



BOARD OF TRUSTEES

Fiscal and Legal Affairs Committee (FLAC)

Members: Trustee Macey Moore, Chair; Trustee Brad Bonner; Trustee David Fall, Trustee Elizabeth Greenwood, Trustee Jeff Marsh

AGENDA

Wednesday, January 25, 2023

Call to Order – Trustee Moore

Items for Discussion:

Internal Audit Activity

NCAA Compliance	Page 3-19
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Human Resources & Payroll	Page 30-42
Change of Management-Administration and Finance	Page 43-56

Additional Reports:

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Risk Management

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Internal Audit Activity Report

January 2023

INTERNAL AUDIT ACTIVITY CONDUCTED IN ACCORDANCE
WITH THE AUDIT PLAN FOR THE PERIOD
September 2022 – August 2023

AUDITS:

- NCAA Compliance
- Athletic Travel
- Human Resources & Payroll
- Change of Management – Administration and Finance

FOLLOW-UP REPORTS:

ADDITIONAL REPORTS:

- Internal Audit Plan Update and Progress for 2021-2022, 2022-2023

AUDITS IN PROGRESS:

- 2023 Risk Assessment
- Cashiers Annual Review
- NCAA Football Ticket Verification
- Capital Construction



UNIVERSITY OF WYOMING

Internal Audit

NCAA Compliance

December 19, 2022

Auditors:

Danika Salmans MBA, CIA, CRMA

Rebecca Garcia MBA, CIA

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December 19, 2022

University of Wyoming Board of Trustees:

According to NCAA Principles for the conduct of intercollegiate athletics, it is the responsibility of each member institution to control its intercollegiate athletics program in compliance with the rules and regulations of the Association.

In recognition of this responsibility, Internal Audit completes an annual review of NCAA compliance. This year the review focused on rules related to financial aid, athletic equipment/apparel, complimentary admissions, student-athlete vehicles, and student-athlete employment. This audit reviewed the procedures and controls the Athletic Department has in place to ensure compliance with NCAA rules and regulations. The procedures were reviewed for completeness and effectiveness.

The overall management practices to balance the many moving pieces of compliance are comprehensive and well-developed.

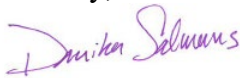
Any concerns and weaknesses that were identified are mentioned in this report and potential modifications were discussed with management. If the department is not in compliance with criteria, policies, procedures, or best-practice, this deficiency is described in a formal observation so that the department can develop an action plan to mitigate the risks. The following observations have been made.

Observation #1: Written standardized procedures for financial aid administration did not define Banner practices, and current processes do not include a complete reconciliation

A follow-up will be performed in 6 months to assess progress related to the audit recommendations. The audit will remain open until the completion of the follow-up review, at which time a closing report will be provided.

We would like to thank Peter Prigge - Associate Athletic Director for Compliance and Olympic Sports, Christy Cunningham – Athletics Financial Aid Coordinator, Sam Brodie – Associate Athletic Director for Budgeting & Financial Management as well as the other staff members for the assistance we received on this audit.

Sincerely,



Danika Salmans MBA, CIA, CRMA
Director of Internal Audit

Sincerely,



Becky Garcia MBA, CIA
Senior Internal Auditor

Background

The purposes of an NCAA compliance audit are to:

- Advise institutional decision-makers whether the compliance program is functioning properly;
- Identify policies and procedures that may leave an institution vulnerable to possible inadvertent violations;
- Assist institutional decision-makers in recommending corrective measures to enhance compliance efforts;
- Reiterate the institution's commitment to institutional control through proactive measures; and
- Enhance administrative accountability by providing external oversight

The risks associated with non-compliance with NCAA rules can result in a loss of scholarships, being restricted from post-season play, ineligibility of student-athletes as well as fines and negative publicity.

Like other types of audits, a successful audit does not eliminate the possibility of violations occurring in the future nor of a finding of a lack of institutional control by the NCAA. However, completion of this annual audit will reduce the likelihood of both occurring and serves as mitigation if a violation did occur.

The previous Athletics Certification guidelines required that certain subject areas be reviewed to satisfy a complete review of an institution's compliance program. Over the years, the list has been modified to adopt to current trends in violations. A complete listing of the current 21 areas is below (highlights represent current areas that were reviewed in this audit):

1. Governance and Organization (e.g., governing board policies related to athletics, responsibilities and duties of compliance personnel)
2. Initial-Eligibility Certification
3. Continuing-Eligibility Certification
4. Transfer-Eligibility Certification
5. Academic Performance Program
6. Financial Aid Administration
7. Recruiting – Off-Campus
8. Recruiting – On-Campus
9. Camps and Clinics
10. Investigations and Self-Reporting of Rules Violations
11. Rules Education
12. Athletic Apparel and Equipment
13. Complimentary Admissions
14. Student-Athlete Vehicles
15. Representatives of the University's Athletics Interests
16. Playing and Practice Seasons
17. Student-Athlete Employment
18. Amateurism/Elite Student-Athletes
19. Coaching Staff Limits and Contracts

20. Head Coach Responsibility

21. Individuals Associated with Prospects

The annual review performs an audit of a few of these sections so that over four years, all of the above sections have been reviewed. The table below shows the rotating schedule of compliance areas to be audited over the next four years.

2020-2021 - Eligibility	2021-2022 – Financial Aid	2022-2023 - Recruiting	2023-2024 - Governance
Initial and Continuing Eligibility Certification	Financial Aid Administration	Recruiting: On and Off-Campus (e.g., official and unofficial visits, hosts, entertainment, contacts, phone calls)	Governance and Organization (governing board policies related to athletics, responsibilities, and duties of compliance personnel)
Transfer-Eligibility Certification	Extra Benefits --athletic apparel and equipment --complimentary admissions --student-athlete vehicles	Camps and Clinics	Investigation and Self Reporting of Rules Violations
Academic Performance Program	Student-athlete employment	Playing and Practice Seasons	Rules Education
Amateurism/Elite Student-Athletes		Booster and other activities --individuals associated with prospects --representative of the University's athletics interests	The Commitment of Personnel to Rules Compliance Activities --coaching staff limits and contracts --head coach responsibility

The University of Wyoming's Compliance Office is responsible for monitoring and evaluating all the NCAA rules and regulations. The compliance staff has developed many processes, forms, and other monitoring mechanisms to prevent, monitor, and identify non-compliance and correct these errors as soon as possible.

Audit Criteria Established by NCAA Regulations

Compliance with the following NCAA bylaws was reviewed:

Financial Aid

Overview – A student-athlete may receive financial aid from the university or from certain sources outside the institution. The institutional financial aid would include those funds based upon the athlete's athletics ability, the athlete's financial aid need, or other programs administered by the institution.

The cost of attendance for an athlete to attend the university is calculated by the institutional financial aid office per federal guidelines and generally includes tuition and fees, room and board, books and supplies, transportation, and several other expenses. A full grant-in-aid is defined as only tuition, fees, room, board, and course-related books.

ATHLETIC EQUIPMENT AND APPAREL

The focus of this section is on NCAA legislation that generally allows the provision of athletic equipment and apparel to student-athletes when this apparel and equipment are necessary for practice or competition. Articles of little value after their use (practice jerseys, shorts, socks, shoes, etc.) generally can be retained by the student-athletes. Items of greater value generally are not allowed to be retained. Logo restrictions apply to some apparel.

COMPLIMENTARY ADMISSIONS

For student-athletes, an institution may provide four complimentary admissions per home or away athletics contest (six are permissible for conference or NCAA championships, National Invitational Tournament, or a bowl game) in the sport in which the individual is eligible to compete regardless of whether the athlete competes in that contest.

The recipients of the complimentary admissions are designated by the student-athletes and provided through a pass list. "Hard tickets" should not be issued to athletes or their guests. The institution should have an administrative procedure for the issuing of these complimentary admissions through the pass list.

For prospects, if a prospect is on his or her official visit, the prospect may receive a maximum of five complimentary admissions to a home contest or at a facility within a 30-mile radius of the institution's main campus in which the institution's team practices or competes. These admissions must be issued through a pass list. The seating for these admissions can only be in the general seating area of the facility utilized for conducting the event.

STUDENT-ATHLETE VEHICLES

A university is prohibited from providing a student-athlete with an automobile under any circumstances, including for the hosting of a prospect on the prospect's official visit.

Representatives of the university's athletics interests cannot provide a student-athlete with a loan of money to purchase or lease a vehicle nor can they provide the use of an automobile. If a student-athlete receives the use of an automobile as part of the athlete's employment, the employer must show that other individuals in a similar position or on a similar level have the same benefit of automobile usage.

STUDENT-ATHLETE EMPLOYMENT

Student-athletes can be employed on- or off-campus at any time during the academic year or during the summer, including vacation periods within the academic year.

Earnings from a student-athlete's on- or off-campus employment are exempt and are not counted in determining a student-athlete's full grant-in-aid or in the institution's overall team financial aid limitations. However, due to changes in the name, likeness, and image legislation, the student-athlete may be compensated for any value or benefit that the student-athlete may provide to the employer.

Audit Scope, Procedures, and Outcomes

The following steps represent the extent of work needed to achieve the audit’s objectives. The scope of this audit focused on 2021-2022 compliance year and the audited areas are summarized below. The audit steps include an evaluation of risk to the achievement of objectives as per the below metrics.

- **Concern** – A concern indicates that a department currently satisfies a criterion, policy, or procedure; however, minor improvements need to be made so that the department maintains compliance.
- **Weakness** – A weakness indicates that a department lacks the strength of compliance with criterion, policy, or procedure to ensure that the quality of the program will not be compromised. Therefore, remedial action is required to strengthen compliance with the criterion, policy, or procedure. This might require follow-up to ensure that corrective action has been taken.
- **Deficiency** – A deficiency indicates that a criterion, policy, or procedure is not satisfied. Therefore, the department is not in compliance with the criterion, policy, or procedures. A formal recommendation is issued that requires the department to develop an action plan to mitigate the risks.

Area Audited	Test Work Performed	Status	Sample Size	Summary of Findings/Recommendations
Assignment of Compliance Responsibilities Documentation	Review of Job Descriptions	Acceptable	100%	The job descriptions for positions in which NCAA compliance is a key responsibility were reviewed. The job description of the Director of Compliance has adequate language establishing responsibility for compliance.
Financial Aid	Policies and Procedures	Deficiency	100%	The policies and procedures regarding Financial Aid administration were reviewed. Documentation lacks completeness regarding Banner awarding and reconciliation processes. (Observation #1)
	Segregation of Duties	Deficiency	100%	Segregation of duties was evaluated to ensure that key processes are disbursed so that critical functions are not owned by a single person over the lifespan of a transaction. Athletics designates an expert to coordinate financial aid activities. This individual currently has responsibilities associated with authorization, record keeping, and reconciliation of awards. (See Observation # 1)

	Compliance Testing	Deficiency	All	Financial aid awarded to student-athletes from Wrestling and Volleyball for the AY 21-22 were validated for Financial Aid authorizations. No issues were noted. NCAA compliance was also assessed. Squad lists and internal records did not reflect actual aid awarded. 2 student athletes were found to have been awarded aid beyond cost of attendance. No issues were noted with summer aid awarded or in the cancellation of aid. (See Observation #1)
Athletic Equipment and Apparel	Policies and Procedures	Acceptable	All	Written policies and procedures are in place to address apparel/equipment support for institutionally supported programs. Opportunities to strengthen internal controls were discussed with management. No NCAA compliance concerns were noted
Complimentary Admissions	Policies and Procedures	Weakness	All	Written policies and procedures are in place and readily available in the Student Athlete Handbook posted on UW Athletics compliance dedicated website dictating the process by which complimentary admissions may be requested (ARMS) and the control measures in place that mitigate risk of non-compliance. This practice is expected to continue to transition to a digital environment allowing for real-time compliance monitoring. Further clarity is needed in the handbook regarding the restriction of student-athletes purchasing and selling tickets at a price greater than their face value. This was discussed with the compliance office.
	Compliance Testing	Acceptable	2/34	Supporting documentation for a volleyball home game, as well as a volleyball away game were tested for compliance. The documented process is followed consistently. No issues were noted.

<p style="text-align: center;">Student-Athlete Vehicles</p>	<p style="text-align: center;">Policies and Procedures</p>	<p style="text-align: center;">Concern</p>	<p style="text-align: center;">All</p>	<p>No policies were observed outlining control measures in place to ensure institutional NCAA compliance in this area. The department visually monitors for changes related to the ownership of personal vehicles and addresses any anomalies. Per interview this has not been an area historically considered high risk.</p>
<p style="text-align: center;">Student-Athlete Employment</p>	<p style="text-align: center;">Policies and Procedures</p>	<p style="text-align: center;">Acceptable</p>	<p style="text-align: center;">All</p>	<p>Written policies and procedures are in place and readily available in the Student Athlete handbook posted on UW Athletics compliance dedicated website dictating protocol for student employment. Current records were reviewed. No issues were noted.</p>

Observation #1

Written standardized procedures for financial aid administration did not define Banner practices, and current processes do not include a complete reconciliation

Criteria (control framework or policy that establishes the standard)

As per the NCAA 2021-2022 Rules Manual:

15.01.2 Improper Financial Aid. Any student-athlete who receives financial aid other than that permitted by the Association shall not be eligible for intercollegiate athletics.

15.02.2 Cost of Attendance. The “cost of attendance” is an amount calculated by an institutional financial aid office, using federal regulations, that includes the total cost of tuition and fees, room and board, books and supplies, transportation, and other expenses related to attendance at the institution.

15.1 Maximum Limit on Financial Aid – Individual. [A] A student-athlete shall not be eligible to participate in intercollegiate athletics if the student-athlete receives financial aid that exceeds the value of the cost of attendance as defined in Bylaw 15.02.2. A student-athlete may receive institutional financial aid based on athletics ability (per Bylaw 15.02.5.2) and educational expenses awarded per Bylaw 15.2.6.5 up to the value of a full grant-in-aid, plus any other financial aid up to the cost of attendance.

15.5.2.1 Maximum Limits. An institution shall be limited in any academic year to the total number of counters (head count) in each of the following sports:

Women's Volleyball 12

15.5.3.1.1 Men's Sports. There shall be a limit on the value (equivalency) of financial aid awards (per Bylaw 15.02.5.2) that an institution may provide in any academic year to counters in the following men's sports:

Wrestling 9.9

Management is responsible for establishing and maintaining an effective system of internal control. Internal controls can provide only reasonable assurance and are critically dependent on the compliance of people.

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control Integrated Framework indicates control activities are critical foundational actions designed to help management mitigate risk and encourage the occurrence of stated objectives. Control activities include:

- policies (establishing what should be done)
- procedures (to implement the policy)

- consideration of segregation of duties, dividing critical duties among different individuals to serve as checks and balances as well as reduce the risk of error

Condition (the current state based on testing)

The division has established student-athlete financial-aid administration policies and continues to annually revisit them to ensure an institutional framework of compliance is maintained. The policies observed were found to be in line with NCAA bylaws.

However, the division did not have written procedures to include Banner processes, segregation of duties for common financial aid processes, and a process of reconciliation to validate award amounts. In some instances, the lack of these procedures contributed to errors.

- Internal records are kept (necessary to validate compliance with NCAA bylaws in the areas of cost of attendance and equivalencies) though these records are not reconciled with the squad list or Banner financial aid reports representing actuals
- The squad lists for Wrestling and Volleyball did not reconcile with financial aid reports representing actuals
- Athletics designates an expert to coordinate financial aid activities; this individual has responsibility associated with authorization, record keeping, and reconciliation of awards in contradiction to segregation of duties best practices
- Financial aid awards were found to have been made beyond the Cost of Attendance in 2 instances
- Scholarship equivalencies could not be mathematically validated as being compliant with NCAA bylaws

Cause (the reason for the difference between the criteria and the condition)

Athletics is currently in the first year of implementing an upgraded compliance software, ARMS. Full integration will require adaptation of internal controls as system functionality and nuances are identified.

Consequence (the impact to the unit or the University)

Observed practices do not provide appropriate checks and balances and result in an increased risk of error. The risks associated with non-compliance with NCAA rules can result in a loss of scholarships, being restricted from post-season play, ineligibility of student-athletes as well as fines and negative publicity.

Conclusion (action plans that address the condition, recommendations)

Recommendation:

Full integration of ARMS software into operations presents the opportunity for this division to further develop institutional internal controls in administering financial aid.

- It is recommended that the division standardize and create procedural documentation related to Banner processes
- It is recommended that the division develop a validation/reconciliation process to ensure awards authorized per the Financial Aid Office pay as expected and do not violate a student-athlete's cost of attendance; segregation of duties should be considered in assigning the reconciliation responsibility
 - Current internal record-keeping spreadsheets could be redeveloped to allow for full utilization of Excel functionality to facilitate the reconciliation process (i.e., pivot tables)
- It is recommended that all prorated awards be cross validated for calculation accuracy

Response: The institution’s Compliance Office will continue to work in the new recruiting software (ARMS) to assist with the financial aid collection and appropriate reporting. A full response regarding our department’s external and internal audits is below.

