

UW Board of Trustees Fiscal and Legal Affairs Committee
 Agenda
 January 24, 2024

Closed Session: If necessary, a separate agenda and materials for the Closed Session.

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Gray Lepley

Portfolio Strategist

PFM Asset Management LLC

Gray joined PFM Asset Management in 2015 and is a member of the Portfolio Strategies Group. In this role, Gray provides support for client engagements across the country, regularly presenting market and strategy updates. She also speaks at industry conferences and client seminars, presenting strategy and investment considerations for fixed-income portfolios. In addition, she provides technical and analytical support including performance analysis and economic research.

Gray originally started at the firm as an analyst in the Structured Products Group. In this capacity, she provided technical and quantitative support for various clients, as well as services such as investment analysis, strategy development and implementation of bond proceeds portfolios, such as project funds, debt service funds, debt service reserve funds and surplus funds. She also provided quantitative support on a variety of projects including structured investment terminations/valuations and open-market escrow optimization and procurement.

Gray is a member of the firm's Reserve Fund Committee. She has passed Level I of the Chartered Financial Analyst exam.



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Education

B.A. in Hispanic Studies
Hamilton College

Started with PFM: 2015

Started in the Field: 2015

Joan Evans

Director

PFM Asset Management LLC

Joan Evans joined the PFM Asset Management Cheyenne, Wyoming office in February 2020. The firm is engaged as the distribution agent for the Wyoming Government Investment Fund and Joan works with eligible Wyoming political entities to promote participation in the Wyoming Government Investment Fund. In addition, Joan is responsible for assisting clients with developing and implementing investment strategies, reviewing performance, updating policies, and marketing the firm's products to prospects in Wyoming and Colorado.

Joan previously served as Vice President of Wyoming Public Finance with George K. Baum & Company since 2015 and most recently in the Stifel Wyoming Office. Prior to her work in Wyoming Public Finance, she served as the director of the Wyoming Department of Workforce Services from 2007 to July, 2015. As head of Workforce Services, she steered the department in developing a demand-driven workforce, responsive to private-sector worker and employer needs. Before serving as the Director of Wyoming Department of Workforce Services, Joan worked in higher education and school finance.

In 2011, Joan was selected for the prestigious Toll Fellowship Program by the Council of State Governments. She is a member of the University of Wyoming College of Business Advisory Board, Wyoming Business Alliance Steering Committee and has served as an Assistant Lecturer for the University of Wyoming College of Business. In 2014, Joan was selected as the Distinguished Alumni for the University of Wyoming College of Education.



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Specialties

State & Local Governments,
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Education, Higher Education

Education

B.S. in Finance
University of Wyoming

M.A. in Education
University of Wyoming

Professional Designations or Licenses

FINRA Series 7 and 63
Licenses

Started with PFM: 2020

Started in the Field: 2015

FISCAL AND LEGAL AFFAIRS COMMITTEE
COMMITTEE MEETING MATERIALS

AGENDA ITEM TITLE: Quarterly Investment Performance Report

- OPEN SESSION
- CLOSED SESSION

PREVIOUSLY DISCUSSED BY COMMITTEE:

- Yes
- No

FOR FULL BOARD CONSIDERATION:

- Yes *[Note: If yes, materials will also be included in the full UW Board of Trustee report.]*
 - No
- Attachments/materials are provided in advance of the meeting.*

EXECUTIVE SUMMARY: Quarterly investment performance review of funds managed by UW under UW Regulation 7-7: Investment and Management of University Funds

PRIOR RELATED COMMITTEE DISCUSSIONS/ACTIONS: Previous quarterly performance reports.

WHY THIS ITEM IS BEFORE THE COMMITTEE: UW Regulation 7-7: Investment and Management of University funds IX.A.1 outlines that “Performance reports are supplied to the Board following the end of each quarter.”

ACTION REQUIRED AT THIS COMMITTEE MEETING: None

PROPOSED MOTION: None



University of Wyoming

Investment Performance Review For the Quarter Ended December 31, 2023

Client Management Team

Joan Evans, Director
Gray Lepley, Portfolio Strategist
Amber Cannegieter, Key Account Manager

PFM Asset Management LLC

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Agenda

- Market Update
- Account Summary
- Portfolio Review

Market Update

Current Market Themes



- ▶ The U.S. economy is characterized by:
 - ▶ Economic resilience but expectations for a slowdown
 - ▶ Slowing inflation that remains above the Federal Reserve's ("Fed") target
 - ▶ The labor market coming into better balance
 - ▶ A strong consumer that continues to spend



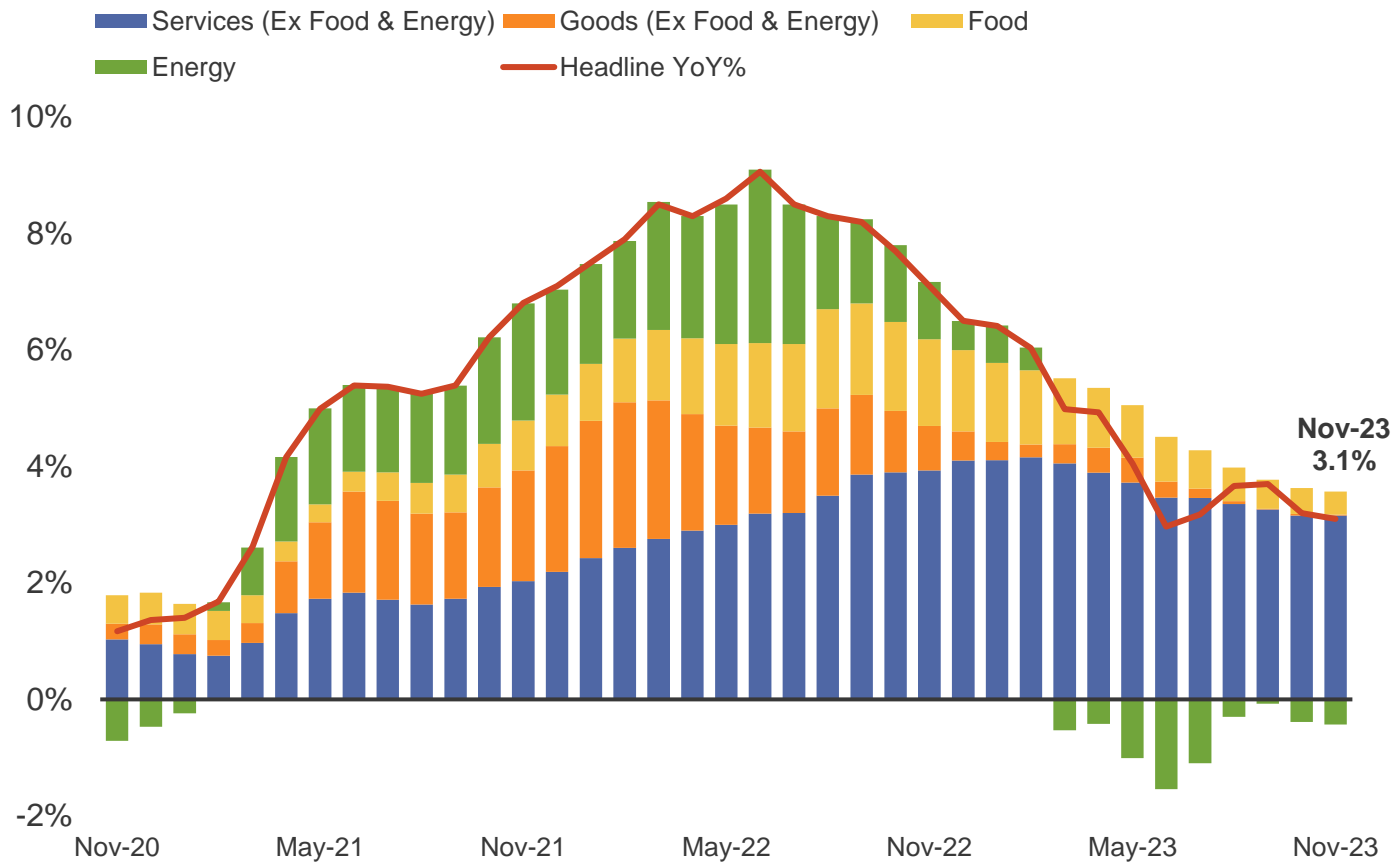
- ▶ The Federal Reserve is expected to have finished their hiking cycle
 - ▶ Fed projecting to cut the short-term fed funds rate by 75 basis points by December 2024, reaching 4.50% to 4.75%
 - ▶ Markets are expecting a much more aggressive Fed, pricing in over 6 cuts by year-end 2024
 - ▶ Fed officials reaffirm that restoring price stability is the utmost priority



