BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

Audit, Risk, and Compliance Committee

By Videoconference

Thursday, July 16, 2026
9:15 a.m. – 10:30 a.m.

A. Calling of the Roll

B. Declaration of Conflicts

C. Proposed Consent Agenda:
   1. Approval of the Minutes of the June 4, 2026, Audit, Risk, and Compliance Committee Meeting
   2. Office of Internal Audit: Fiscal Year 2026 Audit Plan Progress Report

D. Office of Internal Audit
   1. Results of Reports Recently Issued
   2. Present Fiscal Year 2027 Audit Plan for Approval
   3. Progress on Closing Audit Comments

OFFICE OF INTERNAL AUDIT
FISCAL YEAR 2026 AUDIT PLAN PROGRESS REPORT

REQUESTED ACTION

For information and discussion.

SUMMARY

One of the responsibilities of the Audit, Risk, and Compliance 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 2026 Audit Plan.

Presenter

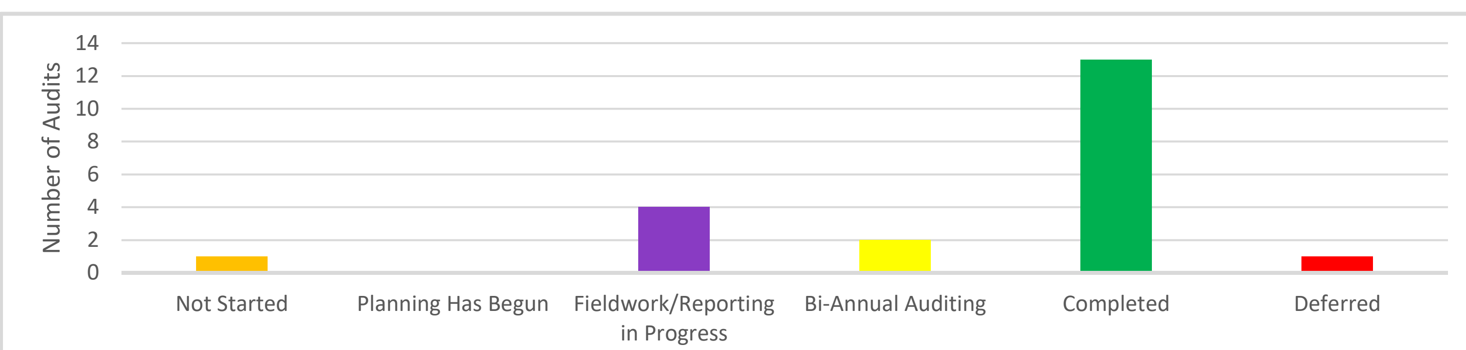
- Lori Stortz, Chief Audit Executive

ATTACHMENT

A) Universities of Wisconsin Office of Internal Audit Fiscal Year 2026 Audit Plan Progress Chart.

OFFICE OF INTERNAL AUDIT
FISCAL YEAR 2026 AUDIT PLAN PROGRESS

	Title	Risks
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	Budgetary Controls at UW-Madison	Fraud, Compliance, Reputational
5	Commitments Made by System to WI Legis. per BOR Resol. Dec. 13, 2023	Reputational, Compliance
6	Cybersecurity	Data Security, Fraud, Operational, Compliance with Policy
7	Employee-Owned Businesses Contracting with Universities	Conflicts of Interest, Financial, Youth Protection
8	Information Technology (IT) Distributed Units	Data Security
9	Institutional Relationships with Foundations and Associated Affiliated Organizations	Fraud, Reputational, Compliance with Policy
10	Internal Assessment Fiscal Year 2025	Conformance with Institute of Internal Audit (IIA) *Standards*
11	Internal Assessment Fiscal Year 2026	Conformance with Institute of Internal Audit (IIA) *Standards*
12	Physical Plant Services Chargebacks	Financial, Compliance with Policy
13	Research Administration Management Portal (RAMP)	Data Security, Operations, Compliance with Grant Requirements
14	Segregated Fees	Financial, Compliance with Policy, Reputational
15	Shared Services (Excludes UW-Madison)	Compliance, Operational
16	Third-Party Risk Management	Operational, Financial, Reputational, Data Security
17	Workday Go Live, Key Controls and Business Processes	Data Security, Operations, Financial
18	NCAA Athletics Division I Agreed-Upon Procedures Engagements	Compliance with NCAA Agreed-Upon Procedures
19	NCAA Athletics Division II Consulting Project	Compliance with NCAA Agreed-Upon Procedures
20	Office of Educational Opportunity (OEO)	Compliance
21	Wisconsin Educational Development Corporation (WEDC) Grants	Grant Compliance, Fraud