The Compliance Office noted “Student-Athlete vehicle monitoring” as one area of concern.

Concern Area: Student-Athlete vehicle monitoring. This is an area that poses minimal risk to the institution’s Compliance Office. Because most “Group of Five” institutions are not taking on significant “high profile” student-athletes, the types of situations that require institutions to monitor student-athlete vehicles are incredibly limited at the University of Wyoming. The monitoring process that is currently in place includes coaches and staff being generally aware of what types of vehicles our student-athletes are driving. If a student-athlete were to show up in a brand new 2022 Chevy that costs \$80k, the Compliance Office would follow up with the student-athlete to determine where the vehicle came from, how it was paid for, etc. We have not had any instances of this in recent years. Additionally, Name/Image/Likeness (NIL) permits student-athletes across the country to enter into endorsement agreements with car companies and/or dealerships. Should that be the case at Wyoming, appropriate policies and procedures would be followed. The education relating to the provision on extra benefits (generally where vehicles would come from) is discussed in educational meetings throughout the academic year with student-athletes.

Financial Aid Audit Concerns: The Athletics Department has concluded both its internal and external audit with respect to financial aid. All issues from both audits are addressed in the information below.

External Audit

- 1) Proration issue: Due to a S/A leaving/quitting the team during the semester, athletic financial aid is prorated to instructional days earned out of total instructional days (i.e., 50 instructional days earned of 73 total is 69%). If an equivalent sport it is then 69% of athletic award. The finding was that the individual was underpaid.
 - a. *How to avoid in the future:* To prevent this in the future, University of Wyoming (UW) Scholarships & Financial Aid Associate Director Monique Henley will verify the amount that should be paid and the amount that is in Banner. This will be cross-referenced with athletics financial aid that is provided to student-athletes. This will begin January 2023. This method is similar to the process used in the return of Title IV funds. The Athletic Department Compliance Office (specifically Christy Cunningham) will provide training on awarding (how initial calculations are made) and will

- work directly with the UW Office of Scholarships & Financial Aid to verify instructional days earned and the total instructional days in the term for consistency.
- 2) A portion of late scholarship increase (retro-active aid) did not pay out appropriately. The correct amount was loaded into Banner but did not pay from the campus side. It appears to be a system error.
 - a. *How to avoid in the future:* Campus “not paid” reports should show any financial aid shortages. However, the UW Office of Scholarships & Financial Aid did not run their respective reports due to office staff turnover. The Athletic Department Compliance Office (specifically Christy Cunningham) will input reminders into the internal calendar to check with campus that they (campus) have run the necessary reports. From a timing standpoint, these reports would ideally be run at the end of each semester, more specifically the week before or the week of exams. It should be noted that if the UW Office of Scholarships & Financial Aid is unable to run this report (e.g., staff shortage, etc.), it is feasible for the Athletic Department Compliance Office (specifically Christy Cunningham) to run it.
 - 3) **General Finding:** ARMS update from Banner report needs to be more specific and worked through the ARMS data import staff. There were small differences in amounts on squad lists than provided. This will require a review after the upload to ensure the GIA and COA amounts are correct. If these amounts are run incorrectly on reports or uploaded incorrectly, it can impact the specific % presented in the system. Need to ensure that all teams are appropriately counted for in ARMS and via internal checks/squad lists.

Internal Audit

- 1) Overpaid wrestler in spring only. Charges for tuition changed from Nonresident Grad tuition (\$894/ cr hr) to Nonresident Grad Distance Ed tuition (\$516/ cr hr) three weeks after classes started. The change occurred after the last day to drop/add and after the first stipend was disbursed. There was no change in “student-athlete major” in the system, which normally occurs, that would trigger over-payment review. The audit file should prevent mistakes like this from occurring.
 - a. *How to avoid in the future:* The Athletic Department Compliance Office (specifically Christy Cunningham) has connected with Matt Kanaly (SFA IT) and Dave Henry (Accounting IT) to have the report run during the last week of class (it is now scheduled) and to review the information in the report. This is an additional check to the reports that are already run for “review purposes.”
 - b. The Athletic Department Compliance Office (specifically Christy Cunningham) may require access to the “Uber report” to provide in depth information for our audit. This topic will be discussed further with Student

Financial Services and the Office of the Registrar in the next few months (December 2022/January 2023).

- 2) Overpaid room – At the time of calculation for room and board I checked SGASTDN (report) and it showed a current student-athlete (VB player) as a graduate (this was an error that was on the “degree tracking page” from a campus side of things). The designation subsequently changed in the system and it was not appropriately tracked.
 - a. *How to avoid in the future:* The Athletic Department Compliance Office (specifically Christy Cunningham) will confirm with the Office of Academic Support (Athletics) for any currently enrolled graduate students to ensure they are receiving the appropriate room and board expenses. The OAS will serve as a double check to the campus reports (that were not accurate) and facilitated the overage in this case.

Other Audit Responses: The Internal Audit Office lastly asked for specific information on the following recommendations.

- 1) It is recommended that the division standardize and create procedural documentation related to Banner Processes.
 - a. *Response:* The institution is actively working to address the recommendation via the information above (running additional reports, double checks, etc.). Additionally, while the Compliance Offices reviews all of its policies and procedures heading into the 23-24 academic year, all policies and procedures will be updated (and created) to address these concerns on financial aid reconciliation.
- 2) It is recommended that the division develop a validation/reconciliation process to ensure awards authorized per the Financial Aid Office pay as expected and do not violate a student-athlete’s cost of attendance; segregation of duties should be considered in assigning the reconciliation responsibility
 - a. *Response:* The Athletics Financial Aid Office will be working with the campus financial aid office to create a new report for any athletes that indicate whether an athlete is paid “more or less” than authorized per the awards and additionally will flag any athletes that are unpaid.
- 3) It is recommended that all prorated awards be cross validated for calculation accuracy
 - a. *Response:* This is addressed in question #1 above.
 - b. *How to avoid in the future:* To prevent this in the future, University of Wyoming (UW) Scholarships & Financial Aid Associate Director Monique Henley will verify the amount that should be paid and the amount that is in Banner. This will be cross-referenced with athletics financial aid that is provided to student-athletes. This will begin January 2023. This method is similar to the process used in the return of Title IV funds. The Athletic Department Compliance Office (specifically Christy Cunningham) will provide training on awarding (how initial calculations are made) and will work directly with the UW Office of Scholarships & Financial Aid to verify instructional days earned and the total instructional days in the term for consistency.

Thank you to Dankia and Rebecca for their diligence and communication during this audit. We always appreciate the double check on our end and they are both a pleasure to work with.

Distribution List

Edward Seidel, President of the University of Wyoming

Thomas Burman, Athletic Director

Matthew Whisenant, Deputy Director

Peter Prigge, Associate Athletic Director – Compliance and Olympic Sports



UNIVERSITY OF WYOMING

Internal Audit

Athletics Travel

December 20, 2022

Auditors:

Danika Salmans MBA, CIA, CRMA

Rebecca Garcia MBA, CIA

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University of Wyoming Board of Trustees:

Internal Audit has completed a review of Athletics team travel. This area was included in the annual audit plan during the annual risk assessment.

The objectives of this audit were to assess activity during FY 2022 to acquire an understanding of operational components and complete an assessment of basic internal controls to mitigate operational, financial, compliance, and strategic risks.

Any concerns and weaknesses that were identified are mentioned in this report and potential modifications were discussed with management. If the department is not in compliance with criteria, policies, procedures, or best-practice, this deficiency is described in a formal observation so that the department can develop an action plan to mitigate the risks. The following observations have been made:

- **Observation #1:** Travel procedures were not consistently enforced, and operational documents do not include some elements to reduce compliance risk

A follow-up will be performed in 6 months to assess progress related to the audit recommendations. The audit will remain open until the completion of the follow-up review, at which time a closing report will be provided.

We would like to thank Billy Sparks – Senior Associate Athletic Director for Administration, Sam Brodie – Associate Athletic Director for Budgeting & Financial Management as well as the other staff members for the assistance we received on this audit.

Sincerely,



Danika Salmans MBA, CIA, CRMA
Director of Internal Audit

Sincerely,



Becky Garcia MBA, CIA
Senior Internal Auditor

Background

MISSION STATEMENT

The University of Wyoming Department of Intercollegiate Athletics is committed to the development of tomorrow's leaders by creating an environment that promotes personal growth, academic and athletic excellence in a progressive, inclusive, and transparent manner. The Department of Intercollegiate Athletics will support the overall University of Wyoming mission, provide an outstanding fan experience, encourage community engagement, and serve as a source of pride for alumni, supporters, and the state of Wyoming.

GUIDING PRINCIPLES

- **Dedication to Student-Athletes:** We will promote the well-being of student-athletes and provide opportunities for academic, athletic, and personal success. We will foster academic excellence, graduate student-athletes, support their development as citizens, and prepare them to be leaders.
- **Integrity:** We will demonstrate integrity in all areas. We are dedicated to financial stability, rules compliance, diversity, and personal accountability.
- **Respect:** We will celebrate a climate of mutual respect, inclusiveness, loyalty, and sportsmanship by recognizing contributions to our teams, our department, and the university.
- **Competitive Success:** We will endeavor to be the very best when representing the University of Wyoming and our state. We are committed to providing the resources and personnel for our teams to achieve success.
- **Tradition:** The legacy of the University of Wyoming athletics is proud and strong. We will honor our outstanding tradition.
- **Excellence:** We believe in a spirit of comprehensive excellence. We will strive for excellence in all we do.

GENERAL INFORMATION

The University of Wyoming Department of Intercollegiate Athletics (DIA) consists of 17 teams competing at the NCAA Division I level: men's and women's basketball, men's and women's cross country, football (FBS), men's and women's golf, women's soccer, men's and women's swimming, women's tennis, women's volleyball, men's and women's indoor track, men's and women's outdoor track and wrestling. All sports are fully-funded up to the NCAA maximum for grant-in-aids (i.e., scholarships).

The University of Wyoming competes in the Mountain West Conference (MWC), the Western Athletic Conference (WAC), and the Big 12 Conference. In addition to the University of Wyoming the MWC consists of the U.S. Air Force Academy, Boise State University, Colorado State University, University of Nevada-Las Vegas, University of New Mexico, and San Diego State University, University of Nevada, Utah State, University of Hawaii, San Jose State University and Fresno State.

The DIA is managed by the Director of Intercollegiate Athletics who reports directly to the President of the University. The Director of Intercollegiate Athletics ensures the department operates in a manner consistent with the rules and regulations of the University, the MWC and the NCAA.

Audit Scope, Procedures, and Outcomes

The following steps represent the extent of work needed to achieve the audit objectives and are summarized below. The scope of this audit focused on FY 2022. The status includes an evaluation of risk to the achievement of objectives

- **Concern** – A concern indicates that a department currently satisfies a criterion, policy, or procedure; however, minor improvements need to be made so that the department maintains compliance.
- **Weakness** – A weakness indicates that a department lacks the strength of compliance with criterion, policy, or procedure to ensure that the quality of the program will not be compromised. Therefore, remedial action is required to strengthen compliance with the criterion, policy, or procedure. This might require follow-up to ensure that corrective action has been taken.
- **Deficiency** – A deficiency indicates that a criterion, policy, or procedure is not satisfied. Therefore, the department is not in compliance with the criterion, policy, or procedures. A formal recommendation is issued that requires the department to develop an action plan to mitigate the risks.

Area Audited	Status	Sample Size	Summary of Findings/Recommendations
Policies and Procedures	Weakness	NA	The current documented travel procedures establish a framework for division expectations; no inconsistencies were noted with NCAA bylaws. The travel procedures do not include some expectations such as pre-approval authorization and hosting meal documentation requirements. Historically assumed practices implemented to reduce risks were not included in documentation available and were not consistently applied. (See Observation #1)
Financial Controls Financial Reporting and Monitoring	Concern	32 Organizations	The FY 2022 travel activity for all Athletics accounts was reviewed for solvency, budget authority, and expenditures within limits and criteria. While the Athletics Division cumulatively maintains compliance with travel budgetary expectations, substantial variances in individual orgs were noted. The unit is encouraged to review planning and monitoring practices to ensure they are adequate to minimize budget variances at the org level. This was discussed with management.

<p style="text-align: center;">Expenditure Controls</p> <p style="text-align: center;">Expenditures: Purchase Orders/Invoices, Expense Reports</p>	<p style="text-align: center;">Weakness</p>	<p>Data Analysis 100% 31,274/31,274</p> <p>Testing 2%</p>	<p>All transactional data was analyzed using data analytics software to find potential duplicate or fraudulent transactions, and/or other anomalies. Inconsistencies in chart of accounts natural account coding were noted.</p> <p>Transactions related to 5 team trips were randomly tested to ensure compliance, proper documentation and authorization were present. Issues were noted: non-athlete travelers without a direct business purpose, inaccurate hosting documentation, players and support personnel on trip appearing to exceed max limits per policy without documented authorization, and meals in Laramie before out of state travel without a sufficient qualifying business purpose.</p>
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Observations, Recommendations, and Responses

Observation #1

Travel procedures were not consistently enforced, and operational documents do not include some elements to reduce compliance risk

Criteria (control framework or policy that establishes the standard)

As per the Committee of Sponsoring Organizations of the Treadway Commission (COSO)

Internal Control Integrated Framework, management is responsible for establishing and maintaining an effective system of internal control. Control activities include:

- policies (establishing what should be done)
- procedures (to implement the policy)
- consideration of segregation of duties, dividing critical duties among different individuals to serve as checks and balances as well as reduce the risk of error

As per the University Travel and Reimbursement Policy¹:

III. AUTHORIZATION OF OFFICIAL UNIVERSITY TRAVEL

All travel must have prior authorization even if the travel is at no cost to the university. Information on travel authorization can be found on the Travel at UW website (<http://www.uwyo.edu/travel/index.html>).

- A. Authorization for travel and claims for travel reimbursement shall be made on such forms and in accordance with such procedures as may be established by the Associate Vice President for Fiscal Administration

Student-Athlete Eligibility per NCAA bylaws is determined by evaluation against multiple components of criteria. This might impact a student's allowability to travel and/or participate in competition.

As per the Athletics Division policy:

- Defines expectations of general team travel party parameters per sport
- Requires travel plans to be submitted a minimum of 2 months prior to season
- Requires itineraries to be submitted prior to any travel; included elements must be: travel party, hotel information, travel details and information
- Cites only student-athletes that are eligible for competition may travel
- Clarifies that injured student-athletes that have not been medically cleared to compete from the team doctor will not be allowed to travel
- Identifies support positions expected to travel with teams as: coaches, athletic trainers, managers, equipment staff, radio/TV staff, as well as "other personnel who are deemed essential support"
- Allows for prior approval to be received for deviations

¹ https://www.uwyo.edu/regs-policies/_files/docs/policies/travel_sap_updated_approved11-23-20.pdf

Condition (the current state based on testing)

The University of Wyoming Athletic Department Team Travel Policies and Procedures were reviewed. Transactions related to 5 team trips were randomly tested to ensure compliance with procedures, proper documentation, and authorization were present. The following issues were noted:

- no travel itineraries were available,
- non-athlete travelers were observed without a direct business purpose or prior approval documented,
- inaccurate hosting documentation,
- players and support personnel on trip appearing to exceed max limit parameters per policy without documented authorizations
- and meals in Laramie before out of state travel without a sufficient qualifying business purpose.

Many of the identified issues and inconsistencies were associated with elements not addressed in the travel procedure document, including:

- An expectation to submit travel requests for pre-authorization, and definition of what information is required,
- Definition of what position in the chain of command must review and approve the travel pre-authorization
- Procedure to review traveling athletes by the appropriate personnel prior to the departure of each trip to ensure they eligible to compete as per NCAA and institutional definitions
- Mechanisms to request approval for deviations from policy
- Expectations regarding standardize documentation that must be included as expenditures are processed: hosting form detail; itineraries; pre-approval authorizations; or approvals for deviations from policy
- Appropriate definition of business purpose

Consequence (the risk to the achievement of objectives)

The lack of, or outdated nature of policies and procedures contributes to the risk of tasks being completed inconsistently based on personal preferences/objectives and legacy understandings rather than in a standardized and effective manner focused on compliance and meeting institutional objectives. Sustained inconsistency leads to inefficiencies that could contribute to financial, strategic, compliance, and operational risks. In addition, failure to have standard operating procedures results in dependence on key individuals for performance and continuity.

