compliance</td>
</tr>
<tr>
<td>8</td>
<td>Employee References Regarding Sexual Violence and Harassment</td>
<td>Compliance, Reputational</td>
</tr>
<tr>
<td>9</td>
<td>General Ledger Clearing Accounts Follow-Up</td>
<td>Financial, Fraud</td>
</tr>
<tr>
<td>10</td>
<td>Internal Assessment</td>
<td>Conformance with Institute of Internal Audit (IIA) Standards and Code of Ethics</td>
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<tr>
<td>11</td>
<td>ShopUW+ Internal Controls - Phase 2</td>
<td>Fraud, Financial, Operational</td>
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<tr>
<td>12</td>
<td>Student Safety - Emergency Preparedness</td>
<td>Human safety, Operational, Reputational</td>
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<tr>
<td>13</td>
<td>Third-Party Servicers</td>
<td>Compliance with federal guidance</td>
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<tr>
<td>14</td>
<td>UWSA Policy 616 Student Drivers under State’s Liability Protection</td>
<td>Human safety, Operational, Reputational, Compliance</td>
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<td>15</td>
<td>Grade Changes</td>
<td>Academic integrity, Compliance, Fraud</td>
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<tr>
<td>16</td>
<td>Other Affiliated Organizations</td>
<td>Financial, Operational, Reputational</td>
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<tr>
<td>17</td>
<td>Payment Card Industry Compliance - Representations from Universities to System</td>
<td>Compliance, IT data security</td>
</tr>
<tr>
<td>18</td>
<td>Regent Policy Document 13-1 (RPD 13-1), General Contract Approval, Signature Authority, and Reporting</td>
<td>Legal, Compliance</td>
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<tr>
<td>19</td>
<td>Madison NCAA</td>
<td>Compliance</td>
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<tr>
<td>20</td>
<td>NCAA Athletics Division I and II Consulting Engagements</td>
<td>Compliance with NCAA agreed-upon procedures</td>
</tr>
<tr>
<td>21</td>
<td>Wisconsin Economic Development Corporation (WEDC) Grants</td>
<td>Grant compliance, Fraud</td>
</tr>
</tbody>
</table>

### Audit Number Progress
- **Not Started**: 16
- **Planning Has Begun**: 6
- **Fieldwork/Reporting in Progress**: 4
- **Bi-Annual Auditing**: 3
- **Completed/Canceled**: 2
- **Deferred**: 1
SUMMARIZED RESULTS OF AUDITS RECENTLY ISSUED

REQUESTED ACTION

For information and discussion.

SUMMARY

Since the February 8, 2024 meeting of the Audit Committee, the Office of Internal Audit has issued the following reports:

- Other Affiliated Organizations Executive Summary
- Purchasing Card Bi-Annual Audit Report – 6.24.23 – 1.5.24

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.
OVERVIEW OF THE INSTITUTE OF INTERNAL AUDITORS NEW GLOBAL INTERNAL AUDIT STANDARDS

REQUESTED ACTION

For information and discussion.

SUMMARY

This presentation will provide an overview of the Institute of Internal Auditors’ (IIA's) new Global Internal Audit Standards™ (Standards), in particular the enhanced role of the board in the new Standards. Overall, there are some new terms like Purpose of Internal Auditing, internal audit (IA) mandate, and essential conditions. While the chief audit executive (CAE) is responsible for the requirements related to governing the IA function, activities of the board and senior management are essential to the IA function's ability to fulfill the Purpose of Internal Auditing.

Presenter

- Lori Stortz, Chief Audit Executive

BACKGROUND

The Standards begin with the Purpose of Internal Auditing, which articulates the value of internal auditing to stakeholders:

- “Internal auditing strengthens the organization’s ability to create, protect, and sustain value by providing the board and management with independent, risk-based, and objective assurance, advice, insight, and foresight.”

- “Internal auditing enhances the organization’s:
  o Successful achievement of its objectives.
  o Governance, risk management, and control processes.
  o Decision-making and oversight.
  o Reputation and credibility with its stakeholders.
  o Ability to serve the public interest.”
Governing the IA Function

The new Standards consist of five domains, and Domain III is on governing the IA function. The three principles in this domain note the IA function is authorized by the board, positioned independently, and overseen by the board. The new Standards indicate:

- “While the CAE is responsible for the requirements in this domain, activities of the board and senior management are essential to the IA function’s ability to fulfill the Purpose of Internal Auditing. These activities are identified as ‘essential conditions’ in each standard and establish a necessary foundation for an effective dialogue between the board, senior management, and the CAE, ultimately enabling an effective IA function.”

- Some new essential conditions noted for the board in Domain III include:
  - “Champion the IA function to enable it to fulfill the Purpose of Internal Auditing and pursue its strategy and objectives.”
  - “Review the requirements necessary for the CAE to manage the IA function, as described in Domain IV: Managing the IA Function.”
  - “Approve the CAE’s roles and responsibilities and identify the necessary qualifications, experience, and competencies to carry out these roles and responsibilities.”
  - “Engage with senior management to appoint a CAE with the qualifications and competencies necessary to manage the IA function effectively and ensure the quality performance of IA services.”

Related Policies

- Audit Committee Charter