Bar graph reflects the number of audits per stage of completion, with various stages on the x-axis and the number of audits on the y-axis. Not Started 1 audit, Planning Has Begun 0 audits, Fieldwork/Reporting in Progress 4 audits, Bi–Annual Auditing 2 audits, Completed 13 audits, Deferred 1 audit.

Audit, Risk, and Compliance Committee **Item D.1.**
July 16, 2026

OFFICE OF INTERNAL AUDIT
RESULTS OF REPORTS RECENTLY ISSUED

REQUESTED ACTION

For information and discussion.

SUMMARY

Since the June 4, 2026, meeting of the Audit, Risk, and Compliance Committee, the Office of Internal Audit has issued the following reports:

- Employee-Owned Businesses Contracting with Universities – Executive Summary

Presenter

- Lori Stortz, Chief Audit Executive

BACKGROUND

One of the responsibilities of the Audit, Risk, and Compliance Committee, as outlined in the committee charter, is to summarize results of reports recently issued.

Audit, Risk, and Compliance Committee **Item D.2.**
July 16, 2026

PRESENT FISCAL YEAR 2027 AUDIT PLAN FOR APPROVAL

REQUESTED ACTION

Adoption of Resolution D.2.

Resolution D.2. That, upon the recommendation of the President of the University of Wisconsin System, the Board of Regents approves the Fiscal Year 2027 Audit Plan.

SUMMARY

The Board of Regents annually reviews and approves the UW System's internal audit plan, with interim progress reports provided to the Audit, Risk, and Compliance Committee at least quarterly.

Presenter

- Lori Stortz, Chief Audit Executive

BACKGROUND

One of the responsibilities of the Audit, Risk, and Compliance Committee, as outlined in the committee charter, is to review and approve the annual internal audit plan and receive interim progress reports.

ATTACHMENT

A) UW System Administration Office of Internal Audit Fiscal Year 2027 Audit Plan

Office of Internal Audit Fiscal Year 2027 Audit Plan

Recurring Engagements	Risks	Objectives/Procedures	Internal Audit Estimated Hours	Internal Audit Estimated Cost*	Clients Impacted
Payroll	• Fraud • Data Accuracy • Compliance with Policy	• Risk-based identification of payroll expenditures that may not be allowable using automated techniques. • Risk-based monitoring of payroll expenditures or trends that may be indicative of a material error, deviation from data expectations, or require further review.	• 1,000	• $70,000	• Primarily work with UW-Shared Services (UWSS) • As necessary, questions and documentation requests will be directed to university Chief Human Resources Officers (CHROs) and payroll staff.
Purchasing Cards (P-Cards)	• Fraud • Embezzlement • Compliance with Policy	• Risk-based identification of P-Card expenditures that may not be allowable using automated techniques. • Summarization of active P-Cards, open credit, ineligible vendors, and other analytics. • Test internal controls over monitoring and non-compliance of expenditures.	• 1,000	• $70,000	• Primarily work with UWSS • As necessary, questions and documentation requests will be directed to university cardholders.
Fiscal Year 2026 In Process	**Risks**	**Objectives/Procedures**	**Internal Audit Estimated Hours**	**Internal Audit Estimated Cost**	**Clients Impacted**
Budgetary Controls at UW-Madison	• Fraud • Compliance • Reputational	• Test compliance with key internal controls recommended by Deloitte (budget project) after implementation.	• 125	• $8,750	• UW-Madison's Finance and Administration staff and CHRO
Cybersecurity	• Data Security • Fraud • Operational • Compliance with Policy	• Utilize the Institute of Internal Auditors (IIA) Cybersecurity Topical Requirement to assess overall governance, risk management, and controls. • Test compliance, based on risk, with SYS 1039, *Information Security: Risk Management*.	• 1,000	• $70,000	• UWSA, University Chief Information Officers (CIOs) and Chief Information Security Officers (CISOs)