- ▶ Treasury yields peak in October and rally throughout the rest of the quarter
 - ▶ Treasury yields are lower across the curve off a dovish tone from the Fed
 - ▶ Yield curve inversion persists throughout the rate rally
 - ▶ Rate volatility continues to be a story as markets move materially on the Fed and inflation

Inflation Continues to Trend Lower

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



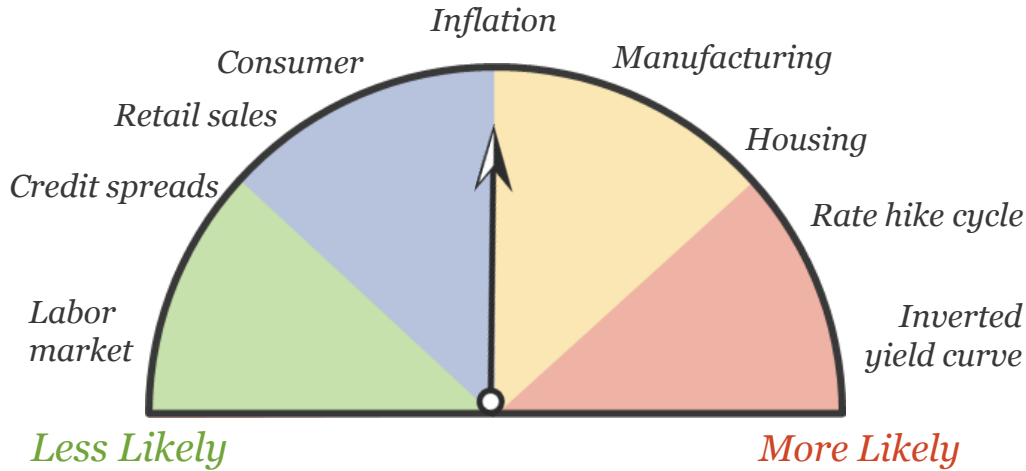
Lower energy and goods prices help to offset increases in wage-driven services costs

Source: Bloomberg; as of November 2023.

