

9/17/2024

## BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

### **Audit Committee**

Thursday, September 26, 2024  
8:45 a.m. – 10:00 a.m.

Ballroom A & B (Rooms 116/118)  
UW Parkside Student Center  
930 Wood Rd  
Kenosha, Wisconsin  
& via Zoom Videoconference

- A. Calling of the Roll
- B. Declaration of Conflicts
- C. Approval of the Minutes of the August 22, 2024 Audit Committee Meeting
- D. Internal Audit
  - 1. Fiscal Year 2025 Audit Plan Progress Report
  - 2. Summarized Results of Audits Recently Issued
  - 3. Summary Report of Integrity Hotline Activity
  - 4. Progress on Closing Audit Comments
  - 5. Chief Audit Executive Report
    - i. Global Internal Audit Standards
    - ii. K10 Audit Software
- E. Office of Compliance and Risk Management
  - 1. Office of Compliance and Risk Management Fiscal Year 2025 Annual Plan Status Report

## **FISCAL YEAR 2025 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 2025 Audit Plan.

### **Presenter(s)**

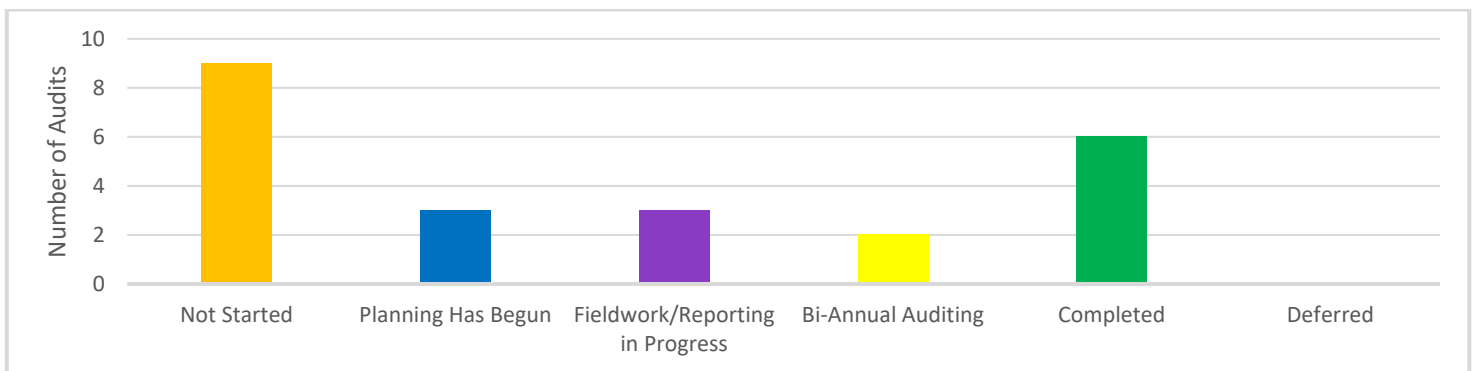
- Lori Stortz, Chief Audit Executive

### **ATTACHMENTS**

- A) Universities of Wisconsin Office of Internal Audit Fiscal Year 2025 Audit Plan Progress Chart.