*$70 per hour direct labor & fringes

Segregated Fees	• Financial • Compliance with Policy • Reputational	• Test compliance, based on risk, with RPD 30-5, *Policy and Procedures for Segregated University Fees* and SYS 820, *Segregated University Fees*.	• 400	• $28,000	• University Budget Directors and Controllers
Fiscal Year 2027 New Engagements	**Risks**	**Objectives/Procedures**	**Internal Audit Estimated Hours**	**Internal Audit Estimated Cost**	**Clients Impacted**
Cash and Cash Equivalents Handling	• Misappropriation of Cash • Lack of Internal Controls Over Cash	• Identify and evaluate the existence, safeguarding, and physical storage of cash. • Understand controls over cash handling processes, including separation of duties.	• 900	• $63,000	• All universities and UWSA • Controllers and Bursars
Information Technology (IT) Distributed Units	• Data Security • Operational • Reputational	• Determine whether processes implemented reduce risks associated with a decentralized IT environment such as inconsistent security practices and limited visibility.	• 900	• $63,000	• UW-Madison & UW-Milwaukee ○ CIOs ○ Chief Information Security Officers (CISOs)
Internal Assessment	• Conformance with the IIA Standards	• Perform and summarize a self-assessment of the internal audit activity. • Compile and present the Quality Assurance and Improvement Program report. ○ Compile and present the Office of Internal Audit Annual Report.	• 300	• $21,000	• This engagement will have no client impact.
National Automated Clearing House Association (Nacha) Operating Rules	• Compliance • Operational	• Assess compliance with the new 2026 Nacha operating rules for vendor/supplier automated clearing house (ACH) payments.	• 500	• $35,000	• UW-Madison shared supplier team
Physical Access Security	• Human Safety • Reputational • Compliance with Policy	• Assess governance of physical access security through RPD 23-2, *Health, Safety, and Security at UW universities*, and applicable university policies. • Evaluate whether a risk-based access control framework is in place and	• 1,200	• $84,000	• All universities and UWSA • University Police, Facilities, and Risk Managers • CIOs and/or CISOs

		supported by access lifecycle management.			
Research Administration Management Portal (RAMP) – Phase 2	• Delayed Award Submissions • Noncompliance • Documentation Quality and Completeness • Financial (Loss of Funding) • Reputation	• Understand how governance structures, strategic priorities, and practices in the Offices of Sponsored Programs support: ○ grant administration through the life cycle of the award (proposal to closeout); ○ monitoring and oversight; and ○ escalation of compliance concerns or risks. • Also, understand how research administration practices are monitored across colleges/departments to identify inconsistencies.	• 900	• $63,000	• All universities and UWSA • Offices of Sponsored Programs • Exclude UW-Madison Research and Sponsored Programs (RSP); however, will include awards that are not administered by RSP.
Shared Services Advisory	• Compliance • Operational	• Assess whether service level agreements (SLA) are defined and establish expectations for service scope, performance, and responsibilities. • Evaluate whether SLA metrics, monitoring practices, and governance processes support accountability and transparency.	• 500	• $35,000	• Shared Services
Third-party Artificial Intelligence (AI) Procurement and Contracting Advisory	• Data Security and Privacy • Vendor Use of Data • Intellectual Property • Reputation	• Assess the current state of procurement and contracting practices to understand how they incorporate evaluation of third-party AI vendors. • Understand how future state procurement and contracting practices could better support responsible, secure, and compliant adoption of third-party AI technologies that enable innovation and operational efficiencies.	• 300	• $21,000	• UWSA ○ Office of Learning & Information Technology Services, Office of Procurement, Office of General Counsel • UWSS ○ Senior Associate Vice President • University CIOs
Workday	• Separation of Duties • Change Management • Operational	• Ongoing performance of work in support of Workday, with a focus on high-risk areas or emerging priorities. Specific areas of focus may include: ○ Separation of duties;	• 1,000	• $70,000	• Work will likely focus on the System level (UWSA/UWSS personnel or Workday and Enterprise Solutions Team (WEST) personnel); however; as necessary, questions or