The risks associated with non-compliance with NCAA bylaws include denied student-athlete eligibility for intercollegiate competition.

Conclusion (action plans that address the condition, recommendations)

Recommendation:

Comprehensive policies, and consistently enforced procedures serve as internal controls to ensure risks to achieving objectives are mitigated. It is recommended that Athletics further develop the travel procedures in in consideration of capacity, so that the issues and omissions addressed above are addressed.

Response (action plan):

In response to the findings of this audit, Athletics will implement additional training for coaches/staff/support personnel to ensure compliance with travel authorization and that travel itineraries are submitted to the appropriate persons *prior* to travel. Additionally, we will enforce more accurate and consistent hosting documentation across the division to ensure that hosting documentation effectively communicates both the business purpose of each meal and the individuals participating in the meal. These measures will be put into place immediately. Finally, Athletics travel policies will be reviewed in full and updated to address/expand on expectations/definitions/chains of authorization/etc. and all updates will be communicated to division employees to ensure awareness/understanding. Per Athletics standard schedule, policy updates will be put into effect 7/1/2023, but the review process will start immediately.

Distribution List

Edward Seidel, President of the University of Wyoming

Thomas Burman, Athletic Director

Matthew Whisenant, Deputy Director

Billy Sparks, Senior Associate Athletic Director for Administration

Samuel Brodie, Associate Athletic Director for Budgeting and Financial Management



UNIVERSITY OF WYOMING

Internal Audit

Human Resources & Payroll

December 22, 2022

Auditors:

Danika Salmans MBA, CIA, CRMA

Rebecca Garcia, MBA, CIA

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December 22, 2022

University of Wyoming Board of Trustees:

Internal Audit has completed a review of Human Resources and Payroll. This area was chosen for review during the annual risk assessment. Due to the complexity of this area, it was determined that a limited review of various components should be completed over multiple audit years.

The objectives of this audit were to assess activity during FY2021 through current to acquire an understanding of operational components and complete an assessment of basic internal controls to mitigate operational, financial, compliance, and strategic risks.

Any concerns and weaknesses that were identified are mentioned in this report and potential modifications were discussed with management. If the department is not in compliance with criteria, policies, procedures, or best-practice, this deficiency is described in a formal observation so that the department can develop an action plan to mitigate the risks. The following observations have been made:

- **Observation #1:** The Fringe Reserve Account has been used for expenditures that do not qualify as “fringe,” per the Federal Fringe Rate Agreement
- **Observation #2:** Compliance with I-9 and HCM Funding Form procedures was not enforced

A follow-up will be performed in nine (9) months to assess progress related to the audit recommendations. The audit will remain open until the completion of the follow-up review at which time a closing report will be provided.

We would like to thank Bob Link – Associate Vice President for Human Resources, Deborah Marutzky – Talent Acquisition Manager, Sheralyn Farnham – Payroll Manager, and the many other staff for the assistance we received on this audit.

Sincerely,



Danika Salmans MBA, CIA, CRMA
Director of Internal Audit

Sincerely,



Becky Garcia MBA, CIA
Senior Internal Auditor

Background

HR Mission

With a sense of warmth, friendliness, pride and UW spirit, we provide innovative and customer-focused HR services to the UW community. We strive to attract and retain an inclusive and diverse population that inspires excellence in our people, thus enabling the University to serve the State of Wyoming.

HR Vision

We are creative and collaborative problem solvers. We embrace continuous improvement and are never satisfied with the status quo. Our customers are our highest priority. We are responsive and easy to do business with.

At a high level, HR and Payroll oversee the following:

- Management of Inclusivity Initiatives for HR (E-nets, Affirmative Action Planning, etc.)
- WyoCloud Core Records functions (Employment verifications)
- Classification and Compensation (Salary adjustments, job audits)
- Talent Acquisition (recruiting, hiring, onboarding, Form I-9, employment law and compliance)
- Benefits (health, dental and life insurance, prescription plan, long and short-term disability insurance, ambulance, flexible spending plan, vision plan, employee assistance plan, new employee orientation, benefit changes due to qualifying events, open enrollment, annual benefit fair)
- Leaving employment and retirement
- Leave and Absence Management (ensuring leave is posted, FMLA and non-FMLA leave, military leave, extended leave for personal or medical reasons, process donated sick leave, process leave without pay on paper, process all short and long term disability applications)
- Disability & Accommodations medical and religious accommodations (providing reasonable accommodations to individuals)
- Workers' Compensation (receive all reports of injury, manage leave, return employees to work, pay monthly workers' compensation premiums)
- Unemployment (process all requests for information from all states, upload quarterly wages, employment wage verification, pay quarterly unemployment insurance)
- Employee Relations
- Employee Training and Professional Development
- Employee Performance Management
- HRIS Systems
- Payroll

The HR Strategic plan for 2021-2024 considers Presidential strategic objectives, and has developed goals to optimized HR/Payroll functionality to contribute toward presidential and UW strategic plan.

Audit Scope, Procedures, and Outcomes

The following steps represent the extent of work needed to achieve the audit objectives and are summarized below. The scope of this audit focused on FY2021 through current. The status includes an evaluation of risk to the achievement of objectives.

- **Concern** – A concern indicates that a department currently satisfies a criterion, policy, or procedure; however, minor improvements need to be made so that the department maintains compliance.
- **Weakness** – A weakness indicates that a department lacks the strength of compliance with criterion, policy, or procedure to ensure that the quality of the program will not be compromised. Therefore, remedial action is required to strengthen compliance with the criterion, policy, or procedure. This might require follow-up to ensure that corrective action has been taken.
- **Deficiency** – A deficiency indicates that a criterion, policy, or procedure is not satisfied. Therefore, the department is not in compliance with the criterion, policy, or procedures. A formal recommendation is issued that requires the department to develop an action plan to mitigate the risks.

The general HR/Payroll management processes are sound with adequate internal controls. The findings summarized below are intended to assist an already highly function Division to optimize their services and controls even further through our findings/recommendations.

Control Audited	Function	Status	Sample Size	Summary of Findings/Recommendations
Physical and Data Controls	Asset Management	Concern	100%	Capitalized and sensitive asset listings were reviewed to validate accuracy and completeness. The department maintains an inventory list of all equipment and its location and performs annual inventory checks. Sensitive assets should be reported to UW Asset Management as per university guidance.
	Access Management	Acceptable	100%	Proper data access controls between HR and Payroll personnel were tested to ensure proper segregation of duties. Proper controls were validated to be present in systems used for payroll management. Access controls to the building were also reviewed. No issues were noted.
	Safety/ Security	Weakness	NA	Security parameters were reviewed to ensure continued functionality. A safety/security issue was identified. Operations is aware and working to address the concern, Internal Audit will continue to follow and report on progress.

Financial Controls	Financial Reporting and Monitoring	Deficiency	100%	<p>Accounts were reviewed for solvency, budget authority, and expenditures within limits and criteria. Multiple financial reports were also reviewed to assess the ongoing management of finances.</p> <p>The Business Manager reviews WyoCloud reports. Additional reporting is expected to develop based on the expectations of the new leadership.</p> <p>The Fringe Benefit Reserve account was reviewed for assessment of account balance and allowable/allocable charges. This account is reported to present a current \$9.4 million deficit.</p> <p>Expenditures against this reserve account should be consistent with the federal fringe rate agreement, (employee deductions, and payments related to end of employment). Testing indicated that payroll elements were charged against this account that were inconsistent with stated parameters. (See Observation #1)</p>
	Accounts Receivable	Concern	NA	<p>Account Receivable processes related to billing board retirees for their portion of insurance premiums were reviewed to ensure proper internal controls. Funds are collected and payments made on the retiree's behalf to Employee Group Insurance (EGI). Calculated revenues exceeded expenditures by approximately \$10,000. Some payments were identified to have been deposited to the incorrect account.</p> <p>The process of billing the retirees has now been assumed by (Employee Group Insurance) EGI. To complete this transition, HR/Payroll is in the process of assessing balances that will need to be returned to payees in full.</p>
Expenditure Controls	Payroll and Benefits	Weakness	.3% 35/10,432	<p>Internal controls related to the payroll process were reviewed and tested. Issues were noted with unauthorized payroll changes. 9 instances were identified in which the Funding Form was not completed with proper authorization.</p> <p>Payroll staff utilize a database system to independently validate the accuracy of the payroll process. Segregation of duties exists through assigned responsibilities and procedurally should be maintained for the validation process to maintain integrity.</p>

	Expenditures: Purchase Orders, Expense Reports and IDTs	Concern	<p>Data Analysis 100% 2633/2633</p> <p>Testing .7% 19/2633</p>	<p>All transactional data is analyzed using data analytics software through the Continuous Monitoring Program to find potential duplicate or fraudulent transactions, and/or other suspicious areas.</p> <p>A sample of invoices related to the payment of benefits and deductions was tested for compliance with procurement policies and procedures. Documentation attached to some invoices does not have a direct correlation to the payment amount but represents a reconciliation of total deductions.</p> <p>Some deductions were related to donations to Cowboy Joe Club and Wyoming Public Media. These donations were transferred and reported appropriately.</p> <p>In some instances, purchase orders and requisitions were created after the invoice was issued. The unit is recommended to obtain UW review and approval of expenditures through the requisition process before funds are obligated.</p>
Operational and Strategic Controls	Identification of Procedures and Processes	Concern	NA	The department maintains many complete and updated complex departmental process guides. Testing indicates further development is necessary, specifically related to management of the fringe reserve account, an exit interview process, and processes related to I-9 compliance auditing/enforcement.
	Culture and Governance	NA	NA	An assessment of governance and culture was performed by surveying staff. The results have been provided to management to be used to understand concerns and address risks to strategic progress.
	Strategic Objectives	Concern	NA	<p>The strategic plan for HR/Payroll was reviewed. The plan was comprehensive and addressed appropriate goals. Some elements have been reprioritized or added to meet the changing needs of the University. The department is encouraged to regularly address objectives to ensure measurable progress toward objectives is attained.</p> <p>A defined objective was for Payroll to develop a Guidebook for campus. This information is currently presented via web pages, the Employee Handbook, and various reference guides. While comprehensive, the guidance documentation does not address various components, such as Administrative Stipends or Supplemental Pay for J-Term. Guidance should be compiled, easily accessible, and clearly indicate what documentation is required for proper authorization.</p>

	Compliance Related Activities	Weakness	NA	<p>HR/Payroll is responsible for operational activities that are associated with compliance. An Affirmative Action plan has not been revised since 2021. This requirement was not met due to staff turnover and a transition in division responsibility from the Office of Diversity, Equity, and Inclusion to HR.</p> <p>I-9 compliance is assessed through self-audits. Due to efforts by the division, compliance has improved. Sample testing indicated 72% of the assessed population completed section 1 in under 2 days as required, and 68% completed section 2 in under 4 days as required. 61 instances were noted in which the process was not completed within 90 days. The department is encouraged to continue with detective controls. Enhanced preventative controls are needed through communicating and enforcing expectations university-wide. (See Observation #2)</p>
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Observations, Recommendations, and Responses

Observation #1

The Fringe Reserve Account has been used for expenditures that do not qualify as “fringe,” per the Federal Fringe Rate Agreement

Criteria (control framework or policy that establishes the standard)

According to the Federal Fringe Rate Agreement dated 7/1/2022:

The fringe benefits included in the rate(s) are listed below:

Faculty/Academic Professionals and Staff: Employee Assistance Program, FICA, Health Insurance, Life and Disability Insurance, Retirement, Terminal Leave, Unemployment Insurance, Workers’ Compensation Insurance, Employee Tuition Remission.

Other expenditures that are associated with employee deductions will also be expensed to this account.

Condition (the current state based on testing)

In addition to those expenditures associated with the Federal Fringe Rate Agreement, additional elements were expensed to the reserve account. For example, this included:

- Awards
- Comp Time Payout
- Domestic Partner Benefits
- Mobile Communication Device

Fringe charge rates are analyzed and reviewed and adjusted to reflect differences between the rates charged and actual benefits costs as well as future benefit projections. Other employee deductions and associated expenditures are reconciled to ensure that revenues are in balance with expenditures.

This account is currently indicating a \$9.4M deficit balance. It is the intent to largely resolve this deficit with future fringe rate adjustments and a transfer of budgeted fringe rates associated with vacancies. As projected, balancing is expected in the next 2-3 fiscal years.

Consequence (the impact to the unit or the University)

Expenditures beyond those intended as disclosed in the fringe rate calculation will have an impact on financial risks by increasing the deficit balance without a source of compensating revenue.

Corrective Action (action plans that address the condition, recommendations)

To mitigate the financial risks, HR/Payroll is recommended to work with Financial Affairs to design further directive, preventative, and detective controls through consideration of the following:

- Establish and document standardized expectations for management of this account; to include appropriate payroll elements for expenditure

- Evaluate WyoCloud chart of accounts functionality and possible alternative options for the processing of routine payroll transactions that do not qualify as “fringe”
- Develop a standardized review process at the unit level to regularly review all processed expenditures and assess for necessary corrections to be made in a timely manner

Response:

Fringe Reserve Account:

While de minimis in nature, compared to the total payroll and benefits expenditure of the University, we had identified and remedied expenses related to the above-mentioned Awards, Comp Time Payout, and Mobile Communication Device in 2022. Systems and check are in place to proactively identify issues and account for such expenses appropriately. HR/Payroll will work in partnership with Budget and Finance to better identify and document account(s) for appropriate payroll elements outside of the Fringe Reserve, as may be needed.

Observation #2

Compliance with I-9 and HCM Funding Form procedures was not enforced

Criteria (control framework or policy that establishes the standard)

As per the UW New Employees website¹:

Employees are required by law to complete a Form I-9 with Human Resources. Section 1 must be completed on or before their first day of work. Section 2 needs to be completed no later than 3 business days after the hire date. UW utilizes a 3rd party vendor, Sterling Talent Solutions, to complete the Form I-9 electronically.

- Due to federal law, failure to complete the I-9 within the appropriate time frames as outlined above will result in the employee’s automatic termination and that individual must cease work immediately.

According to various Human Capital Management Hiring Quick Reference Guides and Instructions for the HCM Funding Form²:

Prior to *initiating* an offer, the HCM Funding Form must be completed and included in the Attachments section of the Offer, so the hire can be promptly and accurately recorded in WyoCloud HCM

¹ <http://www.uwyo.edu/hr/new-employees/>

² https://www.uwyo.edu/hr/_files/docs/payroll-office/hcm-funding-form-instructions.pdf

This form is to be used “for all new hires, current and future payroll funding in HCM”

The form must show who completed it and must be signed by the appropriate Cost Center Approver for each funding string. Additional signatures may be needed, as indicated on the funding form. Signatures must be completed in the order they appear on the form

Condition (the current state based on testing)

Employees not compliant with I-9 requirements were found not to be subject to termination as per stated guidance. The language regarding automatic termination due to lack of completion was not found on new-hire checklists.

Payroll modifications were found to be processed without proper documented authorization.

Consequence (the impact to the unit or the University)

The above institutional I-9 guidance serves as preventative and directive internal control in mitigating financial risks to the institution because of non-compliance. I-9 infractions are subject to a range of financial penalties based upon circumstances and frequency, increasing if subsequent offenses are identified.

The HCM Funding Form serves as critical internal control in maintaining best practices related to segregation of duties. The use of this form mitigates the risk of errors or unauthorized changes through the separation of duties so that no one person owns the lifecycle of a payroll transaction.

This form also serves as an integral internal control in maintaining budget expectations and appropriateness through requiring authorization from the individual in a department with financial responsibility.

Corrective Action (action plans that address the condition, recommendations)

It is recommended that internal processes be reviewed and re-engineered in consideration of capacity to ensure compliance monitoring and management are actionable and enforced.

- Improved efforts toward I-9 compliance should continue to be pursued, and lack of compliance ramifications enforced.
- The HCM Funding Form should be assessed for adequate and appropriate authorization of payroll actions, and lack of compliance enforced.

Response:

I-9 Compliance:

While labor intensive, ongoing compliance pushes have resulted in a slightly favorable increase in I-9 completions. HR/Payroll continues to modify our practices to motivate both employees and managers regarding compliance with the I-9 process.

HCM Funding Forms:

HR/Payroll continues to work with partners across campus to execute a systems based Costing Module. This module will automate and remedy the documentation issues on campus related to multiple Funding Forms being completed and in different stages of completion to better support the documentation of appropriate authorization (or system-based delegation of authorization).

Distribution List

Edward Seidel, President of the University of Wyoming

Alex Kean, Vice President for Budget and Finance

Bob Link, Associate Vice President for Human Resources



UNIVERSITY OF WYOMING

Internal Audit

Administration and Finance Office Change of Management Audit

December 22, 2022

Auditors:

Danika Salmans MBA, CIA, CRMA

Rebecca Garcia, MBA, CIA

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December 22, 2022

University of Wyoming Board of Trustees:

Internal Audit has completed a change of management review of the Office of Finance and Administration. This office has seen several changes in leadership over the last two years with the most recent being the departure of the Deputy Vice President for Finance and the transition of the Senior Vice President for Finance and Administration to another role on campus in the latter half of 2021. These transitions necessitated reorganization to ensure continued functionality.