Recession Concerns Linger While GDP Is Expected to Remain Positive

Recession Risk

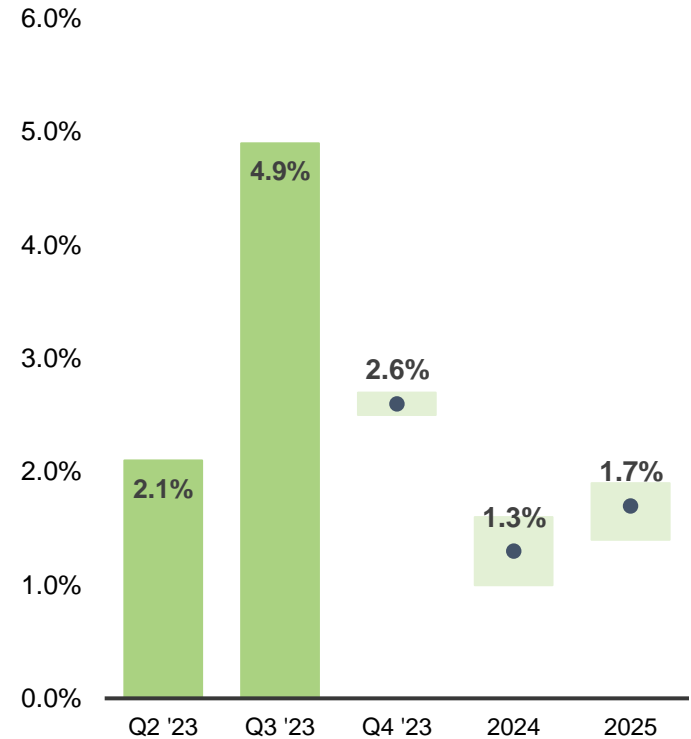
50% Recession Probability*



U.S. GDP Forecasts

Annualized Rate

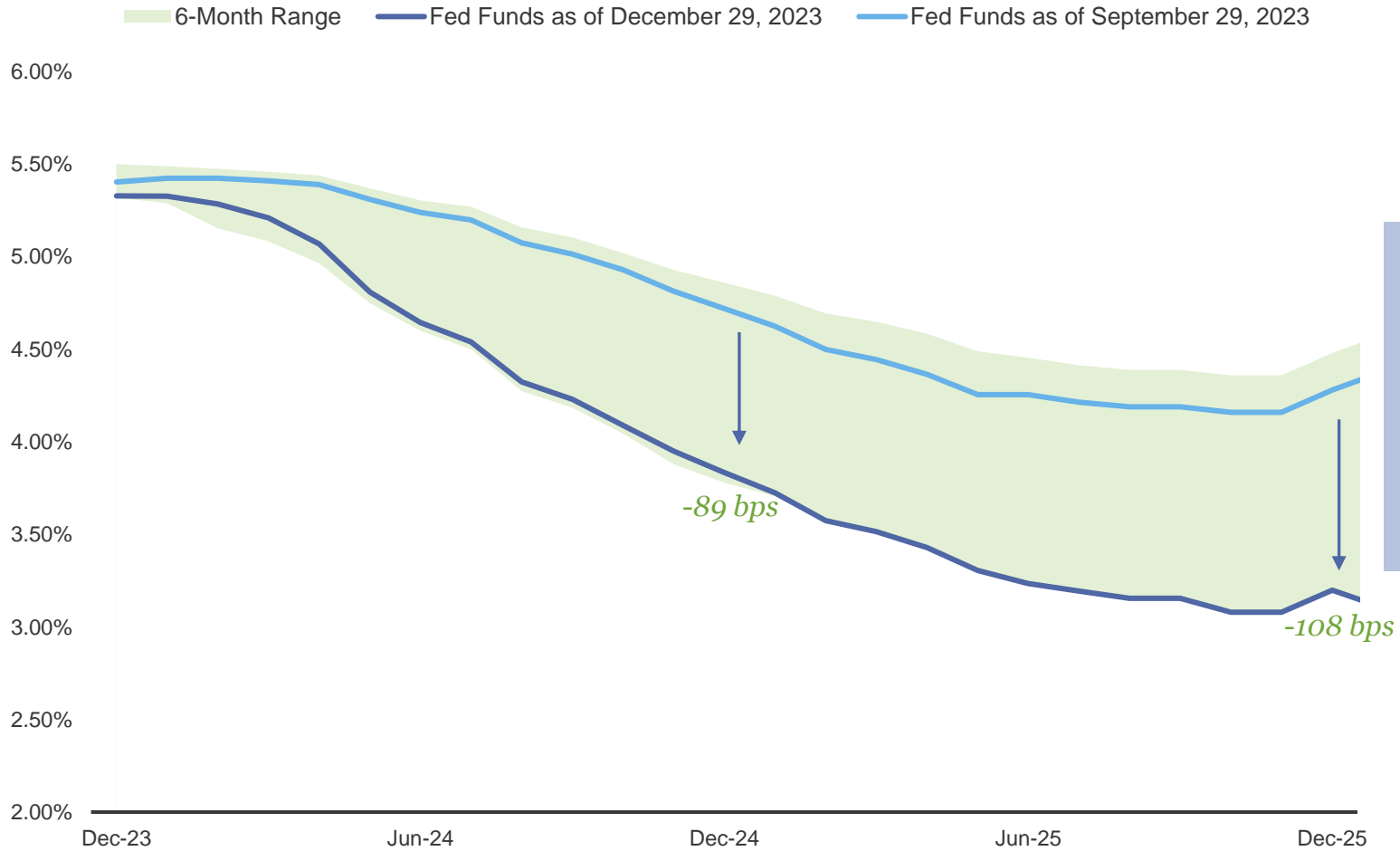
■ Actual ■ Range ● Median of Forecasts



Source: *Bloomberg, Economist Forecasts. Recession risk based on most recent economic data as of 1/3/2024 and a horizon of the next 12 months.

Expectations for Fed Funds Have Reached Their Most Dovish in 6 Months

Implied Fed Funds Rate

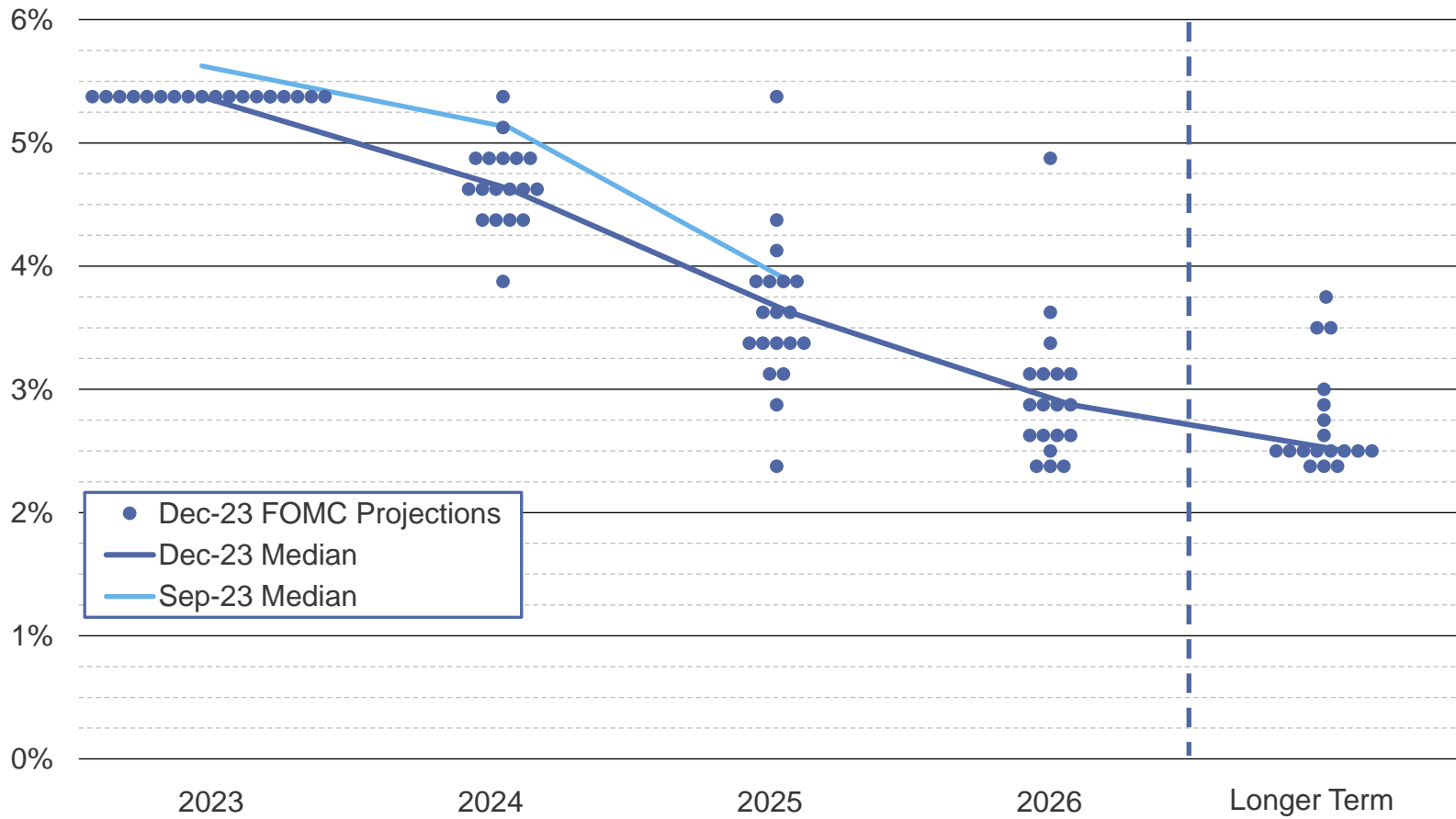


The Fed and markets both expect more rate cuts in 2024 in response to recent economic releases

Source: Federal Reserve and Bloomberg. Individual dots represent the median FOMC voting members' judgement of the midpoint of the appropriate target range for the federal funds rate at each year-end.

