

**UW System Board of Regents
Audit Committee**

Ballroom A & B (Rooms 116/118)
UW-Parkside Student Center
930 Wood Rd.
Kenosha, Wisconsin
& via Zoom Videoconference
September 26, 2024

MEETING OF THE AUDIT COMMITTEE

The meeting of the Audit Committee was called to order at 8:45 a.m. by Regent Angela Adams.

A. Calling of the Roll

Roll call was taken. Regents Adams, Adongo, Goitom, Salzwedel, and Traynor were present. Absent were Regents Brenkus, Colón, and Underly.

B. Declaration of Conflicts

Regent Adams asked if anyone had a conflict of interest regarding the items on the agenda: none were stated.

C. Approval of the minutes of the August 22, 2024 meeting of the Audit Committee

Regent Adams made a motion to approve the minutes of the August 22, 2024 Audit Committee meeting, which were approved unanimously without discussion.

D. Internal Audit

1. Fiscal Year 2025 Audit Plan Progress Report

Chief Audit Executive Lori Stortz reviewed the progress to date on the *Fiscal Year 2025 Audit Plan*. She affirmed that her office is making solid progress on the *Fiscal Year 2025 Audit Plan*. She expects to bring more audit reports to the committee in December.

2. Summarized Results of Audits Recently Issued

Ms. Stortz then provided a high-level summary of the results of reports recently issued by the Office of Internal Audit since the last meeting in August 2024. This included the *Employee References Regarding Sexual Violence and Harassment*, *External Assessment (Self-Assessment with Independent Validation)*, *Grade Changes*, *Third-Party Servicers*, and the *UWSA Policy 616 Student Drivers Under State's Liability Protection* audits..

They discussed the *Employee References Regarding Sexual Violence and Harassment* audit first, in which Ms. Stortz reported that the results were mixed. The audit found that UW-Madison had no exceptions due to having an established mature process in place, however, the rest of the universities did have exceptions. Internal Audit noted a lack of systems in place, and once the program Skill Survey replaces HRS, they will have consistent, monitored, and documented processes.

Afterward, the *External Assessment* was discussed. Per the Charter of the Audit Committee, the CAE is responsible for ensuring internal auditors comply with the *Institute of Internal Auditors'* (IIA) International Standards for the Professional Practice of Internal Auditing. Ms. Stortz was pleased to report that the external assessment concluded that the Office of Internal Audit were "Generally Conforming" with the IIA Standards (the highest level that can be obtained). Regent Adams felt the process was very credible and had a high level of integrity. She thanked CAE Stortz for undertaking this assessment with her team.

The *Grade Changes* audit was discussed next in brief. Chief Audit Executive Stortz stated there were no exceptions or material findings. She explained that in general, grade changes are the purview of the departments, but over the course of this audit, the internal auditors discovered some are imbedded in the department bylaws. The Office of Internal Audit recommended making the process more transparent for students.

This was followed by a summary of the *Third-Party Servicers* audit. Ms. Stortz stated the audit indicated there was not consistent compliance with reporting third-party servicers within 10 days across the universities. The Office of Internal Audit suggested training with Chief Compliance and Risk Officer, Paige Smith. In addition, training with the Office of Procurement and rather than having multiple separate contracts – this presents an opportunity to use Strategic Sourcing to consolidate the contracts and monitor compliance with the Department of Education.

The last audit report mentioned was *UWSA Policy 616 Student Drivers Under State's Liability Protection*. CAE Stortz reported there was opportunity for improvement. UW-Shared Services could provide driver verification for all of the universities, thus freeing up time for monitoring at the university level, said Stortz. This verification was created through the Department of Administration. Furthermore, she stated the policy needs to be revamped and clarified and training at the university-level is needed.

3. Summary Report of Integrity Hotline Activity

Ms. Stortz then provided a high-level summary of Hotline Activity for the period of July 1, 2023 through August 31, 2024. During this time period, 117 incidents were reported, and by the end of the period, 96 of the incidents had been closed. The regents requested further details on the classification of hotline reports. This will allow us to assess the adequacy of resources for investigations and to assess ongoing risks. Chief Audit Executive Lori Stortz agreed to provide the detailed report for the December meeting.

4. Progress on Closing Audit Comments

Following this, Ms. Stortz discussed the Progress on Closing Audit Comments. Noting that last period there were 20 comments open, and this period only 11, Stortz reported Internal Audit was making great progress. She stated that management continues to be responsive to addressing audit comments and her team works thoroughly as well to ensure the steps are taken to closure.

5. Chief Audit Executive Report

And lastly for the Internal Audit portion of our agenda, Ms. Stortz gave the Chief Audit Executive Report, during which she discussed Global Internal Audit Standards and the new K10 Audit Software. The regents are looking forward to dashboards in the new audit management system to allow monitoring progress in audit follow-up and to evaluate risk and management of it.

E. Office of Compliance and Risk Management

1. Office of Compliance and Risk Management Fiscal Year 2025 Annual Plan Status Report

Next, the committee heard from Chief Compliance and Risk Officer, Paige Smith, and Director of Risk Management, Joseph Rayzor, who shared a progress report on their *Office of Compliance and Risk Management Fiscal Year 2025 Annual Plan*. Smith reported they have completed a number of different tabletop training exercises with university leadership. Rayzor explained the continuation of the risk assessment process. They highlighted areas including emergency preparedness, compliance matrix software, the Risk, Compliance, and Audit (or RCA) Pilot Program, and Title IX updates.

The meeting concluded at 10:54 a.m.

Respectfully submitted,

Erika L. Laabs
Recording Secretary