**UNIVERSITIES OF WISCONSIN  
OFFICE OF INTERNAL AUDIT  
FISCAL YEAR 2025  
AUDIT PLAN PROGRESS**

	<b>Title</b>	<b>Risks</b>
1	Payroll (Bi-Annual Auditing)	Fraud, Data Accuracy, Compliance with Policy
2	Purchasing Cards (Bi-Annual Auditing)	Fraud, Embezzlement, Compliance with Policy
3	\$31.89M Funding in Biennium for Workforce Devel. 4 High-Demand Areas	Reputational, Compliance
4	ATP	Operational, Financial
5	Auxiliary Unit - Housing	Financial, Operational
6	Commitments Made by System to WI Legis. per BOR Resol. Dec. 13, 2023	Reputational, Compliance
7	Employee References Regarding Sexual Violence and Harassment	Compliance, Reputational
8	External Assessment (Self-Assessment with Independent Validation)	Conformance with IIA Standards
9	Grade Changes	Academic integrity, Compliance, Fraud
10	Information Technology (IT) Distributed Units	Data Security
11	Information Technology (IT) Privacy Policy – UWSA 1040	Data Security
12	Internal Assessment – FY 2025	Conformance with Institute of Internal Audit (IIA) Standards and Code of Ethics
13	Madison NCAA	Compliance
14	NCAA Athletics Division I and II AUP Engagements	Compliance with NCAA Agreed-Upon Procedures
15	Office of Educational Opportunity (OEO)	Compliance
16	Planning Key Control Validation for Workday Go-Live	Reputational, Operational, Fraud
17	Records Retention	Legal, Compliance
18	Student Safety - Emergency Preparedness	Human safety, Operational, Reputational
19	Third-Party Servicers	Compliance with federal guidance
20	UWSA Policy 616 Student Drivers under State’s Liability Protection	Human safety, Operational, Reputational, Compliance
21	Wisconsin Economic Development Corporation (WEDC) Grants	Grant Compliance, Fraud
22	Wisconsin Intercollegiate Athletic Conference (WIAC) Grant Program	Grant Compliance
23	Youth Protection and Compliance	Reputational, Compliance, Human Safety



## **SUMMARIZED RESULTS OF AUDITS RECENTLY ISSUED**

### **REQUESTED ACTION**

For information and discussion.

### **SUMMARY**

Since the August 22, 2024 meeting of the Audit Committee, the Office of Internal Audit has issued the following reports:

- Employee References Regarding Sexual Violence and Harassment
- External Assessment (Self-Assessment with Independent Validation)
- Grade Changes
- Third-Party Servicers
- UWSA Policy 616 Student Drivers Under State's Liability Protection

### **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.

## **SUMMARY REPORT OF INTEGRITY HOTLINE ACTIVITY**

### **REQUESTED ACTION**

For information and discussion only.

### **SUMMARY**

For the period of July 1, 2023 through August 31, 2024, 117 incidents were reported.

The dissemination, analysis, investigation, and resolution of the incidents reported to the hotline continues to go well. As of August 31, 2024, 96 of the incidents had been closed. Seventy-four of the incidents did not require an investigation or the Office of Internal Audit concurred with management that no corrective action was necessary. Nineteen of the incidents resulted in corrective action being taken.

The Office of Internal Audit has received reports of incidents in each of the risk categories, with most classified as student relations. Incidents were open an average of 57 days.

### **Presenter(s)**

- Lori Stortz, Chief Audit Executive

### **BACKGROUND**

The UW System Integrity Hotline went live on May 15, 2015. The Audit Committee requested periodic updates to ensure reports are being addressed in a timely manner.

The hotline was rebranded and a new communication strategy was launched in the summer of 2021. The strategy was designed by UW System Office of Public Affairs & Communications who then provided templates of communication materials to the institutions. The institutions were asked to promote the hotline in the manner most appropriate for their stakeholders.

## **PROGRESS ON CLOSING AUDIT COMMENTS**

### **REQUESTED ACTION**

For information and discussion only.

### **SUMMARY**

One of the responsibilities of the Office of Internal Audit as outlined in the charter is to establish a follow-up process to monitor and identify whether corrective actions have been effectively implemented, or whether senior management has accepted the risk of not addressing our comment. The Audit Committee has requested regular progress reports on this monitoring.