Fed's Updated Dot Plot Shows Falling Rates Moving Forward

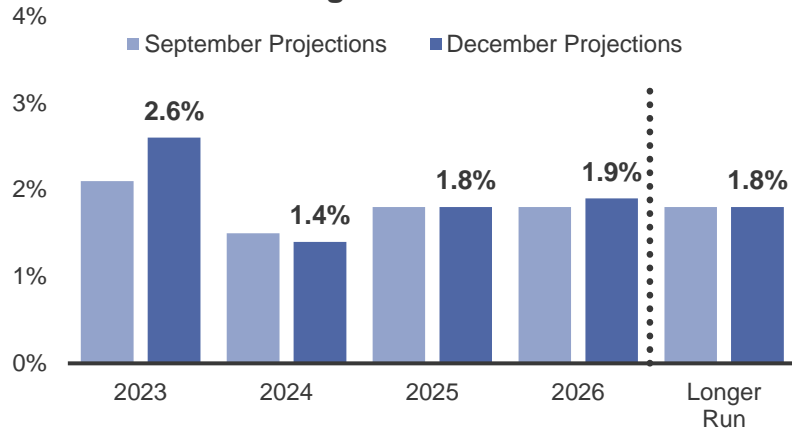
Fed Participants' Assessments of 'Appropriate' Monetary Policy



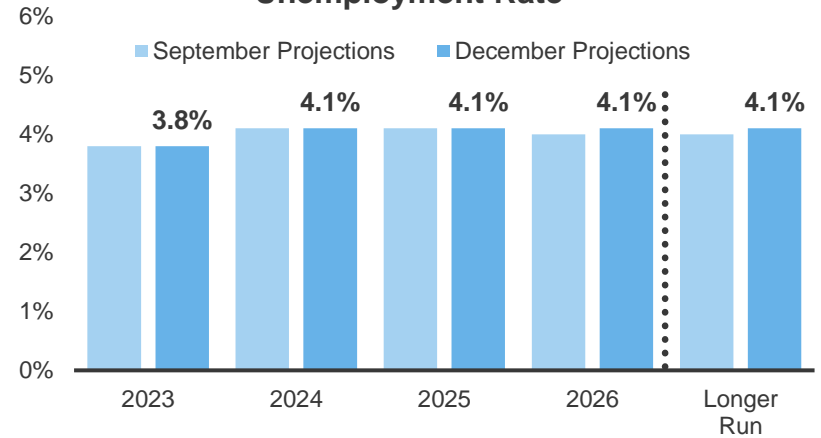
Source: Federal Reserve and Bloomberg. Individual dots represent each Fed members' judgement of the midpoint of the appropriate target range for the federal funds rate at each year-end.