		○ Change management; ○ Business process review; and • Ad-hoc projects as requested.			documentation requests may be directed to the university contacts.

Projects Performed In Lieu of External Independent Auditors	**Risks**	**Objectives/Procedures**	**Internal Audit Estimated Hours**	**Internal Audit Estimated Cost**	**Clients Impacted**
NCAA Athletics Division I Agreed-Upon Procedures Engagements	• Compliance with NCAA Agreed-Upon Procedures	• Agreed-upon procedures engagements over financial matters (UW-Green Bay and UW-Milwaukee).	• 900	• $63,000	• UW-Green Bay and UW-Milwaukee only • Athletic Director, Athletics Business Manager, Chief Business Officer, Controller, and minimal assistance from other departments such as the Financial Aid Office
NCAA Athletics Division II Consulting Project	• Compliance with NCAA Agreed-Upon Procedures	• Review preparation of NCAA Statement of Revenue and Expenditures (UW-Parkside).	• 125	• $8,750	• UW-Parkside only • Athletic Director, Athletics Business Manager, Chief Business Officer, Controller, and minimal assistance from other departments such as the Financial Aid Office
Office of Educational Opportunity (OEO)	• Compliance	• Review management's assertions in accordance with applicable Wisconsin Statutes and Wisconsin Department of Public Instruction Requirements.	• 80	• $5,600	• Director of UWSA OEO
Wisconsin Educational Development Corporation (WEDC) Grants Approximately 15 Grants	• Grant Compliance • Fraud	• Evaluate compliance with grant requirements.	• 500	• $35,000	• UW-Madison RSP • UWSA Office of Business & Entrepreneurship • Additional Universities receiving funds from WEDC, if requested

	Other	Internal Audit Estimated Hours	Internal Audit Estimated Cost	Clients Impacted
	Special Projects Related to Emerging Risks (e.g., Federal Executive Orders, New Legislation)	• 1,700	• $119,000	• Will vary
	Client Requested Audits and Special Projects	• 500	• $35,000	• Will vary
	Develop Data Analytics for Workday Environment	• 400	• $28,000	• No client impact
	Follow Up on Management Responses (Open Actions)	• 600	• $42,000	• Will vary
	Internal Practice Management	• 200	• $14,000	• No client impact
	K10 Audit Software Committee	• 400	• $28,000	• No client impact
	Total	**15,430**		

Note 1: Engagement objectives, associated risks, estimated hours, and clients impacted are subject to change as further planning is completed and as university priorities, operations, and risks evolve.

Note 2: The proposed clients impacted by the respective engagement are noted herein. As we begin the preplanning for the engagements, we will include more detailed information regarding the level of impact on the monthly status spreadsheet that is provided to the chief business officers.

Approved by the Audit, Risk, and Compliance Committee and BOR on X/XX/2026.

Audit, Risk, and Compliance Committee **Item D.3.**

July 16, 2026

PROGRESS ON CLOSING AUDIT COMMENTS

REQUESTED ACTION

For information and discussion.