### **Presenter(s)**

- Lori Stortz, Chief Audit Executive

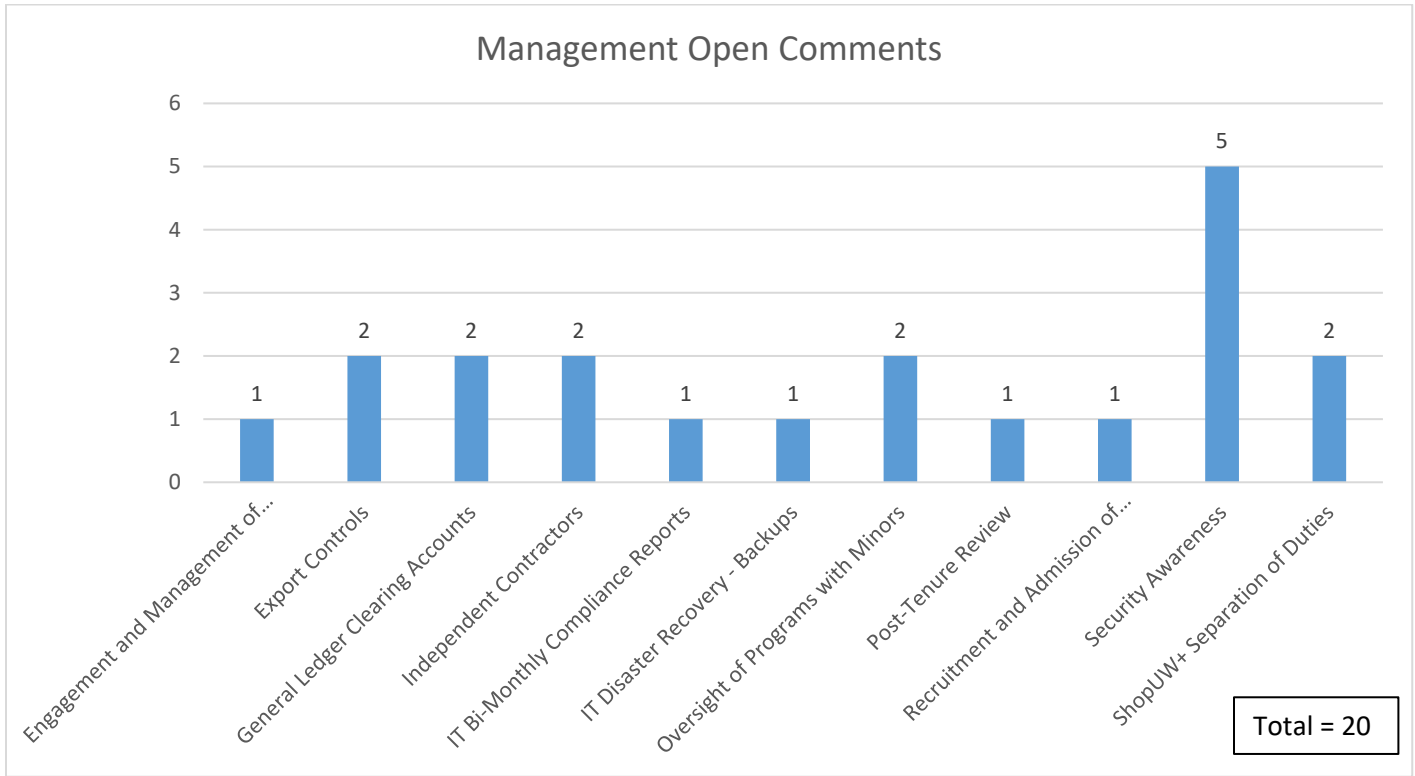
### **BACKGROUND**

The following charts present audits issued during fiscal year 2020 through August 2024 and the progress management has made toward resolving the comments and recommendations included in the audit reports. Management's corrective action plans were audited by the Office of Internal Audit to determine if they were implemented.