Federal Reserve Sets the Stage for a Soft Landing

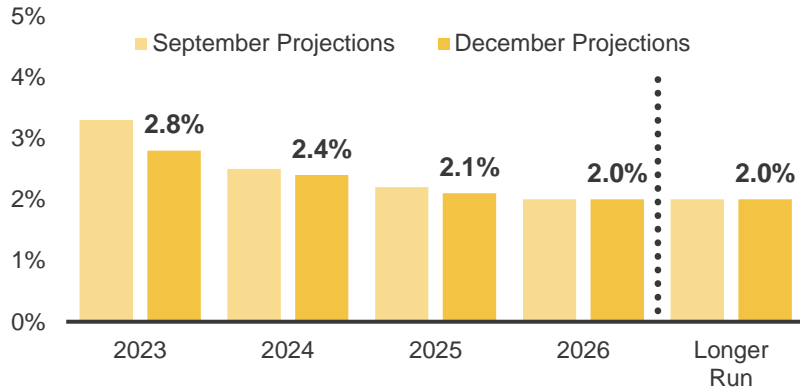
Change in Real GDP



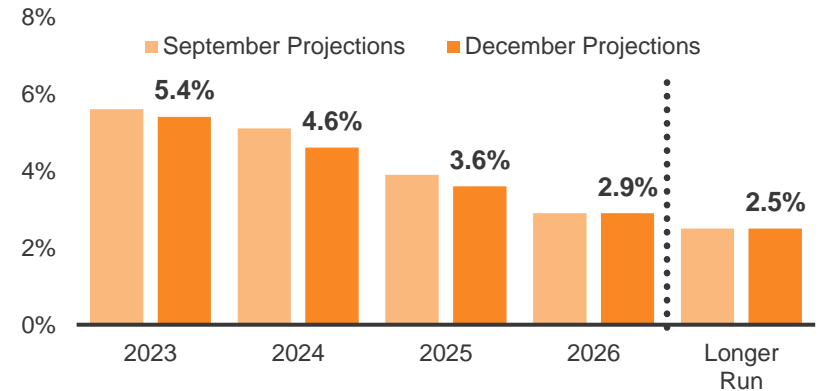
Unemployment Rate



PCE Inflation



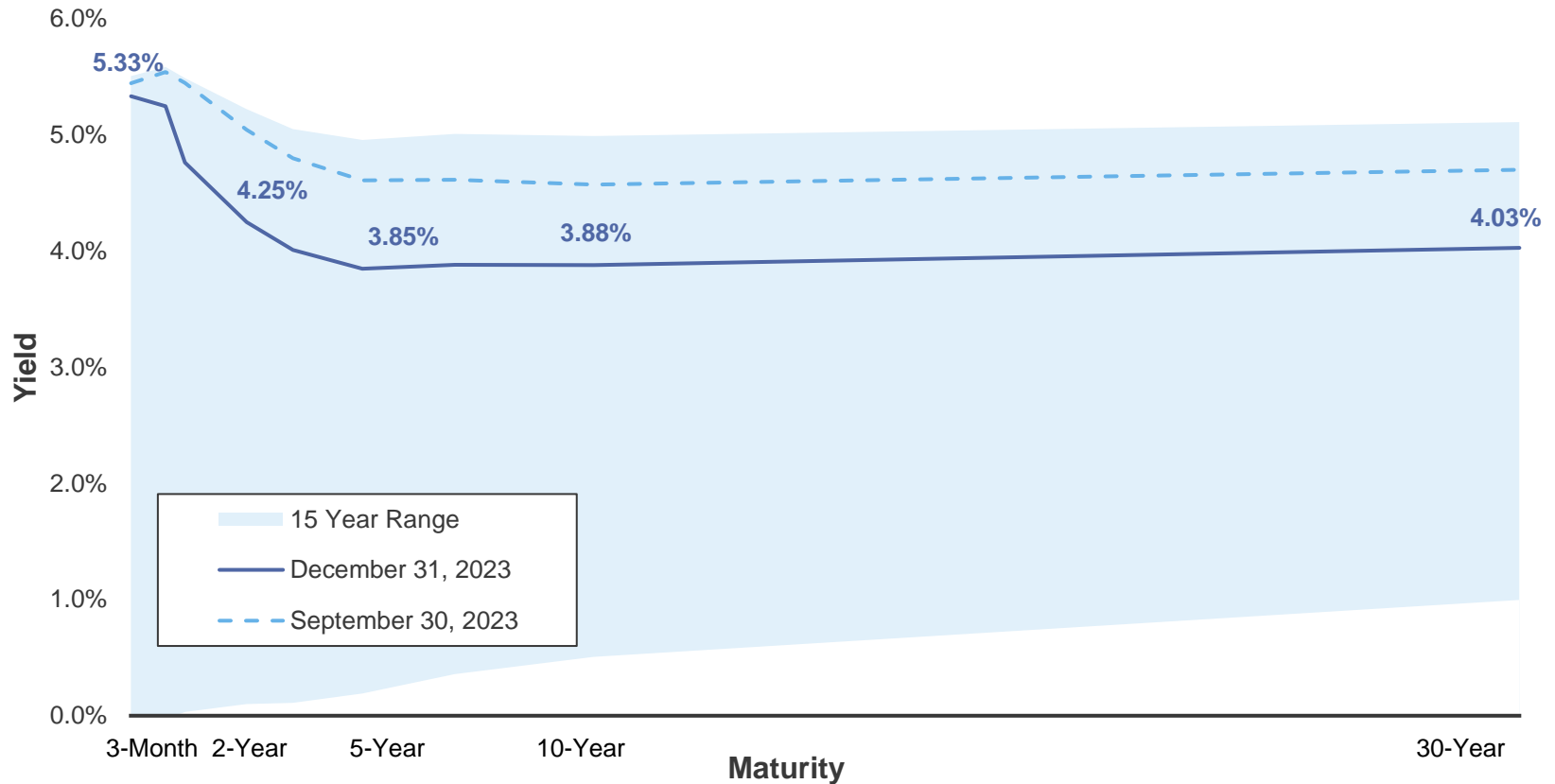
Federal Funds Rate



Source: Federal Reserve, latest economic projections as of December 2023.

Interest Rates Decline over the Quarter But Remain Elevated Historically

U.S. Treasury Yield Curve



Source: Bloomberg, as of December 31, 2023.

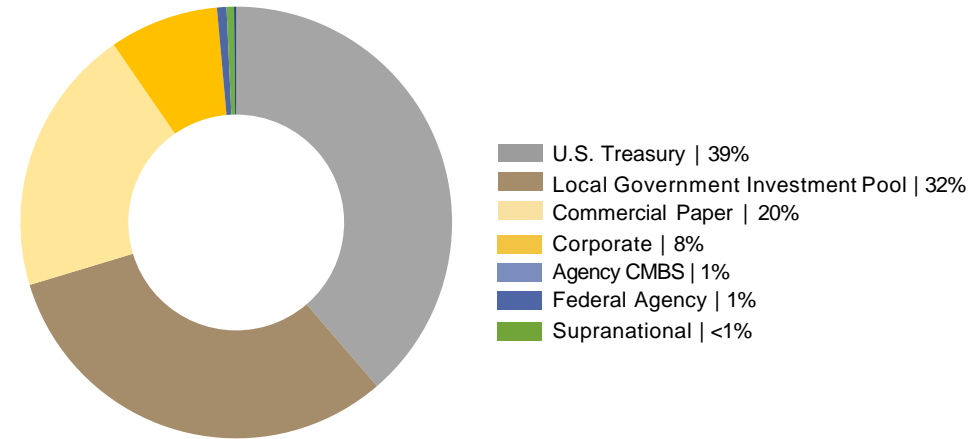
Account Summary

Consolidated Summary

Account Summary

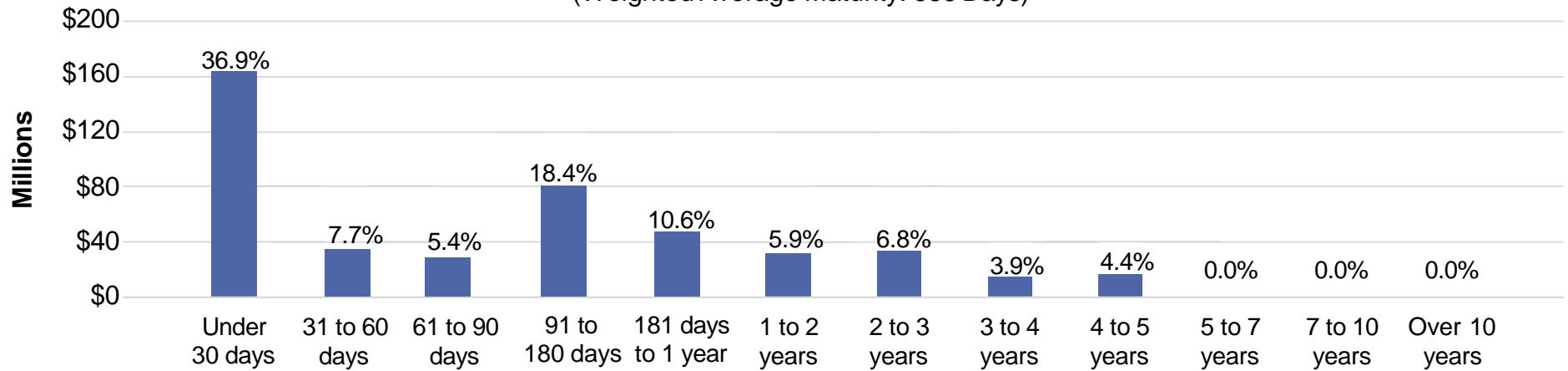
WGIF	\$140,951,260
WGIF Managed Account	\$304,561,859
Total Program	\$445,513,119

Sector Allocation



Maturity Distribution

(Weighted Average Maturity: 386 Days)



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

Certificate of Compliance

During the reporting period for the quarter ended December 31, 2023, 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").

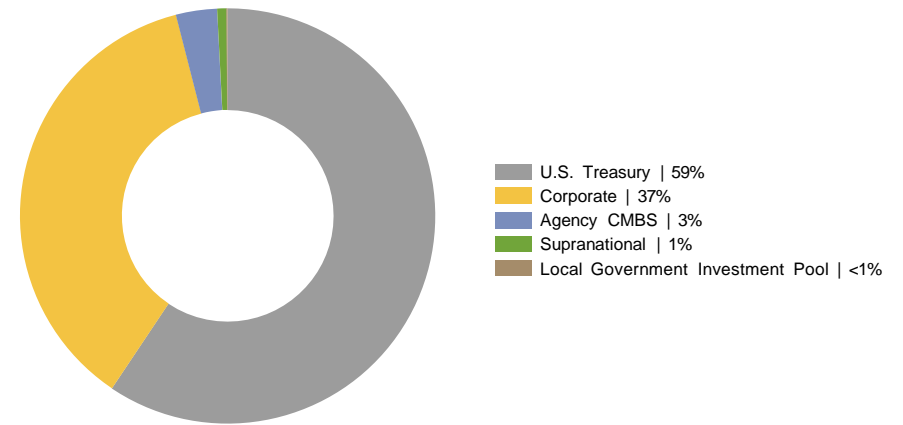
Portfolio Review:
WGIF-UNIVERSITY OF WYOMING CORE