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, Risk, and Compliance Committee has requested regular progress reports on this monitoring.

Presenter

- Lori Stortz, Chief Audit Executive

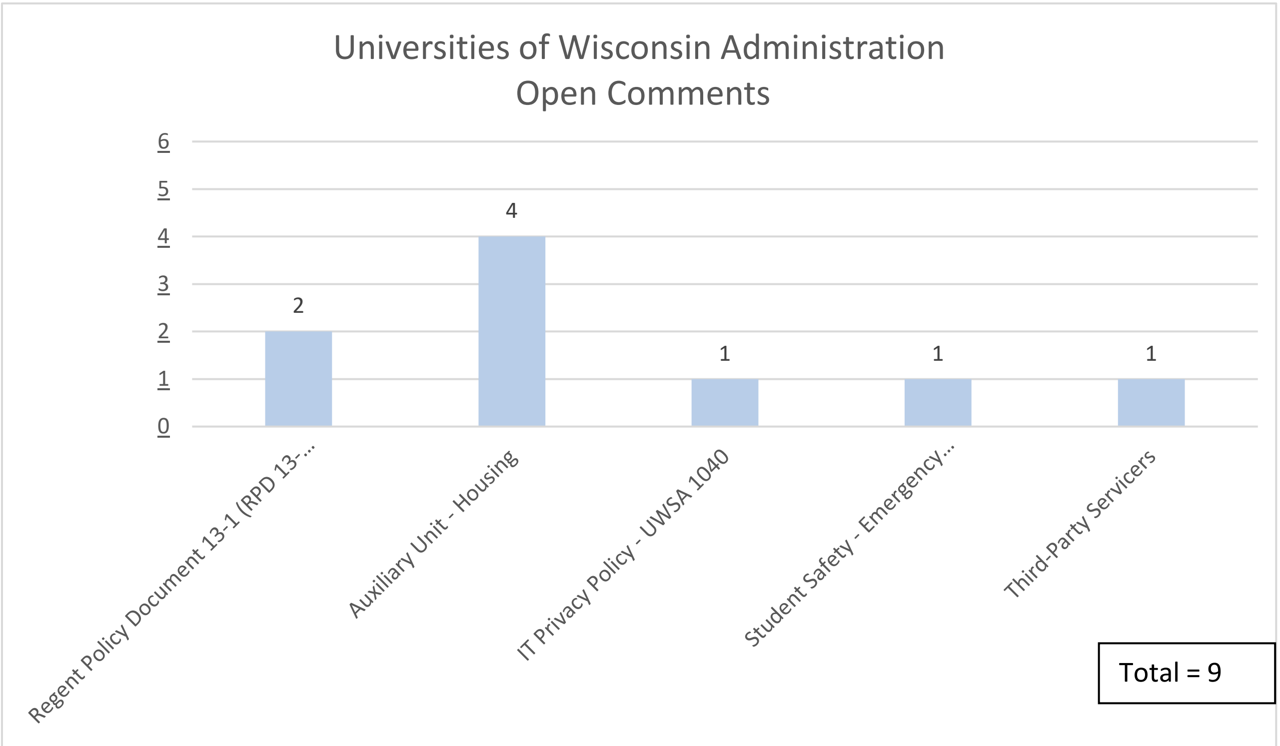
BACKGROUND

The following charts present audits issued during fiscal year 2024 through June 2026 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.