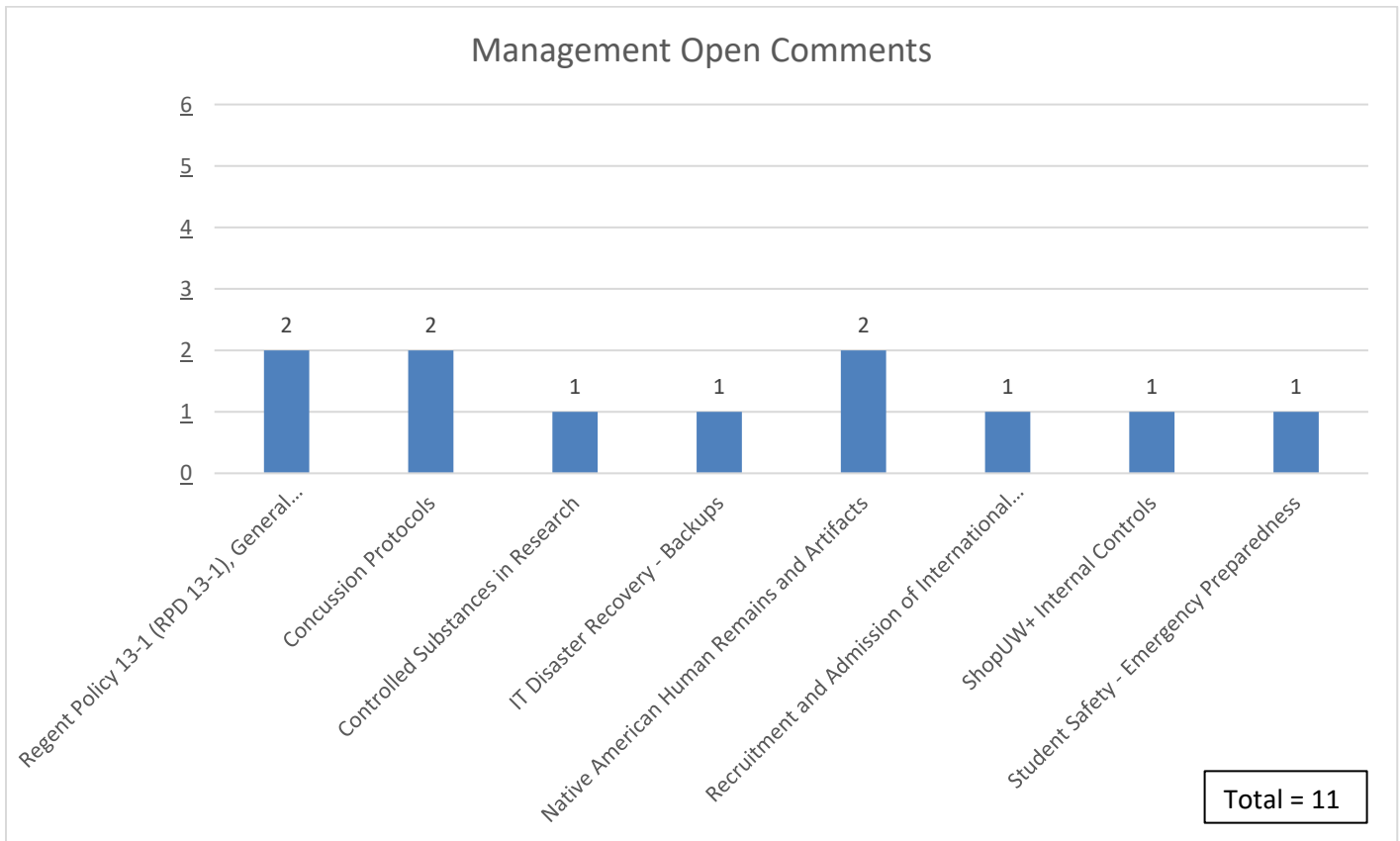
### **ATTACHMENTS**

- A) Universities of Wisconsin Office of Internal Audit Follow-Up Presentation.