Portfolio Snapshot - WGIF-UNIVERSITY OF WYOMING CORE¹

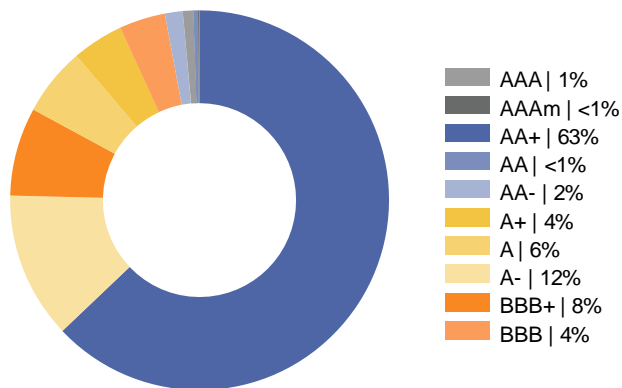
Portfolio Statistics

Total Market Value	\$99,235,084.99
Managed Account Sub-Total	\$98,512,646.38
Accrued Interest	\$618,135.48
Pool	\$104,303.13
Portfolio Effective Duration	2.45 years
Benchmark Effective Duration	2.51 years
Yield At Cost	2.87%
Yield At Market	4.38%
Portfolio Credit Quality	AA

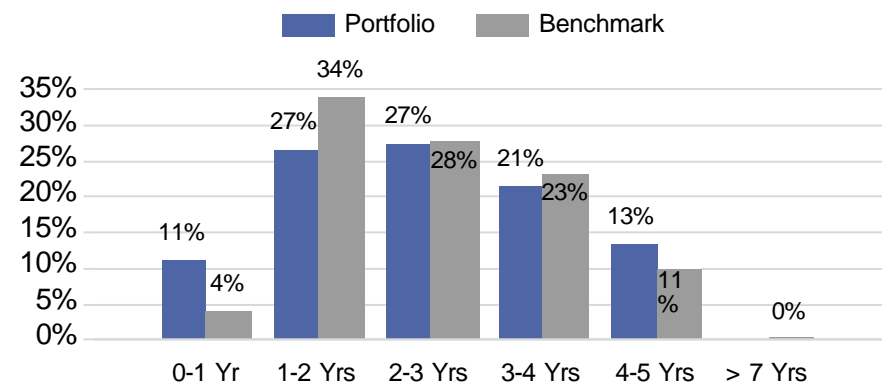
Sector Allocation



Credit Quality - S&P



Duration Distribution



1. Total market value includes accrued interest and balances invested in WGIF, as of December 31, 2023.

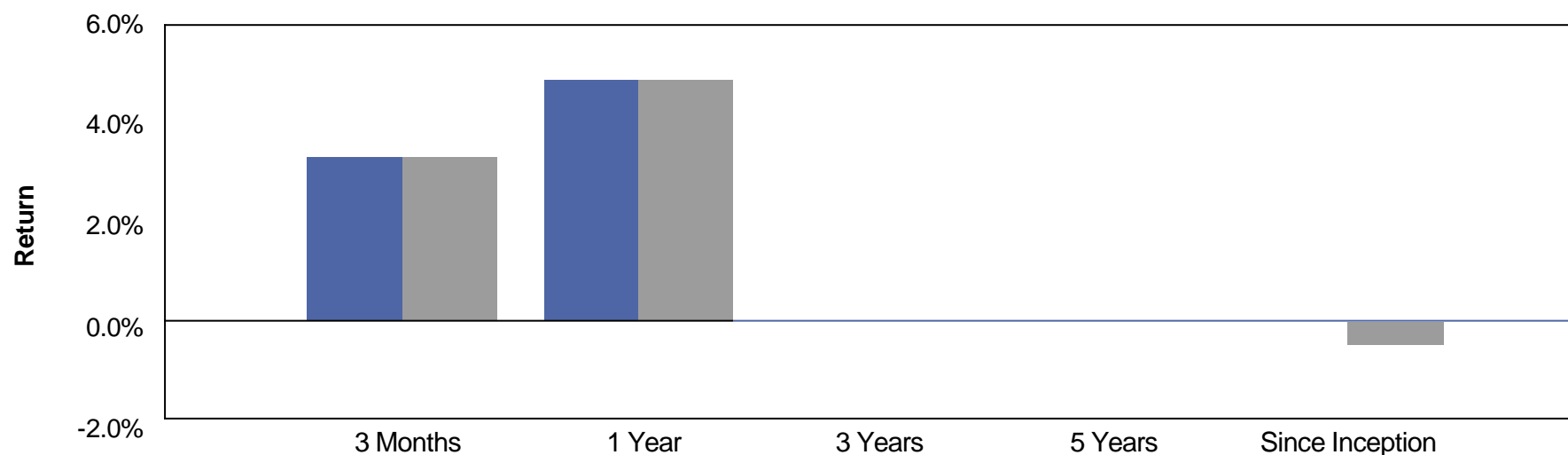
Yield and duration calculations exclude balances invested in WGIF.

The portfolio's benchmark is the ICE BofA 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	\$643,653	\$2,206,499	-	-	\$4,097,818
Change in Market Value	\$2,495,983	\$2,448,775	-	-	(\$4,462,001)
Total Dollar Return	\$3,139,636	\$4,655,274	-	-	(\$364,183)
Total Return³					
Portfolio	3.27%	4.92%	-	-	-0.26%
Benchmark ⁴	3.34%	4.89%	-	-	-0.46%
Difference	-0.07%	0.03%	-	-	0.20%

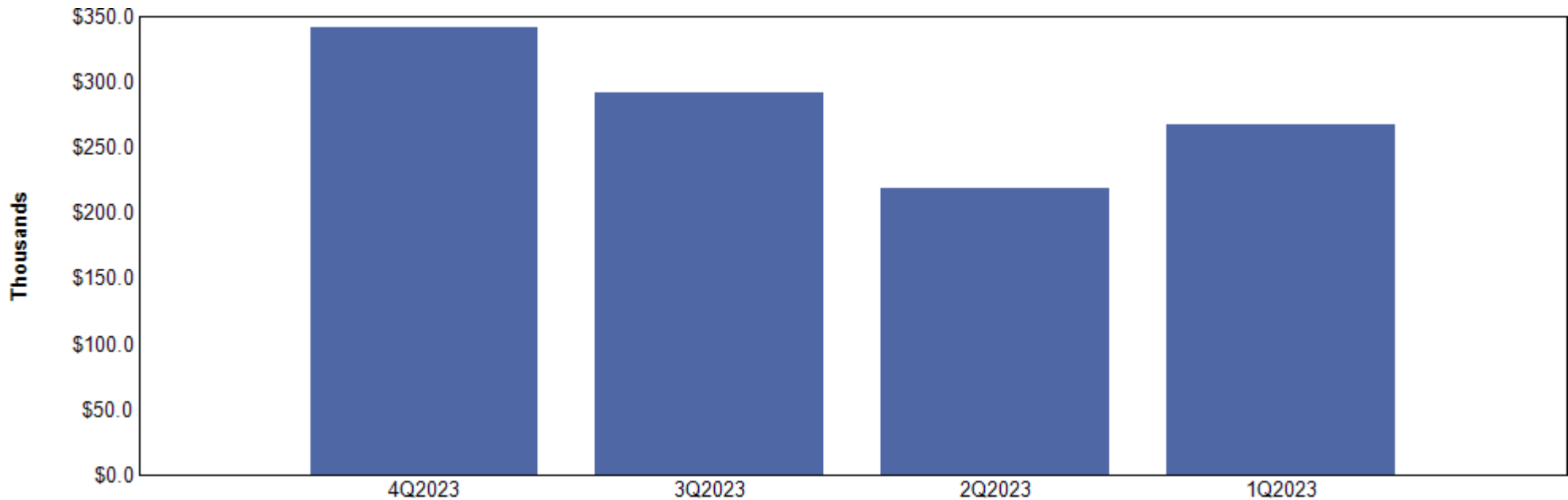
1. The lesser of 10 years or since inception is shown. Since inception returns for periods one year or less are not shown. Performance inception date is March 31, 2021.

