

**UW System Board of Regents
Audit Committee**

Van Hise Hall, Room 1920
UW Administration Offices
1220 Linden Drive
Madison, Wisconsin
& via Zoom Videoconference
August 22, 2024

MEETING OF THE AUDIT COMMITTEE

The meeting of the Audit Committee was called to order at 10:00 a.m. by Regent Angela Adams.

A. Calling of the Roll

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

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 June 6, 2024 meeting of the Audit Committee

Regent Adams made a motion to approve the minutes of the June 6, 2024 Audit Committee meeting, seconded by Regent Traynor, 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 confirmed that her office is making good progress. Ms. Stortz expects to bring more audit reports to the committee when they meet again in September.

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 June 2024. This included the *Fiscal Year (FY) 2024 Annual Report for the Office of Internal Audit*, and the audits of *Payroll Continuous Auditing*, and *Student Safety - Emergency Preparedness*. Affirming that FY 2024 was a productive year for her office, Ms. Stortz was proud of the results of their client surveys. Furthermore, Ms. Stortz stated that FY 2025 will also be a busy year for her office. In addition to their annual audit plan, Ms. Stortz and her team will continue to closely monitor the Administrative Transformation Program (ATP). They will be undertaking the implementation of their new audit tool, K10, and they will be applying the new *Institute of Internal Auditors (IIA) Standards* that come into effect in January 2025.

They discussed the *Annual Report* first, and Regent Colón inquired how Ms. Stortz determined to allocate hours. Ms. Stortz answered that the primary issue she and her leadership team consider is risk. This followed by ATP, youth protection, new investigations, and feedback from the Audit Committee, and

President Rothman. Regent Adams charged Ms. Stortz to keep the Audit Committee apprised if there is support they can provide. Regent Colón too added his backing and asked Ms. Stortz if she felt she had the resources needed to be effective – to which she replied that yes, she did, and was currently recruiting for two more auditors to join her team.

The *Payroll Continuous Auditing* report was discussed next in brief. The results of this audit were similar to those seen in the past. Ms. Stortz stated that she sincerely hoped Workday/ATP would cause Human Resources (HR) to put steps in place to ensure that checks are not paid without the proper paperwork and/or check approvals. There were no questions.

The last audit report mentioned was *Student Safety - Emergency Preparedness*. Ms. Stortz reviewed the results of this audit at a high level and stated that while every university faces unique challenges, one thing they found at almost all of our universities was that their emergency programs are under-resourced. She stated the person responsible for emergency preparedness at the university-level, whether the Chief of Police, IT Director, Director of Compliance, etc., are very busy with their daily duties – let alone have time to manage emergency preparedness and planning sufficiently. In addition, Ms. Stortz noted that there is a market trend in this field of recruitment and retention challenges which also affects our universities. Nearly all of UW universities have developed a basic emergency plan, however, not all of them have completed a hazardous risk assessment. The Office of Internal Audit recommended that a policy or a minimum of standards be developed for UWSA and Chancellors. Furthermore, she asked the Audit Committee to evaluate the Memorandum of Agreement (MOA) that exists with UW-Madison Police, and consider the local resources that are needed to coordinate with each university.

The committee further discussed this topic, and Regent Colón stated that this was an important area that they needed to act on to change policy. Regent Adams agreed, thanked Ms. Stortz for bringing it before the committee, and declared that they need to take this issue up with President Rothman.

E. Office of Compliance and Risk Management

1. Update on Risk, Compliance, and Audit (RCA) Pilot Program

The committee next heard from Paige Smith, Chief Compliance Officer, and Joseph Rayzor, Director of Risk Management, who gave a Presentation of the *Risk, Compliance, and Audit (RCA) Risk Treatment Plan*. Ms. Smith started by saying that the RCA program aligns with the Three Lines Model, and supports Audit and Management. Mr. Rayzor followed by discussing their process for making a risk ranking for the period of one-year, which then revealed some interconnected risks – that could ultimately culminate into a poly-crisis. He outlined how the top seven risks were identified in conjunction with campus leaders, and the risk treatment plans that were created. Smith and Rayzor explained that the next steps are to develop the process to implement treatment plans and they will provide regular updates to leadership.

Regent Colón asked how these were ranked and Ms. Smith answered that they used a risk assessment tool, reach an ultimate score and consider the interconnectivity. Regent Adams stated she appreciated the presentation, and shared Ms. Smith's gratitude to university staff who have assisted with this program.

The meeting concluded at 10:54 a.m.

Respectfully submitted,

Erika L. Laabs
Recording Secretary