**Prior Reporting Period**

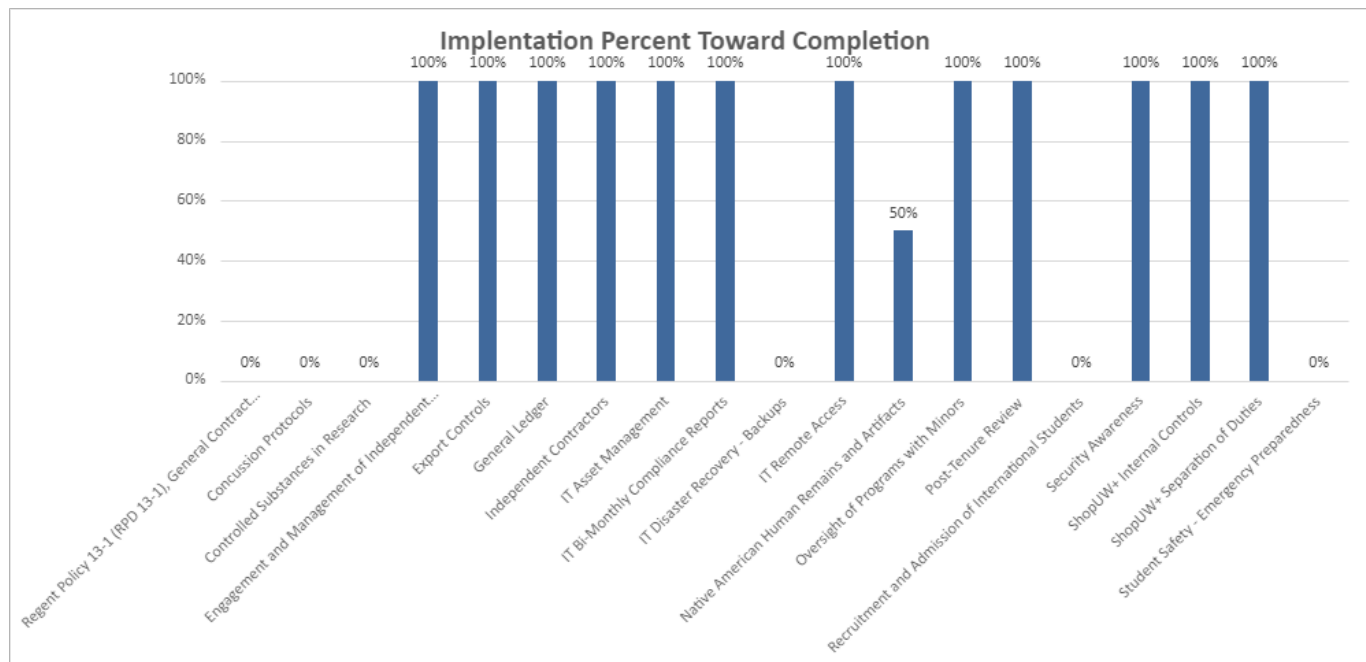


**Current Reporting Periods**



### Roll-forward from Prior Reporting Period to Current Reporting Period

Audit	Previously Reported Open Comments	Comments Issued	Comments Closed	Current Open Comments
Regent Policy 13-1 (RPD 13-1), General Contract Approval, Signature Authority, and Reporting	0	2	0	2
Concussion Protocols	0	2	0	2
Controlled Substances in Research	0	1	0	1
Engagement and Management of Independent Contractors	1	0	1	0
Export Controls	2	0	2	0
General Ledger	2	0	2	0
Independent Contractors	2	0	2	0
IT Asset Management	0	1	1	0
IT Bi-Monthly Compliance Reports	1	0	1	0
IT Disaster Recovery - Backups	1	0	0	1
IT Remote Access	0	1	1	0
Native American Human Remains and Artifacts	0	4	2	2
Oversight of Programs with Minors	2	0	2	0
Post-Tenure Review	1	0	1	0
Recruitment and Admission of International Students	1	0	0	1
Security Awareness	5	0	5	0
ShopUW+ Internal Controls	0	3	2	1
ShopUW+ Separation of Duties	2	0	2	0
Student Safety - Emergency Preparedness	0	1	0	1
<b>Total</b>	<b>20</b>	<b>15</b>	<b>24</b>	<b>11</b>



The charts and graphs shown above do not necessarily represent all outstanding audit comments due to timing issues.



**OFFICE OF COMPLIANCE AND RISK MANAGEMENT  
FISCAL YEAR 2025 ANNUAL PLAN STATUS REPORT**

**REQUESTED ACTION**

For information and discussion.

**SUMMARY**

The Universities of Wisconsin Office of Compliance and Risk Management (OCRM) will provide a status report on OCRM's progress under its Fiscal Year 2025 annual goals and areas of focus. The attached document provides a written summary of this information.

**Presenter(s)**

- Paige Smith, Chief Compliance and Risk Officer
- Joseph Rayzor, Director of Risk Management

**Attachment**

- A) OCRM FY25 Annual Plan Progress Report



## Attachment A

### OCRM FY25 Annual Plan Progress Report

Board of Regents Audit Committee Meeting – September 2024

#### Core Values

OCRM is committed to living out its core values in its daily operations, duties, and responsibilities. The following core values are reflected in OCRM’s duties and functions for the benefit of those it serves.