A change of management audit is an independent appraisal providing feedback to management regarding the design and operational effectiveness of the past leadership. It presents opportunities for improvement by identifying any risks to the University related to internal control weaknesses.

The objectives of this audit were to assess activity and the transition in responsibilities from FY 2020 through FY 2022. Internal controls were assessed to ensure that they are designed to address risks to the achievement of strategic objectives.

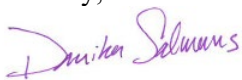
Concerns and weaknesses are identified in this report and potential modifications were discussed with management. If the department is not in compliance with criteria, policies, procedures, or best-practice, this deficiency is described in a formal observation so that the department can develop an action plan to mitigate the risks. The following observations have been made:

- **Observation #1:** Current leadership lacks formally documented job descriptions that detail responsibilities
- **Observation #2:** Written standardized procedures defining WyoCloud accounting practices were absent and accounting anomalies were observed

A follow-up will be performed in six (6) months to assess progress related to the audit recommendations. The audit will remain open until the completion of the follow-up review at which time we will provide another report.

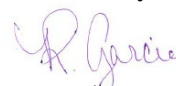
We would like to thank Alex Kean - Vice President for Budget and Finance, Ashlie Reese – Associate Vice President for Finance, and the many other staff for the assistance we received on this audit

Sincerely,



Danika Salmans MBA, CIA, CRMA
Director of Internal Audit

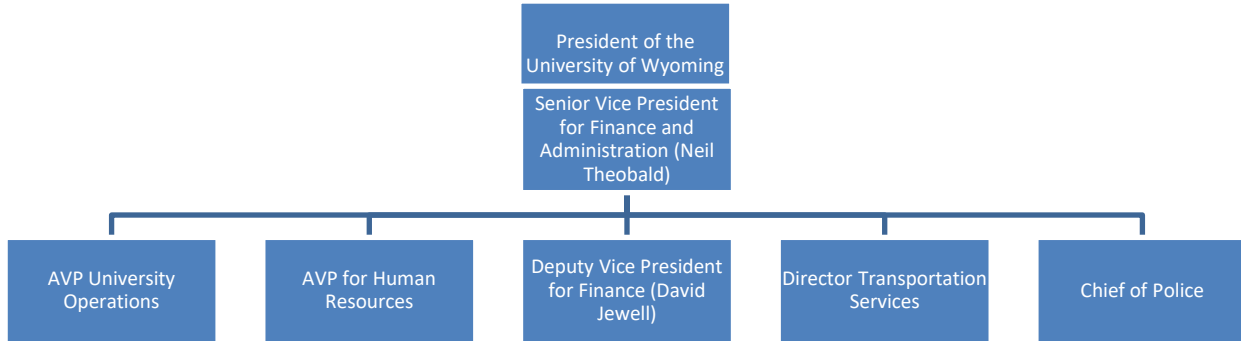
Sincerely,



Becky Garcia MBA, CIA
Senior Internal Auditor

Background

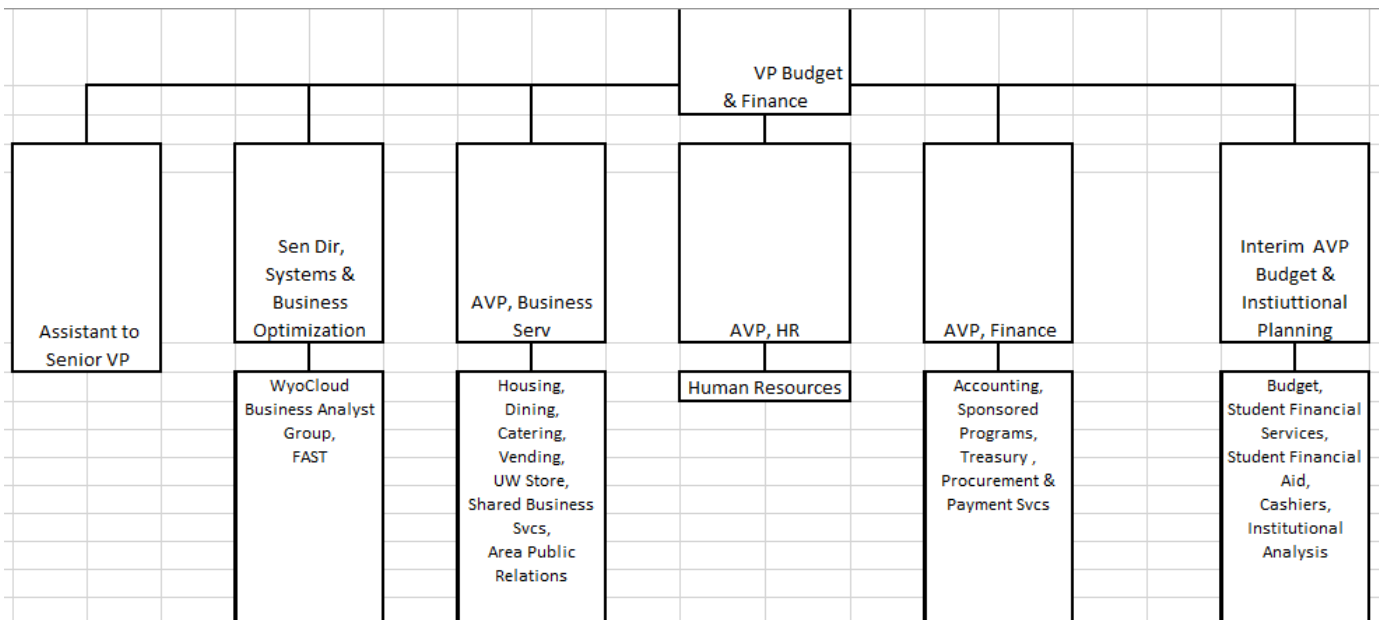
In March 2021, the following organizational chart represented the internal reporting structure under the purview of the Senior Vice President for Finance and Administration.



The units that reported to the Deputy Vice President for Finance were reported as follows.

- Accounting
- Asset Management
- Budget Office
- Copier Services
- Financial Affairs Support Team
- Student Financial Services
- Office of Institutional Analysis
- Office of Sponsored Programs
- Procurement and Payment Services
- Tax Office
- Trademark Licensing
- WyoCloud

As of September 2022, the following organizational chart represented the internal reporting structure under the purview of the Vice President for Budget and Finance.



Audit Scope, Procedures, and Outcomes

The following steps represent the extent of work needed to achieve the audit objectives. The scope of this audit focused on FY 2020 through current for the following ORGs: 00000-Default; 00001-General; 20001-VP for Administration; 21001-Budget; 21003-System of Institutional Effectiveness; 22001-Financial Affairs; 22101- Financial and Administrative Support Team (FAST). The audited areas and steps are summarized below. The status includes an evaluation of risk to the achievement of objectives as per the below.

- **Concern** – A concern indicates that a department currently satisfies a criterion, policy, or procedure; however, minor improvements need to be made so that the department maintains compliance.
- **Weakness** – A weakness indicates that a department lacks the strength of compliance with criterion, policy, or procedure to ensure that the quality of the program will not be compromised. Therefore, remedial action is required to strengthen compliance with the criterion, policy, or procedure. This might require follow-up to ensure that corrective action has been taken.
- **Deficiency** – A deficiency indicates that a criterion, policy, or procedure is not satisfied. Therefore, the department is not in compliance with the criterion, policy, or procedures. A formal recommendation is issued that requires the department to develop an action plan to mitigate the risks.

Area Audited	Test Work Performed	Status	Sample Size	Summary of Findings/Recommendations
Financial Controls	Financial Reporting and Monitoring	Concern	100%	Accounts were reviewed for solvency, budget authority, and expenditures within limits and criteria. Budget overages were observed. Management reports that variances are monitored and reported to the Budget Committee on a quarterly basis to maintain compliance with UniReg 7-1.

	Accounts Receivable	Concern	NA	<p>The FAST team provides a wide range of business services to all University departments, primarily on a billable basis. Procedures and billing mechanisms were reviewed. Billing was inconsistent over the time scope of the audit. Prior administration was reported to have authorized free services to demonstrate the value of the concept. Fees charged were not included in the current Fee Book.</p> <p>Procedurally, the cost of FAST engagement services is formalized in a Scope of Work. However, if work exceeds the original proposed cost, no formal amendment process was observed.</p> <p>The FAST is partially supported by non-recurring funds. It is suggested that sustainability and alternate funding sources for support be assessed.</p>
Expenditure Controls	Foundation Accounts	Acceptable	100% 26/26	Foundation accounts assigned to the division were reviewed. The VP of Administration manages funds that benefit the institution. No issues were noted.
	Expenditures: Purchase Orders, Expense Reports and IDTs	Weakness	Data Analysis 100% 935/935 Testing 1.4% 13/935	<p>All transactional data is analyzed using data analytics software through the Continuous Monitoring Program to find potential duplicate or fraudulent transactions, and/or other suspicious areas.</p> <p>Many of the tested expenditures had some degree of noncompliance with procurement procedures.</p> <p>181 transactions were identified in which financial commitments were made before the issuance of a purchase order which is contrary to the guidance provided in the Procurement Services Manual.</p> <p>Operational expenditures and payroll for other departments were</p>

				expensed to the Administration division. (See Observation #2)
	Grants	Deficiency	100% 18/18	Grant management practices were reviewed. Expenditures were evaluated to ensure compliance with agreements; adherence to budgets was assessed. The Administration division manages grants that benefit the University. Instances of project expenditures not being accounted against project revenues were observed. (See Observation #2)
Personnel Controls	Payroll and Benefits	Deficiency	100%	The objective in this category was to assess adequate documentation, controls, staffing structure, reasonableness, and verify that only valid employees were paid. Job descriptions have not been created/updated defining segregation of duties and establishing roles of responsibility and authority under the current leadership structure. (See Observation #1) Payroll costs were observed in VP Administration-20001 for Staff Senate President salaries, in contradiction to UniReg 1-3. An internal control deficiency was noted at the onset of the audit. The General Operations-00001 account indicated one individual as Cost Center Approver for all levels in the approval hierarchy. The issue was resolved before the close of the audit.
Strategic Controls	Identification of Policies and Procedures	Deficiency	NA	Inconsistencies in accounting entries and utilization of accounts indicate the need for standardization of practices through documented departmental procedures. This effort will lead to greater accountability, transparency, and provide a method for establishing and monitoring internal controls. (See Observation #2)

	Culture and Governance	NA	NA	An assessment of governance and culture was performed by surveying staff. The results have been provided to management to be used to understand concerns and address risks to strategic progress.
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Observation #1
Current leadership lacks formally documented job descriptions that detail roles and responsibilities

Criteria (control framework or policy that establishes the standard)

Per the Bylaws of the Trustees of the University of Wyoming, management is to set “the appropriate tone in communicating the importance of internal control and ensure that individuals have an understanding of their roles and responsibilities.”¹

Management is responsible for establishing and maintaining an effective system of internal control.

The Mission Statement of this division defines its contribution to the University:²

The Division of Finance and Administration provides the financial and administrative infrastructure needed for the University of Wyoming to fulfill its core mission of teaching, research, and service. The division provides competent, responsive, direct, and advisory services to the entire university. These services are marked by accountability to the institution, resourcefulness, and stewardship of all university assets.

Condition (the current state based on testing)

The leadership and organizational structure of the division has transformed through many internal structural iterations over the last two years.

Leadership Job Titles	7/1/2020	12/1/2020	7/1/2021	12/1/2021	7/1/2022	8/29/2022	9/19/2022
Assistant Vice President, Budget & Institutional Planning							
Assoc VP, Budget & Inst Plan							
Associate Vice President, Finance							
Associate VP, Budget & Planning							
Deputy VP for Finance							
Deputy VP, Budget & Finance							
Interim Assoc VP, Budget & Inst Plan							
Director, Treasury Management and Financial Services							
Senior Director, Budget & Institutional Planning							
Senior VP, Admin & Finance							
Vice President, Budget & Finance							

The University of Wyoming Human Resources Department has no record of position description documentation for the “Vice President, Budget and Finance.” Other relevant leadership job descriptions have not been updated as the structure has evolved.

UniReg 1-1 Organization of the University³, assigns responsibilities and authority to the Division of Administration and Finance. However, the division is currently referred to as the Division of Budget and Finance based on the titles of the current leadership.

¹ [https://www.uwyo.edu/generalcounsel/ files/docs/university-governance/bylaws-of-the-trustees-of-the-university-of-wyoming_effective_5-12-22_schedule_5-12-22.pdf](https://www.uwyo.edu/generalcounsel/files/docs/university-governance/bylaws-of-the-trustees-of-the-university-of-wyoming_effective_5-12-22_schedule_5-12-22.pdf)

² <http://www.uwyo.edu/administration/>

³ [https://www.uwyo.edu/regs-policies/ files/docs/regulations-2022/uw_reg_1-1_approved_5-12-22.pdf](https://www.uwyo.edu/regs-policies/files/docs/regulations-2022/uw_reg_1-1_approved_5-12-22.pdf)

Consequence (the impact to the unit or the University)

Successful change management integrates consideration of individuals, their skills, processes, procedures, and strategic vision while modifying processes to suit new leadership. In the absence of detailed job descriptions, critical aspects of operations could be omitted, and internal controls compromised. This contributes to financial, operational, and compliance risks.

The absence of an expressed assignment of responsibility for establishing, maintaining, and enforcing internal controls increases institutional financial and compliance risk through a lack of identifiable accountability.

Conclusion (action plans that address the condition, recommendations)

Recommendation:

It is recommended that a detailed job description for the position of “Vice President, Budget & Finance,” be formalized in tandem with an update of the “Associate Vice President, Finance,” and the “Assoc VP, Budget and Institutional Planning,” as well as other key positions in the division that represent the current roles, responsibility, and extent of authority as related to the reorganization of this division. Job descriptions should establish clear segregation of duties as well as the ownership of maintaining, monitoring, and enforcing internal controls.

To ensure a proper understanding of authority and expectations, it is recommended that the division works with General Counsel to review to assess the need to update UniReg 1-1, and other guidance to ensure congruency with division nomenclature and current titles.

Response:

Division leadership is working with Human Resources to create detailed job descriptions for all leadership positions. Although some positions already have job descriptions on file updating is needed as duties have been changed through reorganization within the division.

Observation #2

Written standardized procedures defining WyoCloud accounting practices were absent and accounting anomalies were observed

Criteria (control framework or policy that establishes the standard)

Management is responsible for establishing and maintaining an effective system of internal control. Internal controls can provide only reasonable assurance and are critically dependent on the compliance of people.

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control Integrated Framework indicates policies and procedures are a critical foundational and directive control designed to encourage the occurrence of stated objectives.

The Mission Statement of this division defines its contribution to the University:⁴

The Division of Finance and Administration provides the financial and administrative infrastructure needed for the University of Wyoming to fulfill its core mission of teaching, research, and service. The division provides competent, responsive, direct, and advisory services to the entire university. **These services are marked by accountability to the institution, resourcefulness, and stewardship of all university assets.**

The **consistency principle of accounting** outlines that the same accounting policies and methods for recording similar events or transactions should be used from one financial period to another. The objective is to ensure comparability of financial data from fiscal year to fiscal year and to create a consistent accounting trail so that funds can be tracked.

Condition (the current state based on testing)

The division has established and continues to refine financial policies and procedures for campus and has processes in place to ensure that financial data is reliable, accurate, and consistent.

The general account management processes are sound with adequate internal controls and the presentation of UW financials has been validated through annual external audits.

However, the division did not have written procedures for common accounting processes. In some instances, this lack of standardization contributed to some of the observed accounting anomalies:

- State appropriated match funds and relevant expenditures were not recognized in the same funding string
- State appropriated funds allocated across campus were accounted for inconsistently
- Budget transfers crossed fund sources which is contrary to published guidance
- Expenditures (operational/personnel/cost share) related to functions of other entities on campus were expensed from administrative funding sources
- A Budget Office designated account is in deficit due to cost share

⁴ <http://www.uwyo.edu/administration/>

- A PISTOL to WyoCloud conversion account holds a surplus balance
- The Budget Office account is holding a legacy deficit balance in a designated account from a former administrative strategy to centralize purchase encumbrances
- Budget variances and inconsistent budgeting strategies were noted
- FAST services were not consistently billed
- Some expenditures did not comply with procurement procedures including situations in which the requisition/purchase order process was completed after the commitment of funds
- A portion of Staff Senate President payroll is currently expensed to VP Administration-20001 in contradiction to UniReg 1-3

Cause (the reason for the difference between the criteria and the condition)

The adoption of a new financial system has required some procedural exploration to establish standardized accounting practices.