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 BofA 1-5 Year U.S. Government/Corp Index. Source: Bloomberg.

Accrual Basis Earnings - WGIF-UNIVERSITY OF WYOMING CORE



Accrual Basis Earnings	4Q2023	3Q2023	2Q2023	1Q2023
Interest Earned ¹	\$643,653	\$592,664	\$518,728	\$451,455
Realized Gains / (Losses) ²	(\$332,052)	(\$296,267)	(\$282,366)	(\$168,691)
Change in Amortized Cost	\$30,072	(\$5,010)	(\$17,180)	(\$14,719)
Total Earnings	\$341,673	\$291,386	\$219,182	\$268,045

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.

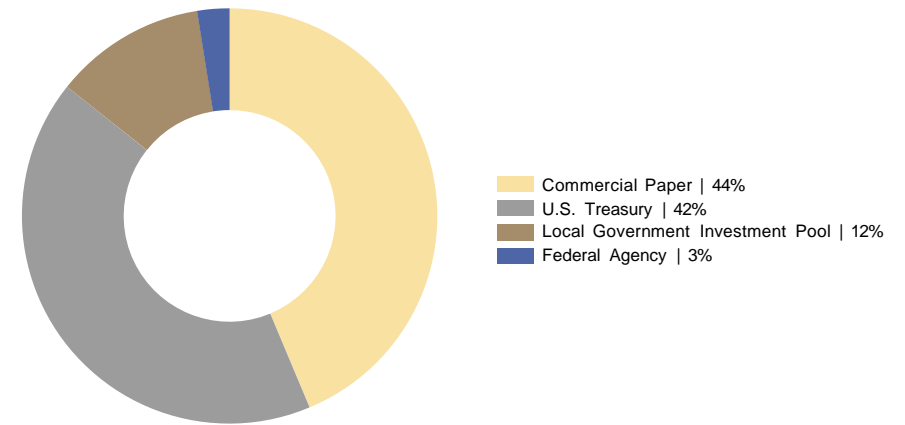
Portfolio Review:
WGIF-UNIVERSITY OF WYOMING SHORT TERM

Portfolio Snapshot - WGIF-UNIVERSITY OF WYOMING SHORT TERM¹

Portfolio Statistics

Total Market Value	\$101,335,241.14
<i>Managed Account Sub-Total</i>	\$89,377,873.78
<i>Accrued Interest</i>	\$0.00
<i>Pool</i>	\$11,957,367.36
Portfolio Effective Duration	0.20 years
Benchmark Effective Duration	0.41 years
Yield At Cost	5.49%
Yield At Market	5.20%
Portfolio Credit Quality	AA

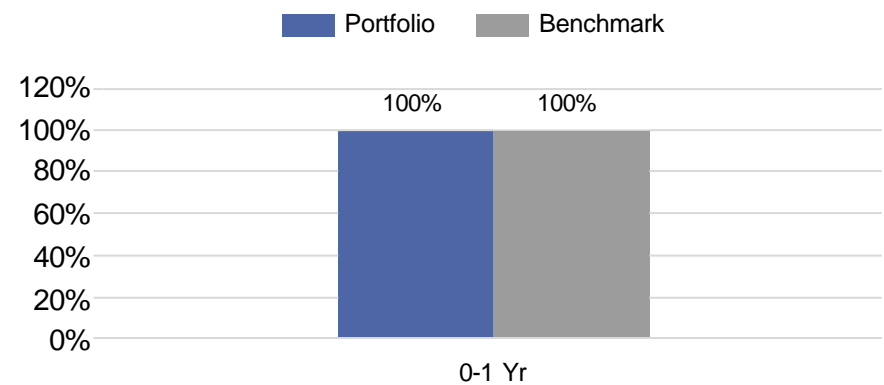
Sector Allocation



Credit Quality - S&P



Duration Distribution



1. Total market value includes accrued interest and balances invested in WGIF, as of December 31, 2023.

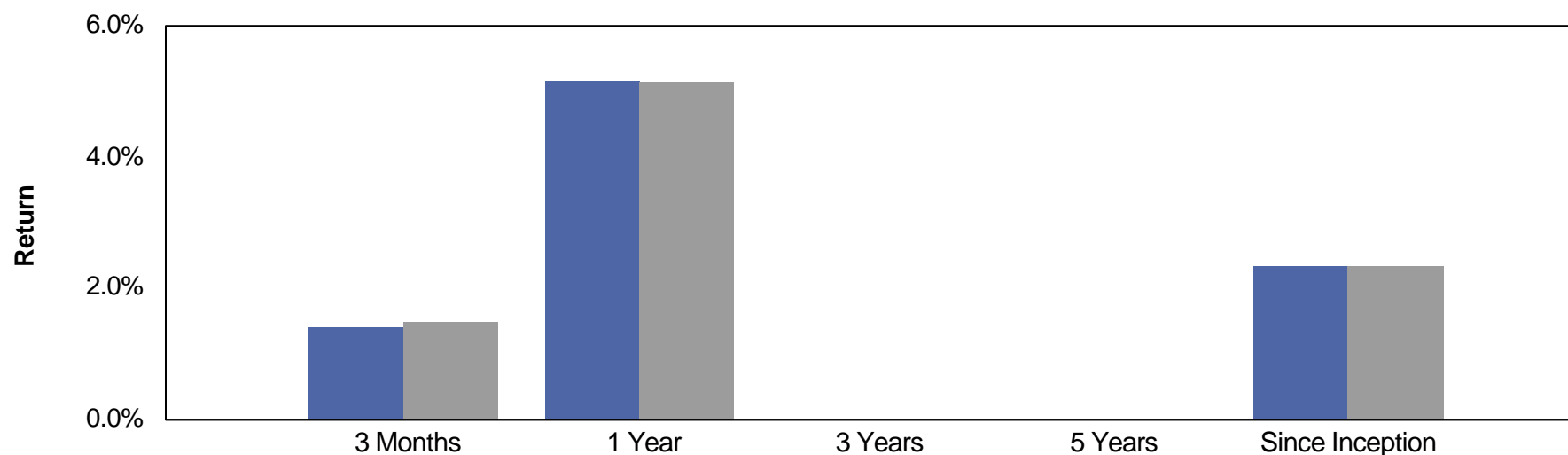
Yield and duration calculations exclude balances invested in WGIF.

