

**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 6, 2025

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, Colón, Goitom, Salzwedel, Traynor (virtual), and Underly were present. No one was absent.

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 December 5, 2024 meeting of the Audit Committee

Regent Adams raised the minutes of the December 5, 2024 Audit Committee meeting for approval, which were approved unanimously without discussion.

D. Office of 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*. Ms. Stortz affirmed that her office is making excellent progress on the *Fiscal Year 2025 Audit Plan* and expects it to be substantially complete by the end of the fiscal year. She noted that they have several major audits in progress and are actively working on the *Youth Protection and Compliance* audit and the Office of Internal Audit self-assessment. The Committee will continue to review audit reports when they meet again in April.

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 December 2024. This included the *NCAA Athletics Division I and II Agreed-Upon Procedures Engagement – Executive Summary Fiscal Year 2024*, *NCAA Agreed-Upon Procedures Report – UW-Green Bay*, *NCAA Agreed-Upon Procedures Report – UW-Milwaukee*, and *NCAA Agreed-Upon Procedures Report – UW-Parkside*.

They began with the *NCAA Athletics Division I and II Agreed-Upon Procedures Engagement – Executive Summary Fiscal Year 2024*. Ms. Stortz iterated the sole object of the engagement was to assist the universities' chancellors in evaluating whether the revenue and expenses for their athletics departments are in compliance with the NCAA bylaws. She acknowledged the significant effort that is required to

complete this work over the holidays, and stated they received excellent cooperation from all three of the universities to allow the work to be completed on time (by January 15). Ms. Stortz was very pleased with the results.

Next, the *NCAA Agreed-Upon Procedures Report – UW-Green Bay* was discussed. Ms. Stortz indicated that UW-Green Bay Athletics broke even for fiscal year 2024 with revenues and expenses being about \$12.7 million. Internal auditors saw a significant decline in the number of adjusted entries required this year for UW-Green Bay and the documentation was accurate and readily available. She added that management's response during this engagement was excellent.

Regent Colón inquired how the executive orders will impact athletics programs. UW-Green Bay Athletics Director, Josh Moon, joined virtually and responded by stating that they are working through this challenging environment with good communication with their constituents and working with the Horizon League. Regent Adams thanked Athletics Director Moon for his insight.

Afterwards they discussed the *NCAA Agreed-Upon Procedures Report – UW-Milwaukee*. Ms. Stortz reported the operating revenue for UW-Milwaukee's Athletics Department was about \$15.2 million and their operating expenses were essentially the same. The engagement found UW-Milwaukee continues to have minimal adjustments to their statement of revenues and expenses, documentation was readily available, and management responded to Internal Audit's requests timely.

The last report mentioned was *NCAA Agreed-Upon Procedures Report – UW-Parkside*. UW-Parkside's Athletics operating revenue was \$6.4 million; under operating expenses by approximately \$167,000. CAE Stortz communicated that UW-Parkside was wonderful to work with and always readily available for questions and requests. As a result of the required testing, there were significant adjustments made to UW-Parkside's original documents as submitted to the Office of Internal Audit, due to a number of factors (e.g., first-year experience).

Regent Adams expressed her thanks on behalf of the committee to leaders at UW-Green Bay, UW-Milwaukee, UW-Parkside, and the Office of Internal Audit team.

3. K10 Vision Software Demonstration

In response to the Committee's request last November, CAE Stortz introduced Phil Pawlowski, Audit Director, who gave a demonstration of Internal Audit's new K10 Vision cloud-based audit management system. Some highlights shared by Mr. Pawlowski were the following: custom dashboards, engagement management, an example audit, and action tracking. The system is being used to ensure audit work complies with professional standards, improves client service, and enhances audit efficiency. Ms. Stortz noted that her office is already seeing benefits of working with the new system. The Regents inquired about K10 performance dashboards at the Board level from the K10 investment. The Committee thanked Mr. Pawlowski and Ms. Stortz for the informative demonstration.

E. Office of Information Security

1. Annual Report

Next, the committee heard from Associate Vice President & Chief Information Security Officer, Edward Murphy, who gave the *Office of Information Security Annual Report*. Topics included were key milestones, strategic security, Systemwide cyber threat communication, security dashboard, and phishing awareness. Mr. Murphy explained top priorities for the coming months to help mitigate risks, as well as emerging threats. Top priorities involved: expanding 24x7 monitoring, proactive security measures,

advancing UW-Shared Services, improving the security dashboard, and assessing operation technology security risks.

The regents discussed the importance of information security across the UW universities. Regent Underly thanked Mr. Murphy for doing a great job protecting student and System information. She further stated that cyber security is a basic necessity and Wisconsin needs to lend more support. Regents Adams and Goitom thanked Mr. Murphy for his report.

F. Charter Discussions

1. Approval of Update to the Board of Regents Audit Committee Charter, and Approval of Revisions to the Bylaws of the Board of Regents to Rename the Audit Committee

Subsequently Ms. Stortz discussed resolution F.1., concerning updates to the Board of Regents Audit Committee Charter, and revisions to the Bylaws of the Board of Regents to rename the Audit Committee. The proposed changes included an enhanced focus on risk management and compliance, thus, the resolution proposed that the Committee include those functions in its title. Additionally, certain changes were made to the oversight of the internal audit section to comply with the updated Global Standards of Internal Auditing.

2. Approval of Update to the Office of Internal Audit Charter

After, Ms. Stortz discussed resolution F.2., the update to the Office of Internal Audit Charter. The proposed changes are being made to ensure the Office of Internal Audit conforms to the new auditing standards. She affirmed from a practical standpoint, there are virtually no changes in the way the office will practice their work or how they report to this committee.

Regent Salzwedel made a motion to approve resolution F.1. seconded by Regent Underly. Regent Salzwedel made a motion to approve resolution F.2. seconded by Regent Goitom. Both resolutions F.1. and F.2. passed unanimously. The Committee thanked Chief Audit Executive Lori Stortz and her team for their work.

The Committee raised questions regarding the impact of recent Presidential Executive Orders pertaining to audit, risk, and compliance matters and shared expectations regarding updates that may be impactful to UW universities.

G. UW-Madison Athletics Presentation

The meeting concluded with Chris McIntosh, UW-Madison's Director of Athletics, joined by members of his leadership team, who presented the *Annual UW-Madison Athletics Report*. Athletics Director McIntosh began by declaring they are navigating during unprecedented changes in college athletics. He stated that UW-Madison Athletics' economic impact is estimated at \$757 million annually and revenue sharing with athletes will significantly impact their financials. He continued by saying that he is confident they will remain a strong athletics department and thanked Chancellor Mnookin for her support. Athletics Director McIntosh expressed how proud he is of their student-athletes and reported impressive team accomplishments. He was thrilled with the strides the student-athletes continue to make in the classroom. He commended the many academic support staff who provide guidance to student-athletes as they progress towards graduation. Additionally, he said UW-Madison athletes have a 94% graduation success rate, which is 4% higher than the national average. Athletics Director McIntosh noted the Athletics Department has already been implementing changes in preparation for the revenue-sharing changes to come.

The regents thanked Athletics Director McIntosh for his presentation and for all of their work during the changing landscape of college athletics – while continuing to put UW-Madison student-athletes first.

The meeting concluded at 10:00 a.m.

Respectfully submitted,

Erika L. Laabs
Recording Secretary