Departments that needed financial assistance from administration received funding for operational and personnel expenditures. Former management provided funds for the immediate achievement of objectives, though procedures and internal controls were not established. Flexibility in these areas is necessary to respond to campus-wide exigent circumstances. Documented procedures that guide the response are critical to avoid negative perceptions.

Consequence (the impact to the unit or the University)

Observed practices complicate transparency, the ability to compare financial data from fiscal year to fiscal year, and the ability to easily validate and report on funds appropriated as per legislative expectations.

The accounting anomalies could be perceived as arbitrary and biased lending to financial, compliance, and reputational risks.

Conclusion (action plans that address the condition, recommendations)

Recommendation:

The change of management presents the opportunity for this division to further develop institutional internal controls but also serve as a positive tone for campus through a demonstrated level of compliance, integrity, transparency, and accountability.

- It is recommended that the division standardize and create procedural documentation related to WyoCloud accounting processes in all areas of purview.
- It is recommended that the department create procedural documentation to define instances in which it will fund expenditures related to other departments. This should include an establishment of criteria and a process to transition the expenditure back to the operational department.
- It is recommended that the division review/update budget transfer policies and ensure funds are not transferred contrary to policy.

Once critical control documentation is in effect, mechanisms should be developed to assess the effectiveness and efficiency of documented procedures over time, and a process developed to assess for areas of improvement.

Response:

Division leadership has reviewed the report and we are committed to professional excellence and implementing best practices whenever possible. The division continues to develop and improve guidance documents and concur that additional documentation is necessary to improve compliance

with accounting policies as well as budgeting and planning practices across campus. Pending budget availability, the Division is exploring the creation of a new position to help specifically with review and development of policies and procedures to improve compliance across campus. The proposed new position would be funded through elimination of a vacant position in the Budget Office. Having recently completed the fourth fiscal year in wyocloud we are well positioned to make impactful improvements. Below please find a response to observations noted above:

The Division will standardize and create procedural documentation to enhance accountability and transparency as well as documentation to define instances in which it will fund expenditures related to other departments.

There was an instance where State match revenue did not post in the general ledger in the same place that the related expenses were posted. This is the same instance causing a deficit in the Budget Office cost center. This deficit will be eliminated during the FY22 rollforward process, which will be completed in December 2022.

The Division's practice has been to use the budget system to account for direct state appropriation funding when legislative footnote language stipulates a specific purpose. There were instances where state appropriated funding was budgeted in a different, yet acceptable fund source than in the previous year(s). Current administration will work to standardize where state appropriations are budgeted in the general ledger while reserving the occasion to reevaluate based on the ever changing legislative environment.

The budget office authored a document in 2018 titled "Budget Transfer Instructions" that is posted on the Budget Office website for campus user reference. This document provides guidance for transfers between divisions or departments stating that transfers cannot cross fund sources or fund classes. This guidance is not intended for functional use by the Division, but rather to provide direction to divisions and departments regarding allowable transfers of funding under their oversight. The Division will create internal written guidance for allowable transfers for functional use. A few examples demonstrating how the Division would need to transfer funding across fund sources follow. This list is not exhaustive.

1. Board approved transfer funding from reserves to be expended would always require a transfer across fund classes or fund sources,
2. Transfer funding from unrestricted operating to debt retirement fund source for payment of bond indebtedness would require a transfer across fund classes and fund sources.
3. Transfer of funding from unrestricted or designated operating to cover capital expenditures authorized during the annual budget process.

The legacy deficit in the Budget Office cost center relating to former administration's strategy to centralize purchase encumbrances is being evaluated for proper resolution.

In addition, current administration is committed to reducing budget variances within the Division, consistently billing campus for FAST services and submitting rates through the fee book process, adhering to procurement procedures and complying with UniReg 1-3.

Distribution List

Edward Seidel, President of the University of Wyoming

Alex Kean, Vice President for Budget and Finance

Ashlie Reese, Associate Vice President, Finance



UNIVERSITY OF WYOMING

Internal Audit Plan Review

According to the International Professional Practices Framework adopted by the Institute of Internal Auditors, Performance Standard 2010 states that the Director of Internal Audit must establish a risk-based plan that is consistent with the University's goals.

Progress against the Audit Plan should be evaluated regularly to ensure that risks are being addressed. In any given year, there will be changes that might impact the audit plan due to the University's dynamic nature. As a result, it is important review the audit plan, manage the plan throughout its life cycle, and be flexible to University changes so that resources stay focused on evolving risk areas and concerns.

This section provides an overview of audits that were approved by the FLAC committee and progress against that approved plan.

Audit Schedule for September 2021- August 2022	Audit Year	Presented
------------------------------------------------	------------	-----------

Alumni (Annual) FY 21	2021-2022	11/17/2021
NCAA (Annual)	2021-2022	1/12/2022
4-H Foundation (Annual) FY21	2021-2022	1/12/2022
Main Cashier (Annual)	2021-2022	3/23/2022
NCAA Football Ticket Verification (Annual)	2021-2022	Canceled - not required
P-Card Initiative and Continuous Monitoring Progress (Annual)	2021-2022	3/23/2022
Risk Assessment Survey (Annual)	2021-2022	3/23/2022
Results and Reporting (Annual)	2021-2022	5/11/2022
Audit Schedule Development (Annual)	2021-2022	5/11/2022
Capital Construction Projects	2021-2022	
HR/Payroll Review - scope to be defined	2021-2022	1/25/2023
Cash Advance Process Review	2021-2022	9/14/2022
Student Course/Program Fees	2021-2022	10/31/2022
Student Health Services	2021-2022	11/16/2022
Alternative (see list below): State Vet Lab	2021-2022	9/14/2022
Consultation - Special Projects (COVID)	2021-2022	NA
Fraud, Waste, and Abuse (FWA) Investigations		
*FWA - questionable use of equipment	2021-2022	11/17/2021
Follow-Up Reports / Unfinished audits from prev	2021-2022	8/31/2022
Change of Management Audit: Admin, Budget, Fin		
FLAC	Additional	1/25/2023
IMPACT 307	Additional	3/23/2022
Alternatives:		
Operations		
State Vet Lab		
Crypto Currency/internal controls - College of Business		
Student Media		
OSP Invoicing		
Student Travel		

20 scheduled
19 completed
= 95%

Audit Schedule for September 2022- August 2023

Audit Year

Presented

	2022-2023	1/25/2023
NCAA (Annual) 2021-2022	2022-2023	1/25/2023
Main Cashier (Annual)	2022-2023	
NCAA Football Ticket Verification (Annual) 2022		
P-Card Initiative and Continuous Monitoring Progress (Annual)		in progress
Risk Assessment Survey (Annual)		in progress
Results and Reporting (Annual)		in progress
Audit Schedule Development (Annual)		in progress
State Match / Footnote compliance		
Foundation Accounts/UW Sister Accounts internal controls		
HR/Payroll Incremental Review - scope to be defined		
Operations - General Facility and Deferred Maintenance	2022-2023	
Alternative (see list below)		
*Student/Athletics Travel	2022-2023	1/25/2023
Fraud, Waste, and Abuse (FWA) Investigations		
*Investigation related to mis-use of UW equipment	2022-2023	10/31/2022
*Investigation of free services	2022-2023	10/31/2022
Follow-Up Reports	2022-2023	in progress
Change of Management audits (and unfinished audits from previous year)		
* College of Business	2022-2023	
* College of Health Sciences	2022-2023	
* Office of Research and Economic Development	2022-2023	
* Diversity Equity and Inclusion	2022-2023	
Alternatives:		
Campus security - S2 internal controls		
Student Media		
OSP Invoicing and Receivables		
Student Travel - Athletics Travel		Done
Union operations (financial operations, etc.)		
IDT process and internal control assessment		

**19 scheduled
4 completed
= 21%**



University of Wyoming

Investment Performance Review For the Quarter Ended December 31, 2022

Client Management Team

Brian Quinn, Managing Director
Joan Evans, Senior Marketing Representative
Amber Cannegieter, Key Account Manager

1720 Carey Avenue Suite 520
Cheyenne, WY 82001
(734) 994-9700

PFM Asset Management LLC

213 Market Street
Harrisburg, PA 17101-2141
717-232-2723

NOT FDIC INSURED : NO BANK GUARANTEE : MAY LOSE VALUE

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Agenda

- Market Update
- Account Summary
- Portfolio Review

Market Update

Current Market Themes



- ▶ The U.S. economy is characterized by:
 - ▶ High inflation that shows signs of slowing
 - ▶ Continued strong labor market
 - ▶ Potentially declining health of U.S. household finances
 - ▶ Expectations for a modest yet broad economic downturn



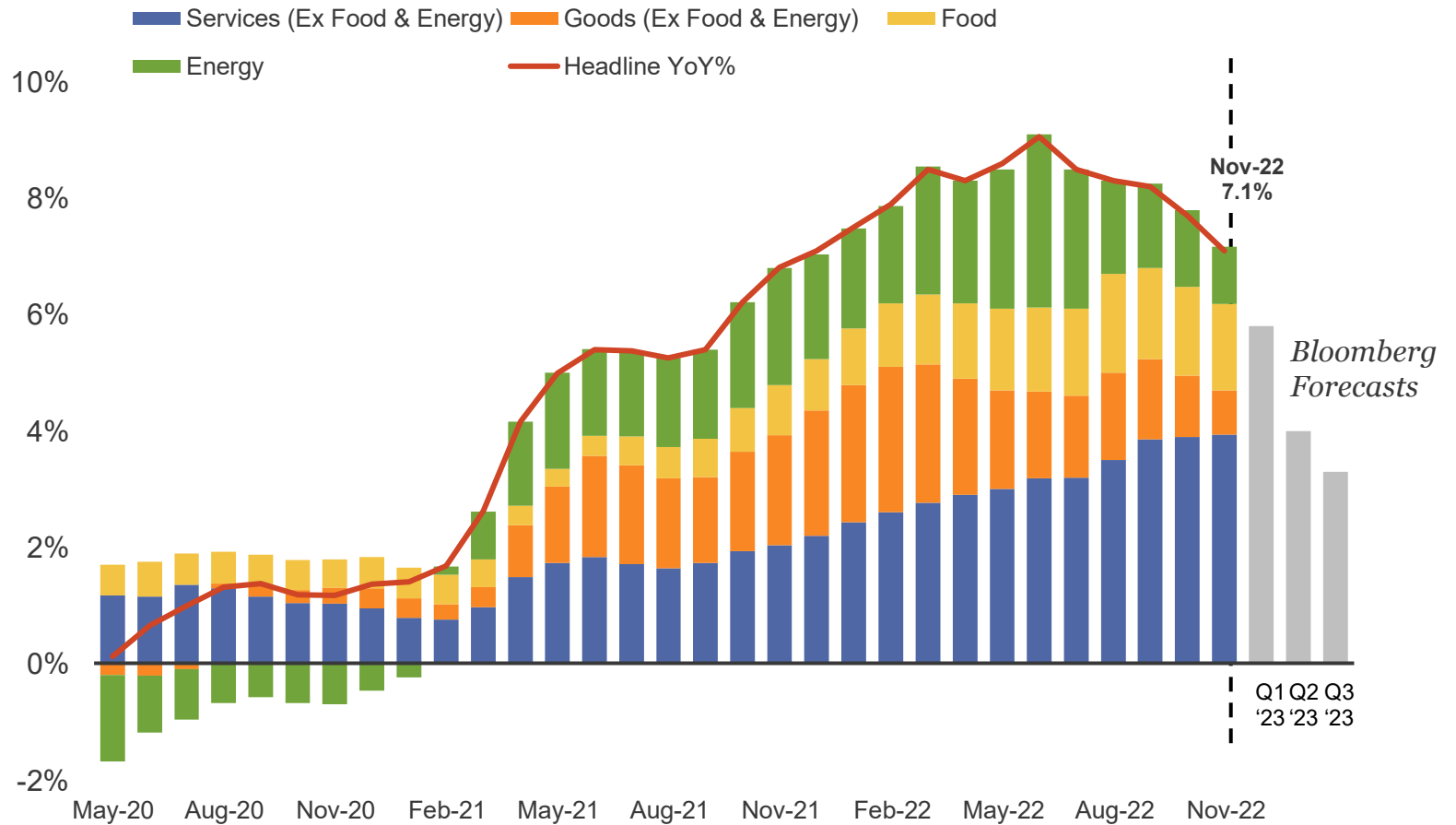
- ▶ The Federal Reserve is expected to wrap up their normalization process
 - ▶ Slowing pace of rate hikes
 - ▶ Fed projecting short-term fed funds rate to reach 5.00% to 5.25% by year-end, with markets expecting rate cuts in the second half of 2023
 - ▶ Fed officials reaffirm that restoring price stability is the utmost priority, despite risks of overtightening



- ▶ Volatile markets potentially calming
 - ▶ Treasury yields in the belly of the curve (3-7 years) ended the quarter slightly lower, while shorter and longer maturities ended higher
 - ▶ Yield curve inversion has deepened further since last quarter
 - ▶ While still elevated, volatility and liquidity challenges have begun subsiding

Inflation Now Trending Lower

Consumer Prices (CPI) Top-Line Contributions and Year-over-Year Reading

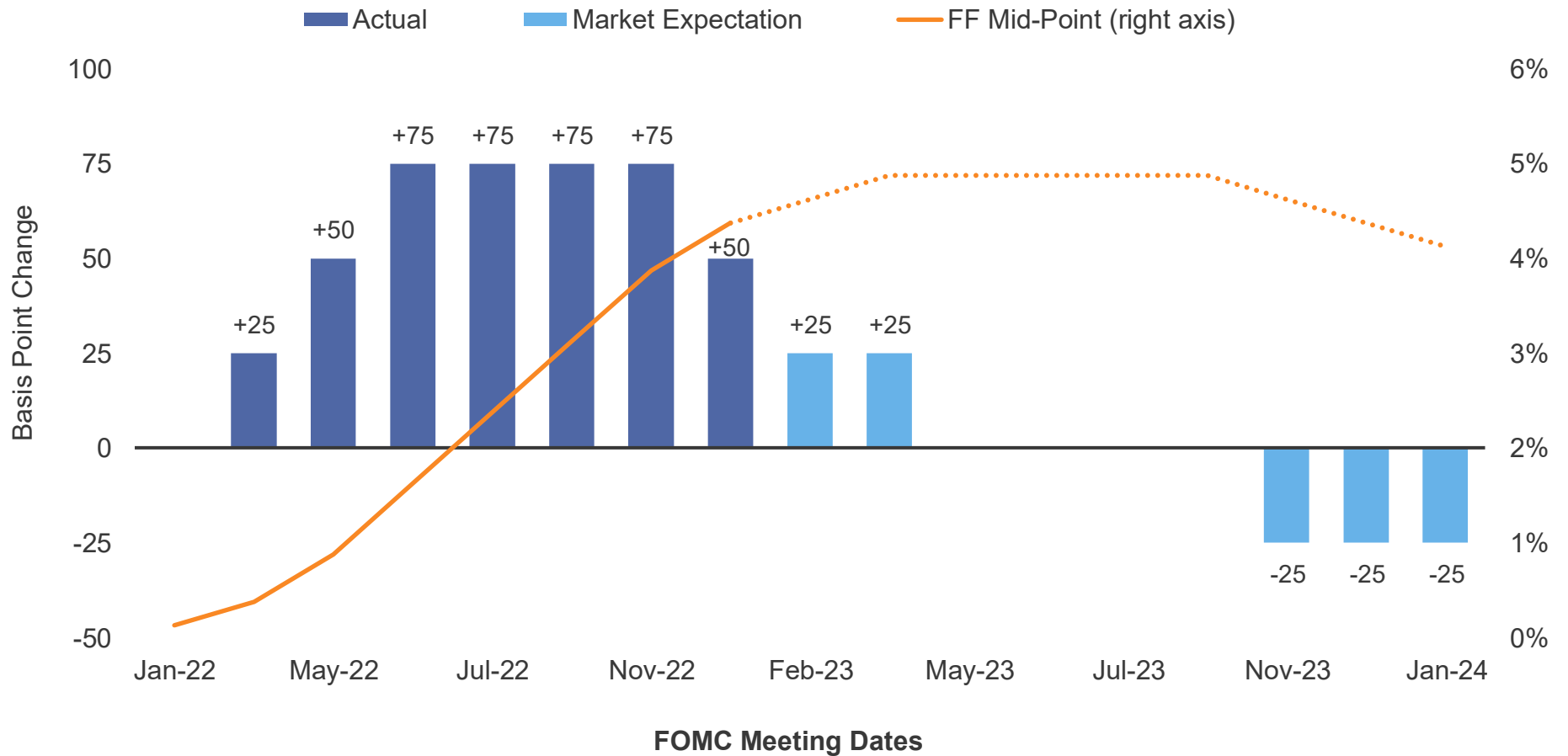


Lower energy and goods prices help to offset increases in wage-driven services costs

Source: Bloomberg, as of November 2022.