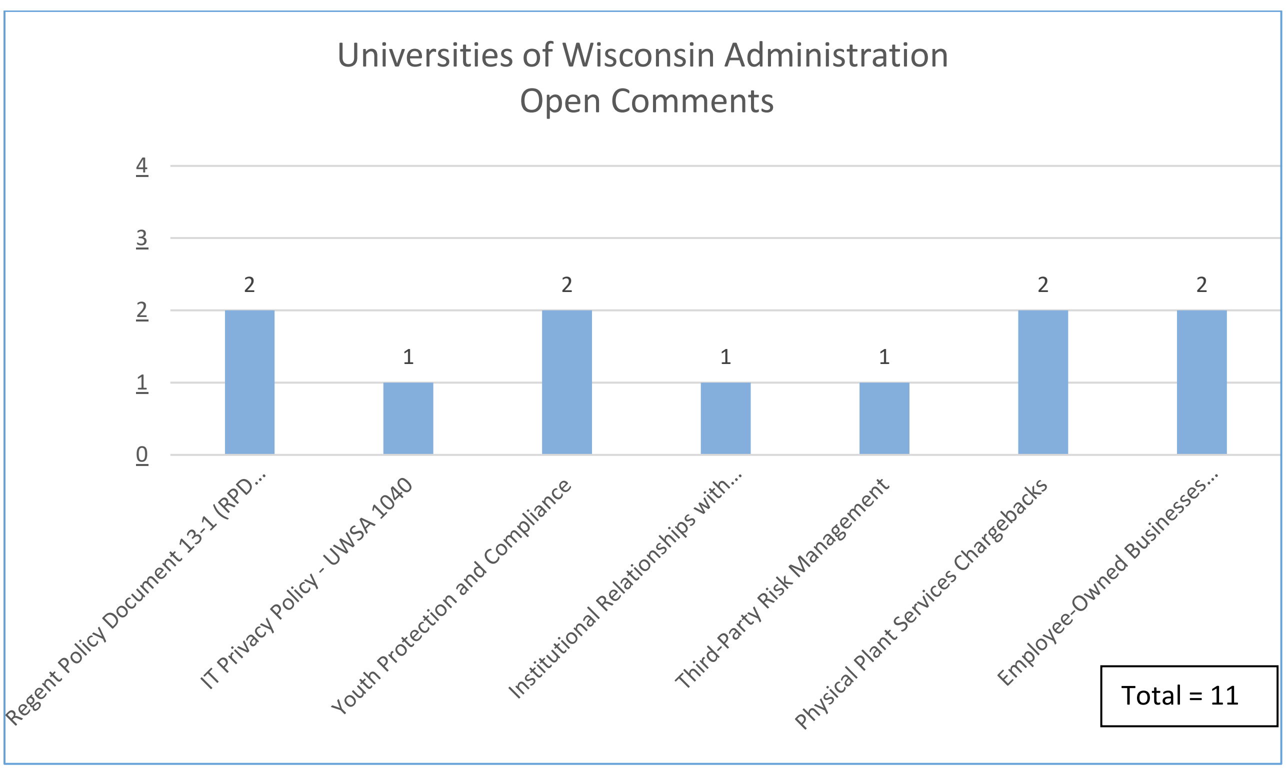
ATTACHMENT

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

Prior Reporting Period

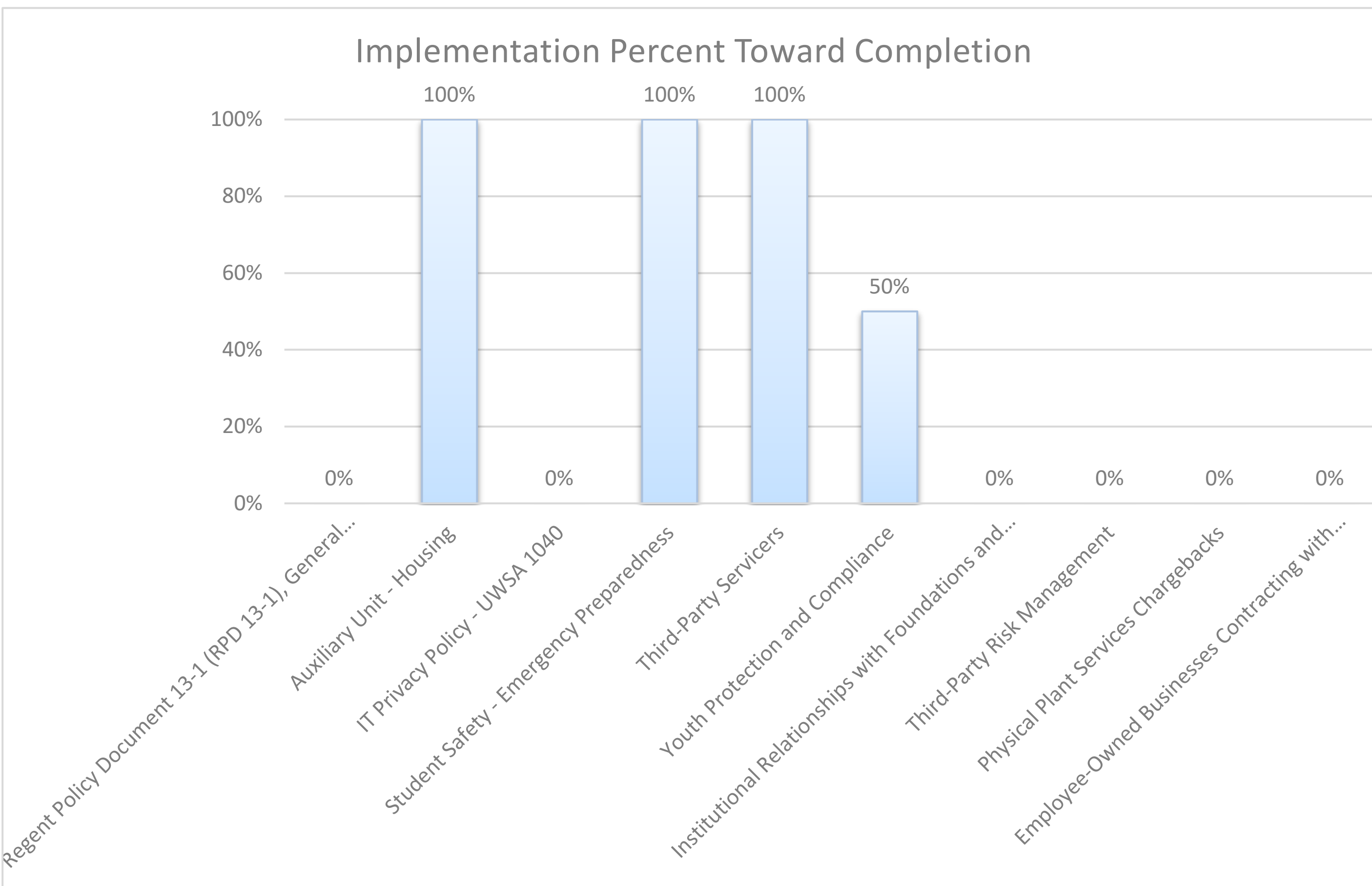


Current Reporting Period



Roll-forward from Prior Reporting Period to Current Reporting Period

Audit	Previously Reported Open Comments	Comments Issued	Comments Closed	Current Open Comments
Regent Policy Document 13-1 (RPD 13-1), General Contract Approval, Signature Authority, and Reporting	2	0	0	2
Auxiliary Unit - Housing	4	0	4	0
IT Privacy Policy - UWSA 1040	1	0	0	1
Student Safety - Emergency Preparedness	1	0	1	0
Third-Party Servicers	1	0	1	0
Youth Protection and Compliance	0	4	2	2
Institutional Relationships with Foundations and Associated Affiliated Organizations	0	1	0	1
Third-Party Risk Management	0	1	0	1
Physical Plant Services Chargebacks	0	2	0	2
Employee-Owned Businesses Contracting with Universities	0	2	0	2
Total	9	10	8	11



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

The first two bar graphs reflect the number of open Executive Summary audit comments by audit in our prior reporting period (June 2025) and our current reporting period. The table represents the roll-forward of the open comments from the prior reporting period to the current reporting period; while the last bar graph represents the open comments percent complete by audit.