Core Values	
Purpose-Driven	<b>Service:</b> An essential aspect of the UW System and the universities that comprise it is to serve the State of Wisconsin and the public good.
People-Focused	<p><b>Collaboration and teamwork:</b> We appreciate and understand that our best work is done working together in teams in a collaborative and supportive environment.</p> <p><b>Diversity:</b> We are committed to diversity, equity, inclusion, and belonging. These principles are key to our long-term success.</p> <p><b>Mutual respect and trust:</b> We support an environment of civility, trust, collegiality, open and honest communication, and mutual respect by building a sense of community and caring among faculty, staff, students, and community partners.</p>
Commitment to Stewardship	<p><b>Accountability:</b> We are committed to live our core values and deliver excellence every day. As a premier public university system, we are committed to providing an excellent educational experience for our students while ensuring accessibility, affordability, and cost-effectiveness.</p> <p><b>Integrity:</b> We adhere to high standards of ethics and professionalism and safeguard the reputation of our universities and the UW System.</p> <p><b>Innovation:</b> We understand the importance of adapting to changing conditions in the world by being open to new ideas and continuously seeking solutions to challenges.</p> <p><b>Sustainability:</b> We take the long-term view to ensure we are structured and supported to serve the people of Wisconsin for generations to come. We will leave the UW System better than we found it.</p>

## Strategic Goals and Objectives

In advancement of the UW's 2023-2028 Strategic Plan, OCRM has set the following goals for Fiscal Year 2025.

Strategic Plan	Values	Goal	Status
S3.1	<ul style="list-style-type: none"> <li>• Service</li> <li>• Accountability</li> <li>• Integrity</li> </ul>	Provide <b>investigatory services</b> to UW in cases involving Title IX and EEO allegations of misconduct that may impact advancing an inclusive workplace and retaining high-quality staff.	Ongoing
S3.1	<ul style="list-style-type: none"> <li>• Innovation</li> <li>• Service</li> </ul>	Enhance the knowledge and understanding of <b>ethical duties and obligations</b> among all UW employees through new and innovative training programs and resources.	In Progress
S3.1	<ul style="list-style-type: none"> <li>• Service</li> <li>• Innovation</li> <li>• Sustainability</li> </ul>	Work with university partners to create a <b>virtual on-demand hazardous waste training program</b> (currently training is only available once a year). Update the current hazardous waste website to ensure that it reflects current processes, is easier to navigate, and incorporates feedback from university partners.	In Progress
S3.1	<ul style="list-style-type: none"> <li>• Service</li> <li>• Accountability</li> <li>• Integrity</li> <li>• Collaboration and teamwork</li> </ul>	Develop UWSA support to assist Universities in fulfilling their <b>emergency preparedness</b> efforts. Utilize UW-Madison's Emergency Management Office to create systemwide training, exercises and activities for planning, awareness and understanding of health and safety risks posed to our campus community. Conduct a systemwide virtual tabletop exercise on a student-related threat scenario.	Initiated
S4.4	<ul style="list-style-type: none"> <li>• Collaboration and teamwork</li> </ul>	Serve on the <b>WICCD Steering Committee</b> to provide guidance and support from a system-level compliance and risk perspective to ensure the goals and objectives of WICCD are aligned with the UW's policies and practices.	Ongoing
S5.2	<ul style="list-style-type: none"> <li>• Innovation</li> <li>• Accountability</li> <li>• Integrity</li> </ul>	<b>Reimagine the use and function of the UWSA Compliance Matrix</b> to ensure that all compliance obligations across the UWSA and universities are known, fulfilled, and tracked in real time. Secure a new software system to increase the capacity of the existing Matrix using real-time data tracking, individualized report management, automated reminders, filing system, localized dashboards, and report generation for more timely and accurate compliance monitoring.	Initiated
S5.2	<ul style="list-style-type: none"> <li>• Accountability</li> <li>• Innovation</li> </ul>	Analyze the rates, terms, and coverage for the UW Administration's <b>major insurance programs and purchases</b> , ensuring that the program is competitively priced and provides adequate coverage given current market conditions.	In Progress