What Could the Fed's Pivot Look Like?

Changes to the Target Fed Funds Rate

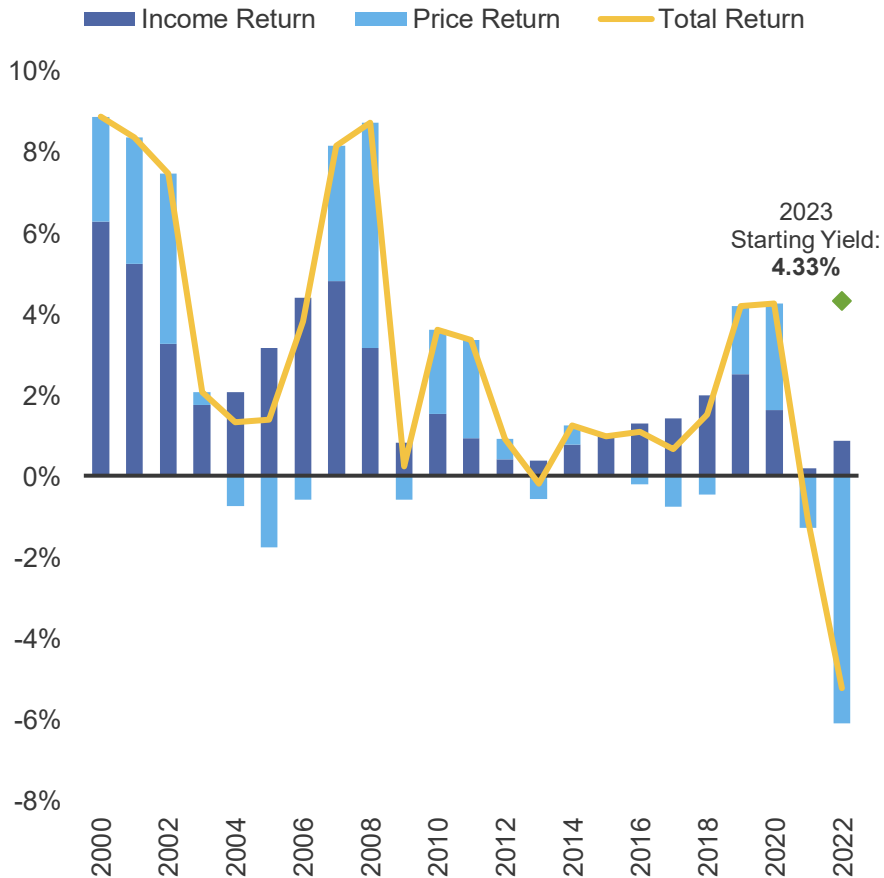


Source: Bloomberg WIRP Interest Rate Probability as of 1/9/2023.

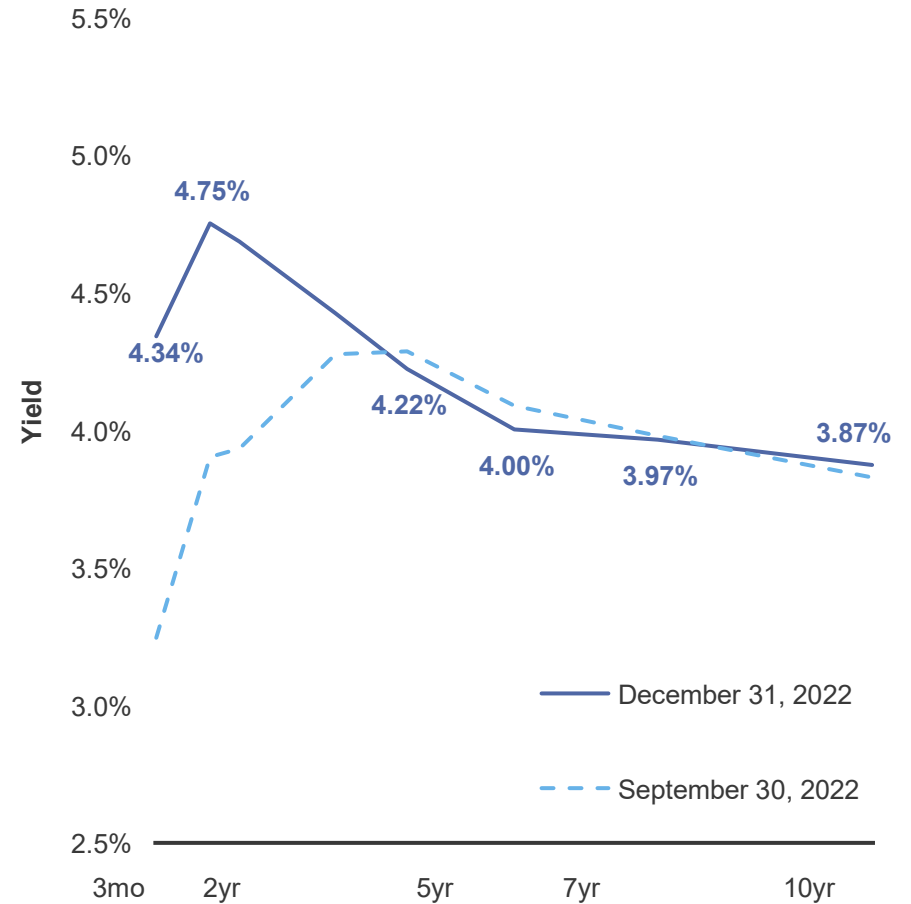
Higher Yields Can Offset Some of the Price Depreciation Woes

Annual Price & Income Returns

1-5 Year Treasury Index



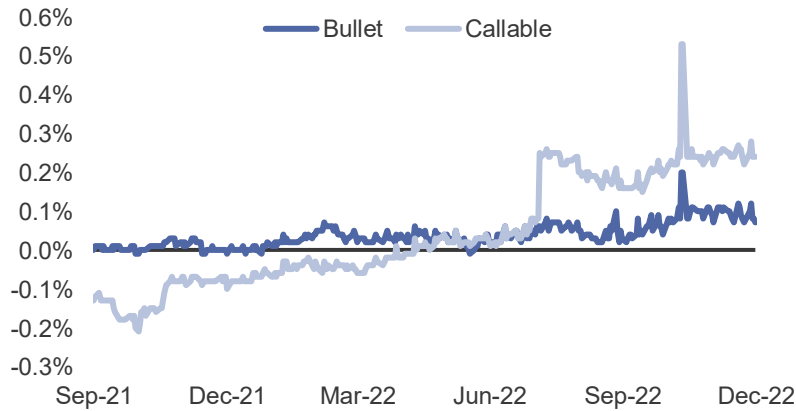
U.S. Treasury Yield Curve



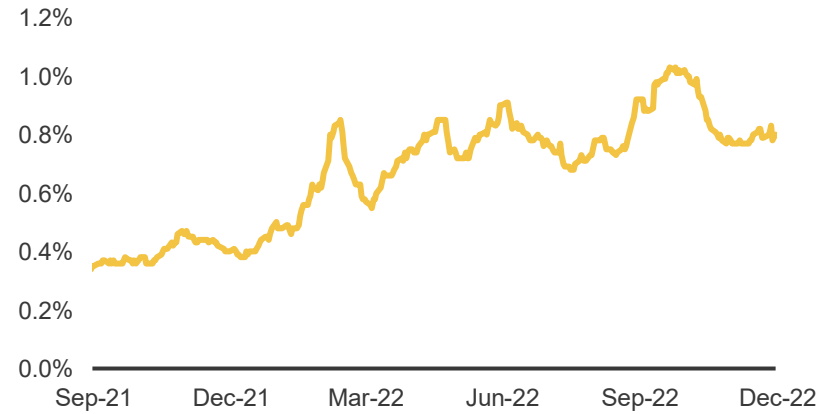
Source: ICE BofAML Indices via Bloomberg, as of 12/31/2022. PFMAM Calculations. Income return represents the yield of the benchmark index, as of the end of the prior calendar year, respective to the year of performance shown.

Sector Yield Spreads

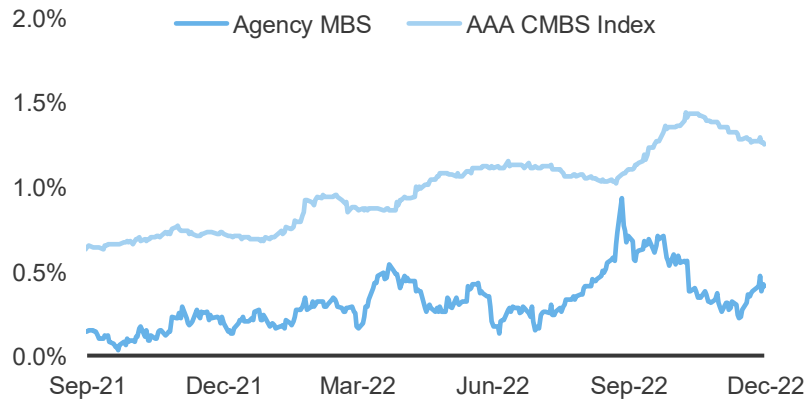
Federal Agency Yield Spreads



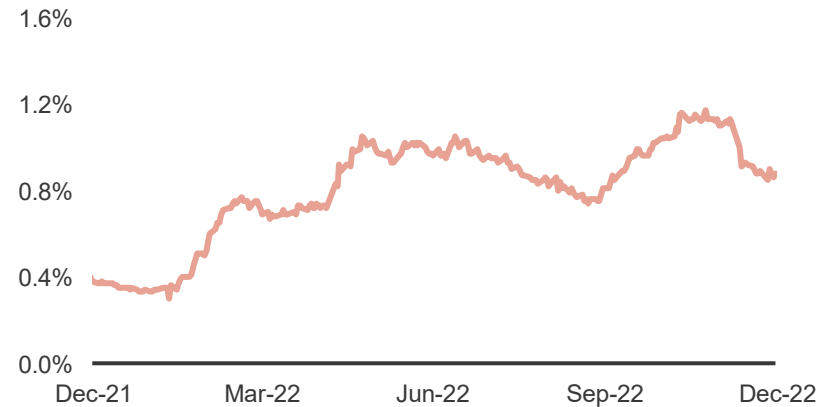
Corporate Notes A-AAA Yield Spreads



Mortgage-Backed Securities Yield Spreads



Asset-Backed Securities AAA Yield Spreads



Source: ICE BofAML 1-5 year Indices via Bloomberg, MarketAxess and PFMAM as of 12/31/2022. Spreads on ABS and MBS are option-adjusted spreads of 0-5 year indices based on weighted average life; spreads on agencies are relative to comparable maturity Treasuries. CMBS is Commercial Mortgage-Backed Securities.

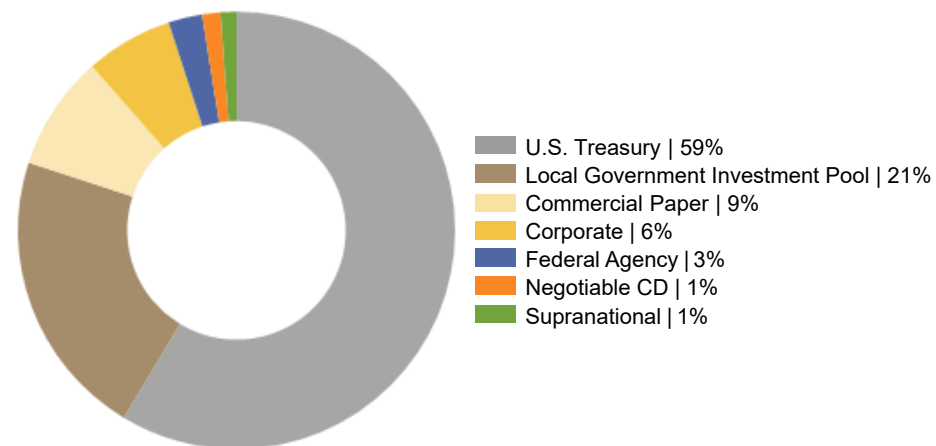
Account Summary

Consolidated Summary

Account Summary

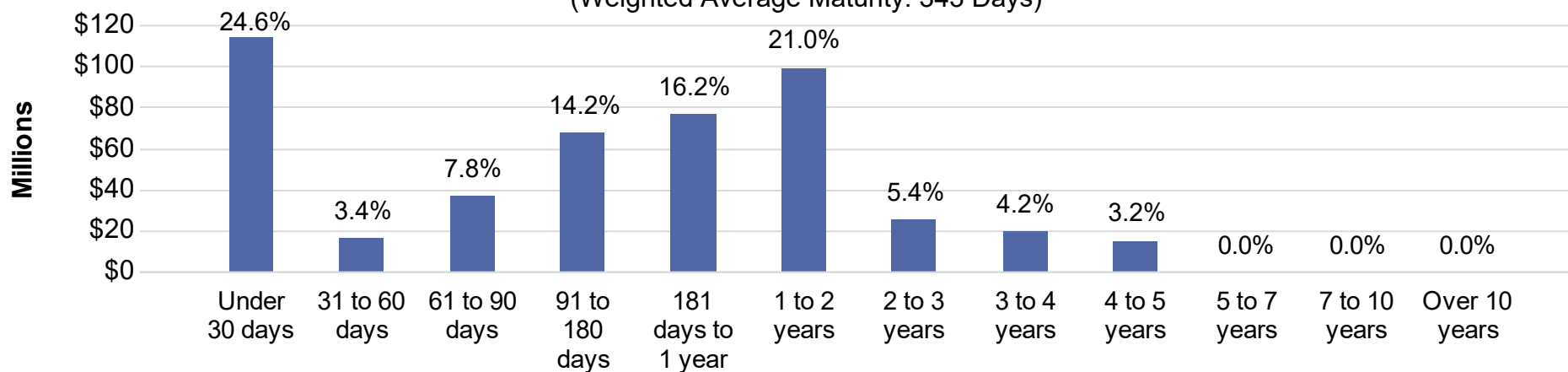
WGIF	\$101,619,883
WGIF Managed Account	\$373,529,814
Total Program	\$475,149,697

Sector Allocation



Maturity Distribution

(Weighted Average Maturity: 343 Days)



1. Account summary and sector allocation include market values, accrued interest, and overnight balances. Maturity distribution includes market values and includes accrued interest and overnight balances

Certificate of Compliance

During the reporting period for the quarter ended December 31, 2022, the account(s) managed by PFM Asset Management ("PFMAM") were in compliance with the applicable investment policy and guidelines as furnished to PFMAM.

Acknowledged : *PFM Asset Management LLC*

Note: Pre- and post-trade compliance for the account(s) managed by PFM Asset Management is provided via Bloomberg Asset and Investment Management ("AIM").

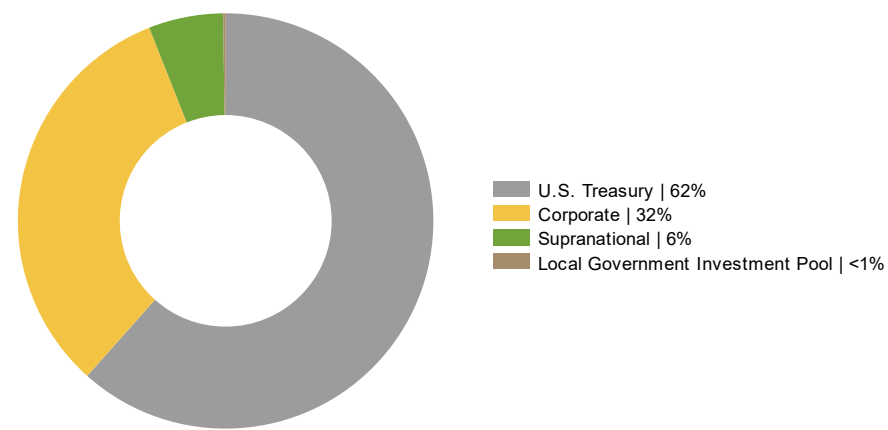
Portfolio Review: WGIF-UNIVERSITY OF WYOMING CORE

Portfolio Snapshot - WGIF-UNIVERSITY OF WYOMING CORE¹

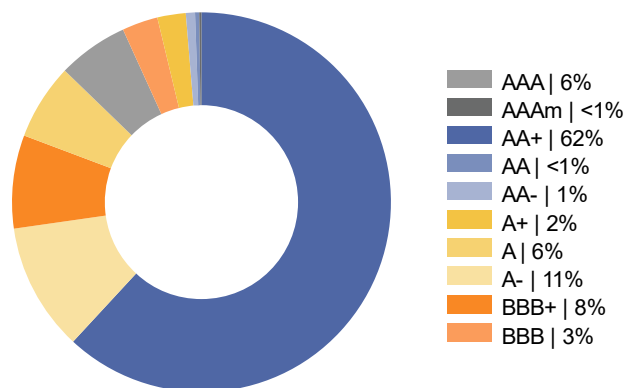
Portfolio Statistics

Total Market Value	\$94,587,155.40
Managed Account Sub-Total	\$94,006,644.36
Accrued Interest	\$394,982.35
Pool	\$185,528.69
Portfolio Effective Duration	2.42 years
Benchmark Effective Duration	2.50 years
Yield At Cost	1.65%
Yield At Market	4.50%
Portfolio Credit Quality	AA

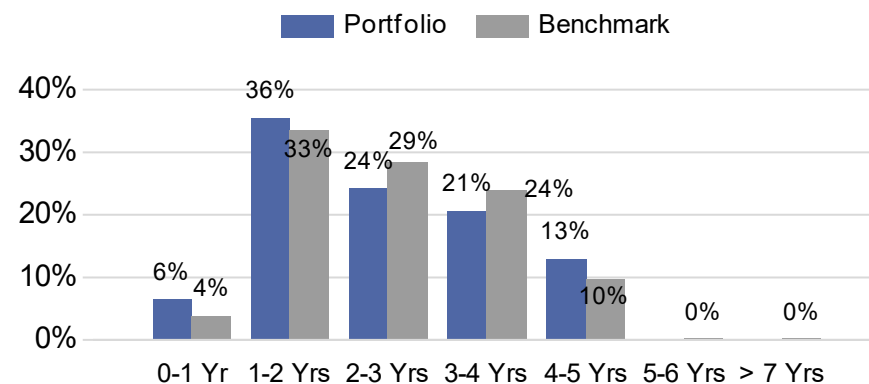
Sector Allocation



Credit Quality - S&P



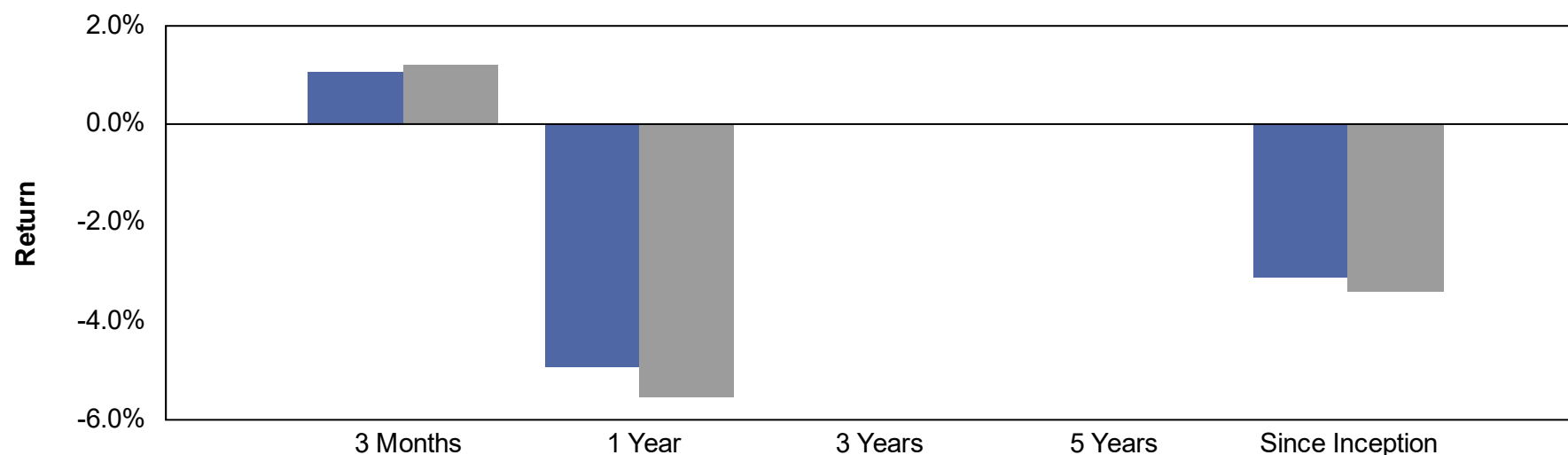
Duration Distribution



1. Total market value includes accrued interest and balances invested in WGIF, as of December 31, 2022. Yield and duration calculations exclude balances invested in WGIF. The portfolio's benchmark is the ICE BofAML 1-5 Year U.S. Government/Corp Index. Source: Bloomberg. An average of each security's credit rating was assigned a numeric value and adjusted for its relative weighting in the portfolio.

Portfolio Performance

Portfolio Benchmark



Market Value Basis Earnings	3 Months	1 Year	3 Years	5 Years	Since Inception ¹
Interest Earned ²	\$396,786	\$1,303,384	-	-	\$1,891,318
Change in Market Value	\$611,929	(\$5,980,712)	-	-	(\$6,910,777)
Total Dollar Return	\$1,008,715	(\$4,677,328)	-	-	(\$5,019,459)
Total Return³					
Portfolio	1.08%	-4.93%	0.00%	0.00%	-3.10%
Benchmark ⁴	1.22%	-5.54%	0.00%	0.00%	-3.39%
Difference	-0.14%	0.61%	0.00%	0.00%	0.30%

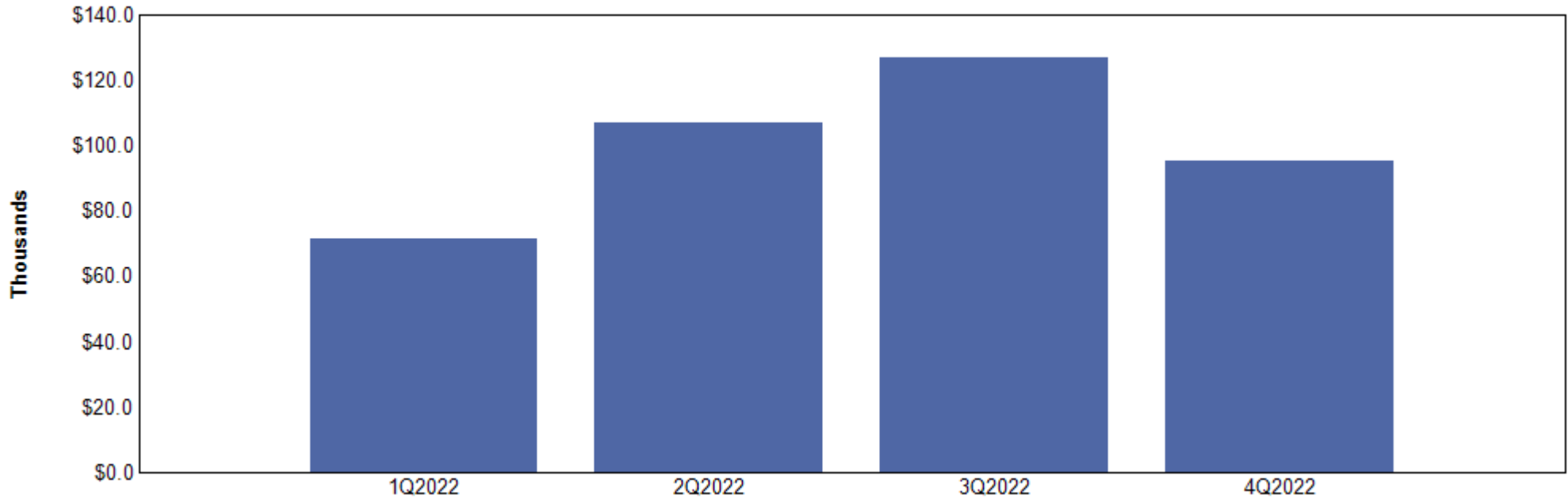
1. The lesser of 10 years or since inception is shown. Since inception returns for periods one year or less are not shown. Performance inception date is March 31, 2021.

2. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.

3. Returns for periods one year or less are presented on a periodic basis. Returns for periods greater than one year are presented on an annualized basis.

4. The portfolio's benchmark is the ICE BofAML 1-5 Year U.S. Government/Corp Index. Source: Bloomberg.

Accrual Basis Earnings - WGIF-UNIVERSITY OF WYOMING CORE



Accrual Basis Earnings	1Q2022	2Q2022	3Q2022	4Q2022
Interest Earned ¹	\$246,182	\$302,466	\$357,951	\$396,786
Realized Gains / (Losses) ²	(\$78,451)	(\$109,690)	(\$180,010)	(\$272,928)
Change in Amortized Cost	(\$96,412)	(\$85,639)	(\$51,128)	(\$28,300)
Total Earnings	\$71,318	\$107,137	\$126,813	\$95,557

1. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.

2. Realized gains / (losses) are shown on an amortized cost basis.

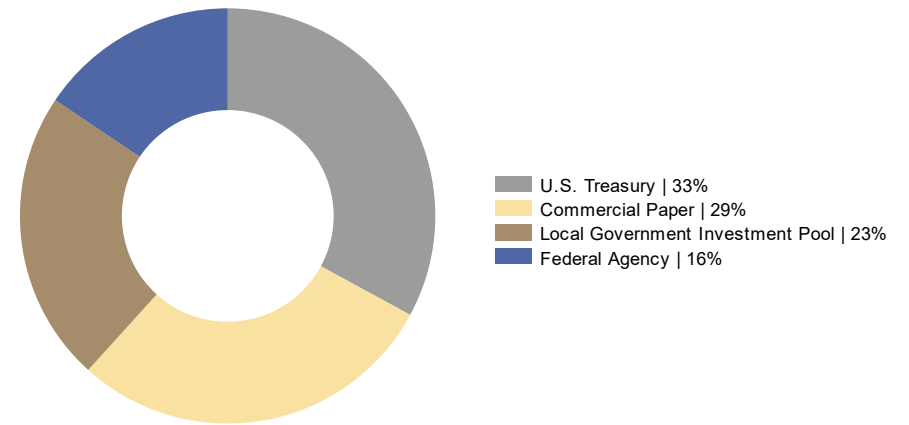
Portfolio Review:
WGIF-UNIVERSITY OF WYOMING SHORT TERM

Portfolio Snapshot - WGIF-UNIVERSITY OF WYOMING SHORT TERM¹

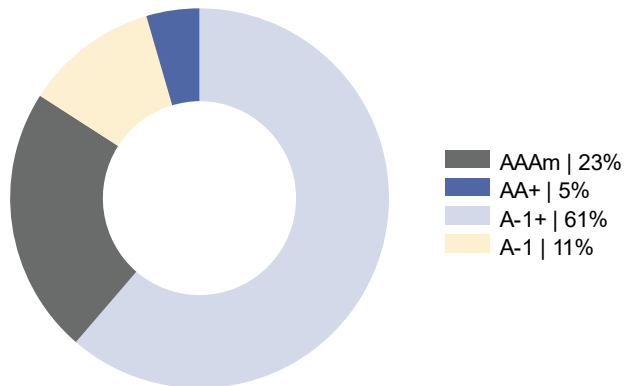
Portfolio Statistics

Total Market Value	\$107,833,788.70
<i>Managed Account Sub-Total</i>	\$83,310,371.84
<i>Accrued Interest</i>	\$549.45
<i>Pool</i>	\$24,522,867.41
Portfolio Effective Duration	0.27 years
Benchmark Effective Duration	0.38 years
Yield At Cost	3.60%
Yield At Market	4.41%
Portfolio Credit Quality	AA

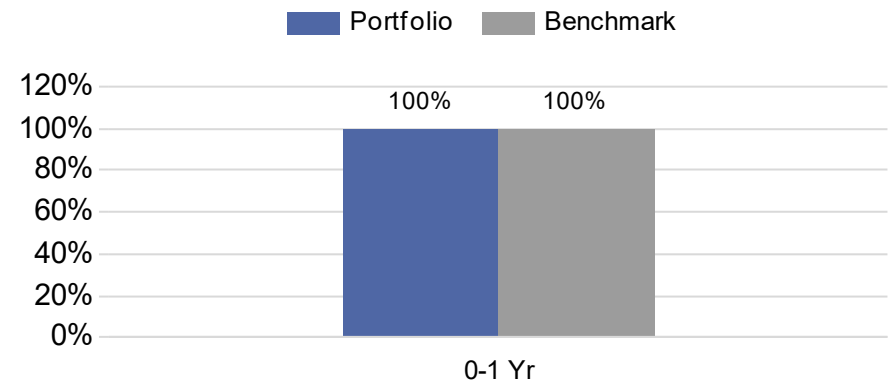
Sector Allocation



Credit Quality - S&P



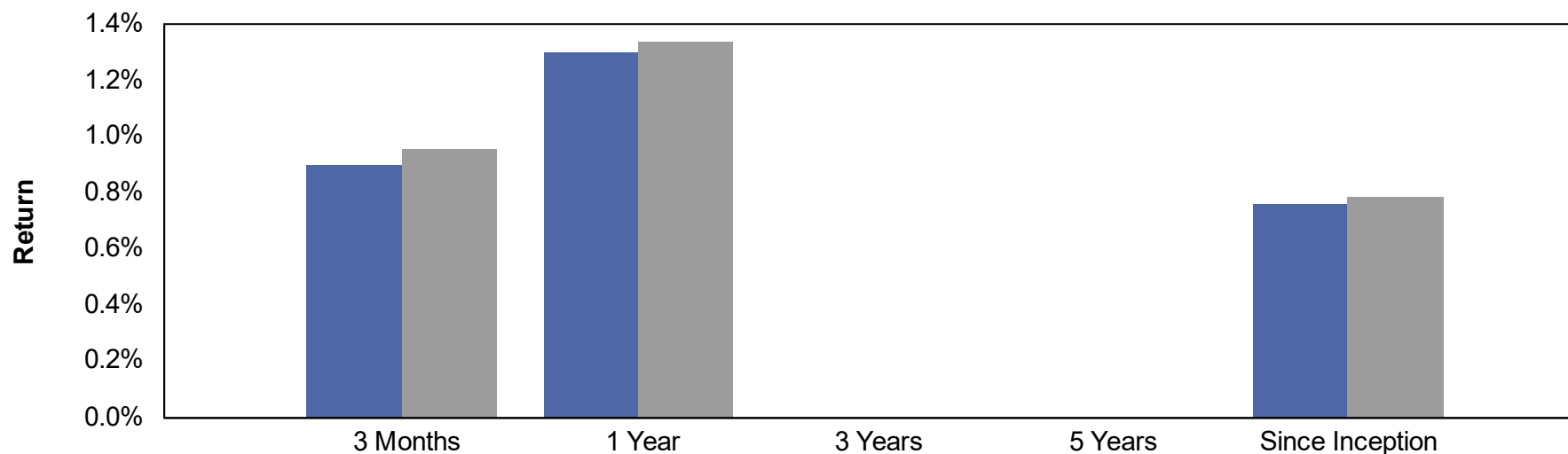
Duration Distribution



1. Total market value includes accrued interest and balances invested in WGIF, as of December 31, 2022. Yield and duration calculations exclude balances invested in WGIF. The portfolio's benchmark is the ICE BofAML 6 Month U.S. Treasury Bills Index. Source: Bloomberg. An average of each security's credit rating was assigned a numeric value and adjusted for its relative weighting in the portfolio.