Strategic Plan	Values	Goal	Status
S5.2	<ul style="list-style-type: none"> <li>• Service</li> <li>• Innovation</li> <li>• Sustainability</li> <li>• Collaboration and teamwork</li> </ul>	Continue the <b>Risk Compliance and Audit (RCA) pilot program</b> by completing additional risk assessments at the university levels using a strategic and collaborative process to maximize engagement and data collection while minimizing the complexity and length of process. Initiate Year 2 of the program by taking risk assessment results and identifying areas of opportunity and improvement in controls or treatments to mitigate and reduce risks.	Year 1 Treatment Plan Complete  Year 2 Risk Assessment Work Started
S5.2	<ul style="list-style-type: none"> <li>• Innovation</li> <li>• Accountability</li> <li>• Integrity</li> </ul>	Create a <b>compliance assessment and monitoring process</b> for improved accountability, communications, efforts, and results related to fulfillment of compliance obligations. Use information obtained from the UWSA Compliance Matrix, RCA results, audit findings, and general input from universities. Develop resources, charts, and other materials for the compliance monitoring process. Identify and share best practices for fulfilling compliance obligations and risk management efforts across the UW.	In Progress
S5.2	<ul style="list-style-type: none"> <li>• Accountability</li> <li>• Innovation</li> </ul>	Develop and implement a new <b>UWSA Records Management Policy</b> to ensure that all records are collected, maintained, and disposed of in accordance with applicable policies and state law requirements.	Final Stages
S5.2	<ul style="list-style-type: none"> <li>• Service</li> <li>• Innovation</li> </ul>	Provide compliance support in reviewing and updating <b>processes and protocols</b> for academic labs and activities that collect, use and store <b>donated cadavers and body parts.</b>	Completed
S5.2	<ul style="list-style-type: none"> <li>• Innovation</li> <li>• Collaboration and teamwork</li> </ul>	Co-lead a <b>research security and compliance systemwide workgroup</b> to develop and implement new compliance-related programs, trainings, and guidance on non-financial compliance-related research activities at the comprehensive level.	In Progress
S5.2	<ul style="list-style-type: none"> <li>• Innovation</li> <li>• Collaboration and teamwork</li> <li>• Service</li> </ul>	In collaboration with UWSA Office of Student Affairs, Chief Information Technology, and Office of General Counsel, develop a UWSA-level compliance framework and support structure for ensuring that the UW is fulfilling the <b>digital accessibility standards</b> and Title II regulations for its internet and public-facing web communications.	In Progress

Strategic Plan	Values	Goal	Status
S5.2	<ul style="list-style-type: none"> <li>• Collaboration and teamwork</li> <li>• Accountability</li> <li>• Integrity</li> </ul>	Co-lead the UWSA effort to <b>implement the new Title IX regulations</b> , including providing expertise in revising applicable administrative codes, policies, and procedures. OCI will develop and offer training programs and communications to UWSA and universities to understand and fulfill the changes required by federal law.	In Progress
S5.2	<ul style="list-style-type: none"> <li>• Innovation</li> <li>• Service</li> </ul>	Develop an <b>internal online Title IX training program</b> for UWSA employees and students (due to discontinued use of outside vendor).	Completed
S5.2	<ul style="list-style-type: none"> <li>• Innovation</li> <li>• Service</li> </ul>	Partner with Grand River Solutions to <b>reimagine sexual discrimination online training</b> for students. Serve as resident experts on student experiences and perspectives.	In Progress
S7.4	<ul style="list-style-type: none"> <li>• Innovation</li> <li>• Collaboration and teamwork</li> </ul>	Develop an <b>annual risk control recognition award</b> to recognize the university who initiates the most significant and measurable risk reduction plan while preserving opportunities for innovation.	In Progress

## Referenced Sections of the Strategic Plan

Strategy	Description
S3.1	Advance an inclusive and engaging workplace
S4.4	Work with the universities to identify priority areas for strengthening or clarifying policies on cultivating critical thinking, civil discourse, freedom of expression, and academic freedom on all campuses and for all communities
S5.2	Implement shared services in a cost-effective manner that preserves benefits for our universities
S7.4	Encourage a culture that recognizes that failure is a necessary by-product of an innovative process