Portfolio Performance

■ Portfolio ■ Benchmark



Market Value Basis Earnings	3 Months	1 Year	3 Years	5 Years	Since Inception ¹
Interest Earned ²	\$131,544	\$258,816	-	-	\$416,249
Change in Market Value	\$870,902	\$1,169,387	-	-	\$1,034,905
Total Dollar Return	\$1,002,446	\$1,428,203	-	-	\$1,451,154
Total Return³					
Portfolio	0.90%	1.30%	0.00%	0.00%	0.76%
Benchmark ⁴	0.96%	1.34%	0.00%	0.00%	0.78%
Difference	-0.06%	-0.03%	0.00%	0.00%	-0.03%

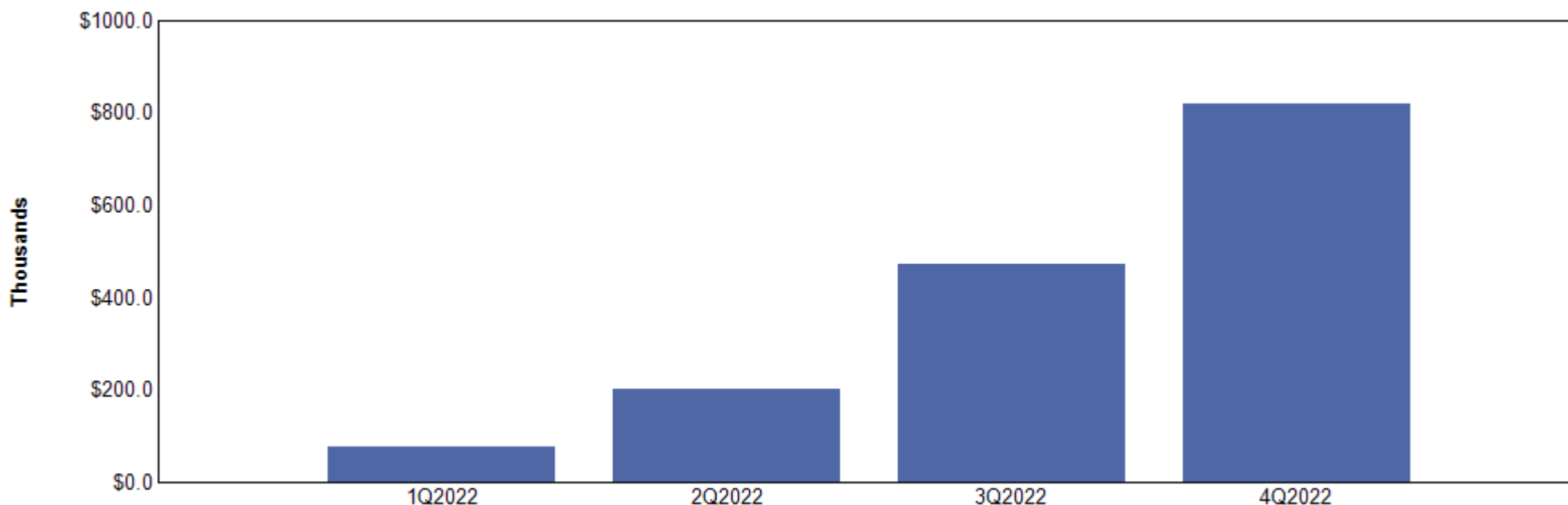
1. The lesser of 10 years or since inception is shown. Since inception returns for periods one year or less are not shown. Performance inception date is March 31, 2021.

2. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.

3. Returns for periods one year or less are presented on a periodic basis. Returns for periods greater than one year are presented on an annualized basis.

4. The portfolio's benchmark is the ICE BofAML 6 Month U.S. Treasury Bills Index. Source: Bloomberg.

Accrual Basis Earnings - WGIF-UNIVERSITY OF WYOMING SHORT TERM



Accrual Basis Earnings	1Q2022	2Q2022	3Q2022	4Q2022
Interest Earned ¹	\$24,936	\$45,795	\$56,540	\$131,544
Realized Gains / (Losses) ²	-	-	-	\$100
Change in Amortized Cost	\$52,643	\$155,980	\$415,921	\$689,779
Total Earnings	\$77,580	\$201,775	\$472,462	\$821,423

1. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.

2. Realized gains / (losses) are shown on an amortized cost basis.

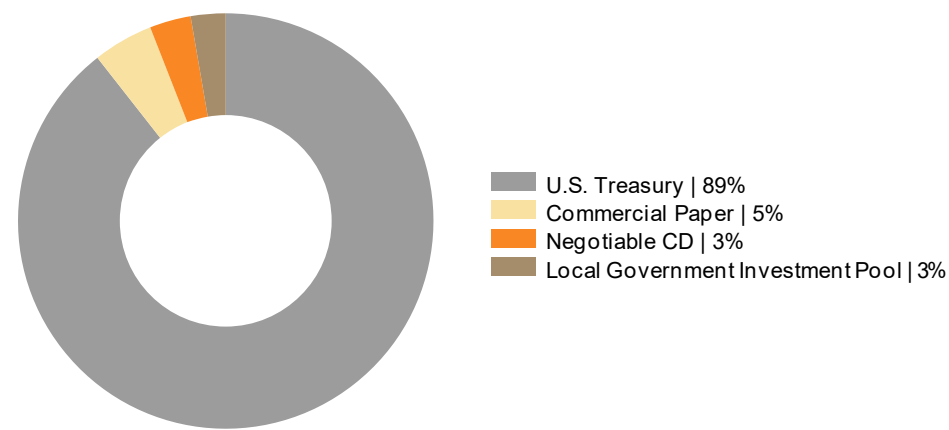
Portfolio Review: WGIF-UOW 2021 CONSTRUCTION FUND

Portfolio Snapshot - WGIF-UOW 2021 CONSTRUCTION FUND¹

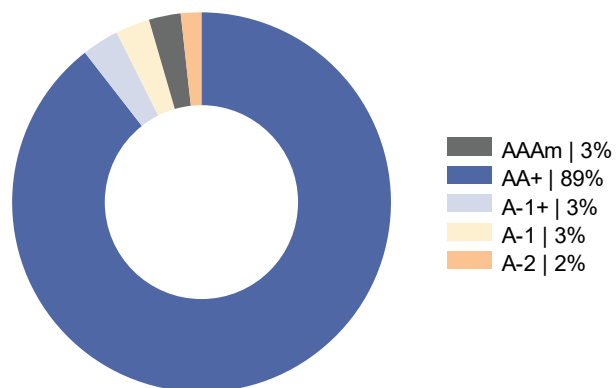
Portfolio Statistics

Total Market Value	\$201,258,226.99
Managed Account Sub-Total	\$195,043,817.38
Accrued Interest	\$773,448.30
Pool	\$5,440,961.31
Portfolio Effective Duration	0.86 years
Yield At Cost	0.99%
Yield At Market	4.67%
Portfolio Credit Quality	AA

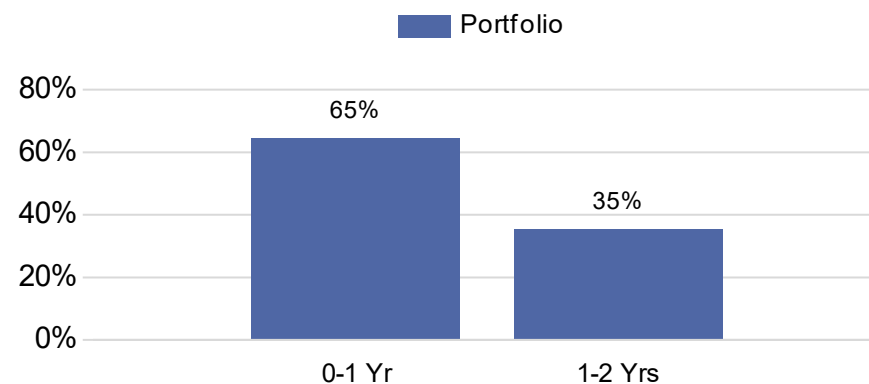
Sector Allocation



Credit Quality - S&P

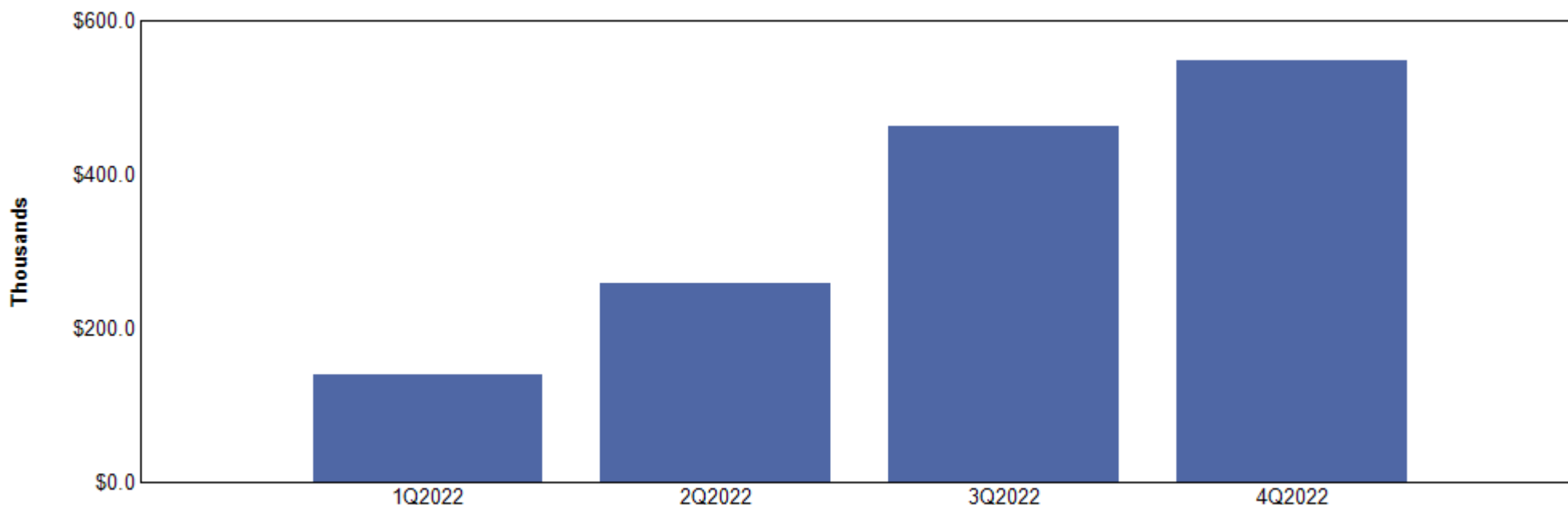


Duration Distribution



1. Total market value includes accrued interest and balances invested in WGIF, as of December 31, 2022.
 Yield and duration calculations exclude balances invested in WGIF.
 An average of each security's credit rating was assigned a numeric value and adjusted for its relative weighting in the portfolio.

Accrual Basis Earnings - WGIF-UOW 2021 CONSTRUCTION FUND



Accrual Basis Earnings	1Q2022	2Q2022	3Q2022	4Q2022
Interest Earned ¹	\$689,155	\$769,589	\$871,405	\$924,836
Realized Gains / (Losses) ²	-	-	-	-
Change in Amortized Cost	(\$549,946)	(\$511,200)	(\$408,337)	(\$376,526)
Total Earnings	\$139,210	\$258,389	\$463,069	\$548,309

1. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.

2. Realized gains / (losses) are shown on an amortized cost basis.

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It is not possible to invest directly in an index. The index returns shown throughout this material do not represent the results of actual trading of investor assets. Third-party providers maintain the indices shown and calculate the index levels and performance shown or discussed. Index returns do not reflect payment of any sales charges or fees an investor would pay to purchase the securities they represent. The imposition of these fees and charges would cause investment performance to be lower than the performance shown.

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- Market values that include accrued interest are derived from closing bid prices as of the last business day of the month as supplied by Refinitiv, Bloomberg, or Telerate. Where prices are not available from generally recognized sources, the securities are priced using a yield-based matrix system to arrive at an estimated market value.
- In accordance with generally accepted accounting principles, information is presented on a trade date basis; forward settling purchases are included in the monthly balances, and forward settling sales are excluded.
- Performance is presented in accordance with the CFA Institute's Global Investment Performance Standards (GIPS). Unless otherwise noted, performance is shown gross of fees. Quarterly returns are presented on an unannualized basis. Returns for periods greater than one year are presented on an annualized basis. Past performance is not indicative of future returns.
- Bank of America/Merrill Lynch Indices provided by Bloomberg Financial Markets.
- Money market fund/cash balances are included in performance and duration computations.
- Standard & Poor's is the source of the credit ratings. Distribution of credit rating is exclusive of money market fund/LGIP holdings.
- Callable securities in the portfolio are included in the maturity distribution analysis to their stated maturity date, although, they may be called prior to maturity.
- MBS maturities are represented by expected average life.

Glossary

- **Accrued Interest:** Interest that is due on a bond or other fixed income security since the last interest payment was made.
- **Agencies:** Federal agency securities and/or Government-sponsored enterprises.
- **Amortized Cost:** The original cost of the principal of the security is adjusted for the amount of the periodic reduction of any discount or premium from the purchase date until the date of the report. Discount or premium with respect to short-term securities (those with less than one year to maturity at time of issuance) is amortized on a straight line basis. Such discount or premium with respect to longer-term securities is amortized using the constant yield basis.
- **Asset-Backed Security:** A financial instrument collateralized by an underlying pool of assets – usually ones that generate a cash flow from debt, such as loans, leases, credit card balances, and receivables.
- **Bankers' Acceptance:** A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill as well as the insurer.
- **Commercial Paper:** An unsecured obligation issued by a corporation or bank to finance its short-term credit needs, such as accounts receivable and inventory.
- **Contribution to Total Return:** The weight of each individual security multiplied by its return, then summed for each sector to determine how much each sector added or subtracted from the overall portfolio performance.
- **Effective Duration:** A measure of the sensitivity of a security's price to a change in interest rates, stated in years.
- **Effective Yield:** The total yield an investor receives in relation to the nominal yield or coupon of a bond. Effective yield takes into account the power of compounding on investment returns, while nominal yield does not.
- **FDIC:** Federal Deposit Insurance Corporation. A federal agency that insures bank deposits to a specified amount.
- **Interest Rate:** Interest per year divided by principal amount and expressed as a percentage.
- **Market Value:** The value that would be received or paid for an investment in an orderly transaction between market participants at the measurement date.
- **Maturity:** The date upon which the principal or stated value of an investment becomes due and payable.
- **Negotiable Certificates of Deposit:** A CD with a very large denomination, usually \$1 million or more, that can be traded in secondary markets.
- **Par Value:** The nominal dollar face amount of a security.
- **Pass-through Security:** A security representing pooled debt obligations that passes income from debtors to its shareholders. The most common type is the mortgage-backed security.

Glossary

- **Repurchase Agreements:** A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date.
- **Settle Date:** The date on which the transaction is settled and monies/securities are exchanged. If the settle date of the transaction (i.e., coupon payments and maturity proceeds) occurs on a non-business day, the funds are exchanged on the next business day.
- **Supranational:** A multinational union or association in which member countries cede authority and sovereignty on at least some internal matters to the group, whose decisions are binding on its members.
- **Trade Date:** The date on which the transaction occurred; however, the final consummation of the security transaction and payment has not yet taken place.
- **Unsettled Trade:** A trade which has been executed; however, the final consummation of the security transaction and payment has not yet taken place.
- **U.S. Treasury:** The department of the U.S. government that issues Treasury securities.
- **Yield:** The rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.
- **YTM at Cost:** The yield to maturity at cost is the expected rate of return based on the original cost, the annual interest receipts, maturity value, and the time period from purchase date to maturity, stated as a percentage on an annualized basis.
- **YTM at Market:** The yield to maturity at market is the rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.

Information Paper
Fiscal and Legal Affairs Committee (FLAC) Meeting – January 25, 2023

Subject: Update on Aug 2022 Flood Damage Recovery

Storm Incident Background:

- Storm occurred Saturday, August 13, 2022, and caused damage to 22 University buildings
- Storm was a “150 Year” frequency type event. Three components:
 - Two inches of small sized hail,
 - followed by rain downpour totaling two and a half inches (approximately 1/3rd of the normal ANNUAL rainfall for Laramie) in a 90-minute period,
 - then a power outage the following day (Sunday, August 14, 2022) from Rocky Mtn Power storm-related transfer station failure causing half of campus to be without power until UW did emergency power re-routing from east campus. Shifting power from UW’s grid from east to west campus and employing emergency generators helped to mitigate this event to a degree.
- Property Insurer put on notice. Adjuster team assigned. Two on-site visits so far for photographs and damage information collection and a detailed scope of work report finalized.
- UW property insurance for this incident/situation has a \$250,000 deductible.
- Damage included primarily flooring/carpet, lower portions of walls, saturated insulation and some generators/motors/electrical (fire suppression) control panels. Not a lot of *contents damage* other than areas where there were files or items directly on the floors in lower areas. No significant business interruption expenses or lost research, etc.

Current Update:

- UW has received interim settlement proceeds from our insurers totaling \$500,000 to date to apply toward the restoration work
- Damage inventory includes 1468 repair items, 660 of which are beyond our in-house capability to handle. The in-house portion of the recovery work is approximately 48% complete.
- UW Operations, working with UW Risk Management, advertised a request for proposals to complete the work not being completed in-house. Six general contractors attended the mandatory walk through. Three proposals were received.
- The project team, including risk management and an insurance provider representative, reviewed the proposals and ranked the teams based on quality of response, experience and cost. The restoration work will occur between February and August 2023.
- Pursuant to UW Regulation 6-9(III)(F), the Board of Trustees shall approve consultant selection for projects over \$500,000.00 and approve the project delivery method.
- During the January 2023 meetings, the BOT Facilities Contracting Committee will review the recommendation for outsourced flood recovery construction prior to the proposal moving to the full board for approval. Administration is requesting approval to execute a contract to the highest ranked contractor submitting bids for an amount not to exceed Seven hundred eighty-nine thousand, five hundred seventy two dollars (\$789,572).

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