The portfolio's benchmark is the ICE BofA 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	\$161,252	\$849,655	-	-	\$1,265,904
Change in Market Value	\$1,247,177	\$4,148,673	-	-	\$5,183,578
Total Dollar Return	\$1,408,429	\$4,998,328	-	-	\$6,449,482
Total Return³					
Portfolio	1.41%	5.17%	-	-	2.34%
Benchmark ⁴	1.49%	5.14%	-	-	2.35%
Difference	-0.08%	0.03%	-	-	-0.01%

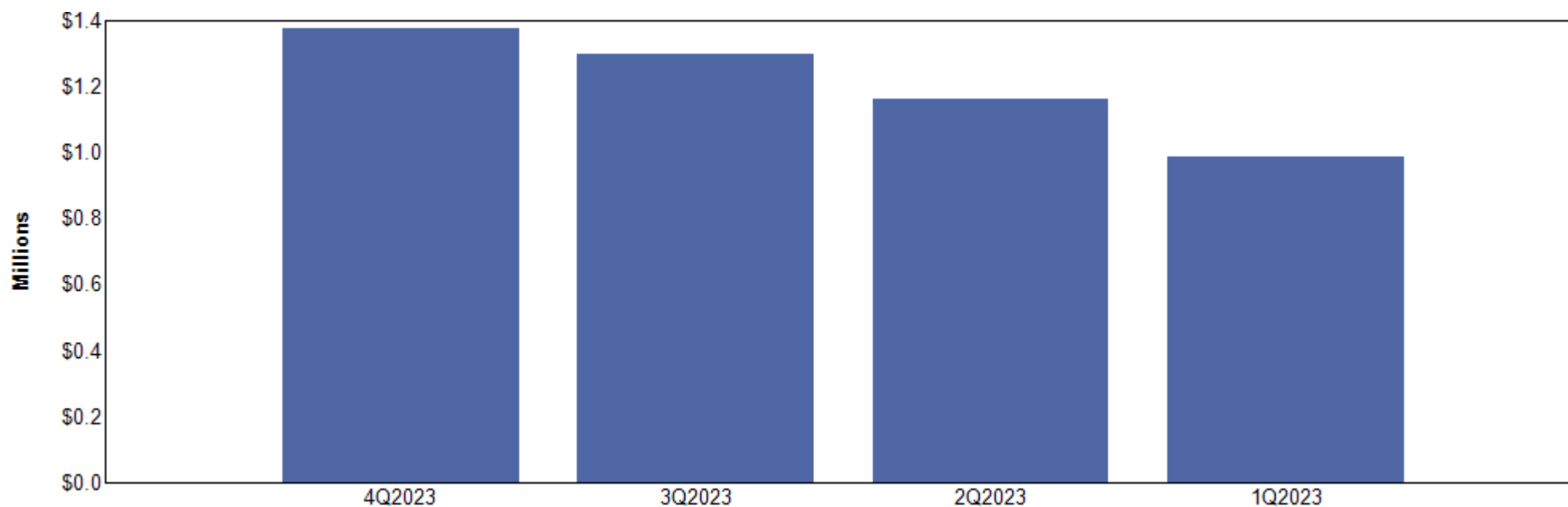
1. The lesser of 10 years or since inception is shown. Since inception returns for periods one year or less are not shown. Performance inception date is March 31, 2021.

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 BofA 6 Month U.S. Treasury Bills Index. Source: Bloomberg.

Accrual Basis Earnings - WGIF-UNIVERSITY OF WYOMING SHORT TERM



Accrual Basis Earnings	4Q2023	3Q2023	2Q2023	1Q2023
Interest Earned ¹	\$161,252	\$315,291	\$257,531	\$115,581
Realized Gains / (Losses) ²	-	-	-	-
Change in Amortized Cost	\$1,216,907	\$983,840	\$902,847	\$870,784
Total Earnings	\$1,378,159	\$1,299,130	\$1,160,378	\$986,365

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.

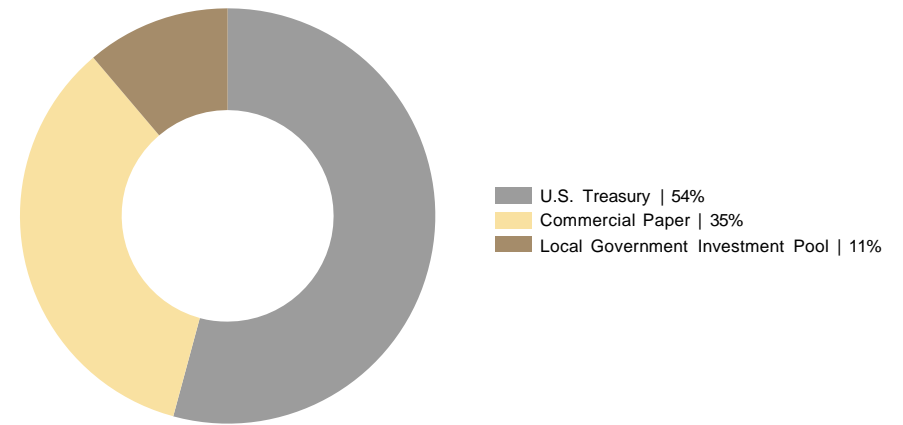
Portfolio Review:
WGIF-UOW 2021 CONSTRUCTION FUND

Portfolio Snapshot - WGIF-UOW 2021 CONSTRUCTION FUND¹

Portfolio Statistics

Total Market Value	\$130,628,443.38
<i>Managed Account Sub-Total</i>	\$115,661,336.32
<i>Accrued Interest</i>	\$391,867.41
<i>Pool</i>	\$14,575,239.65
Portfolio Effective Duration	0.45 years
Yield At Cost	3.32%
Yield At Market	5.35%
Portfolio Credit Quality	AA

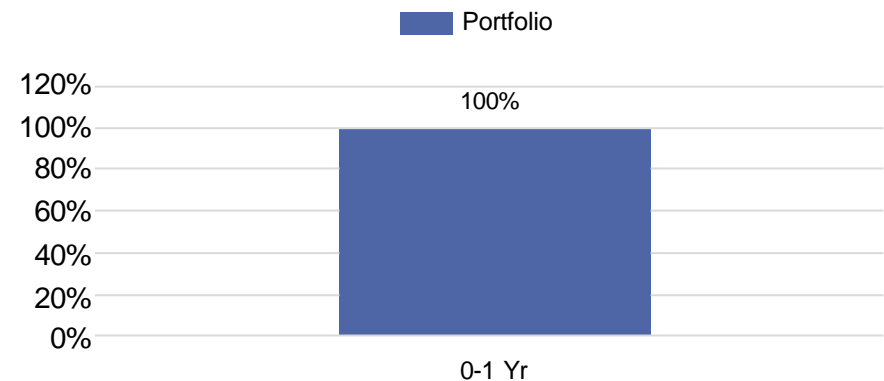
Sector Allocation



Credit Quality - S&P

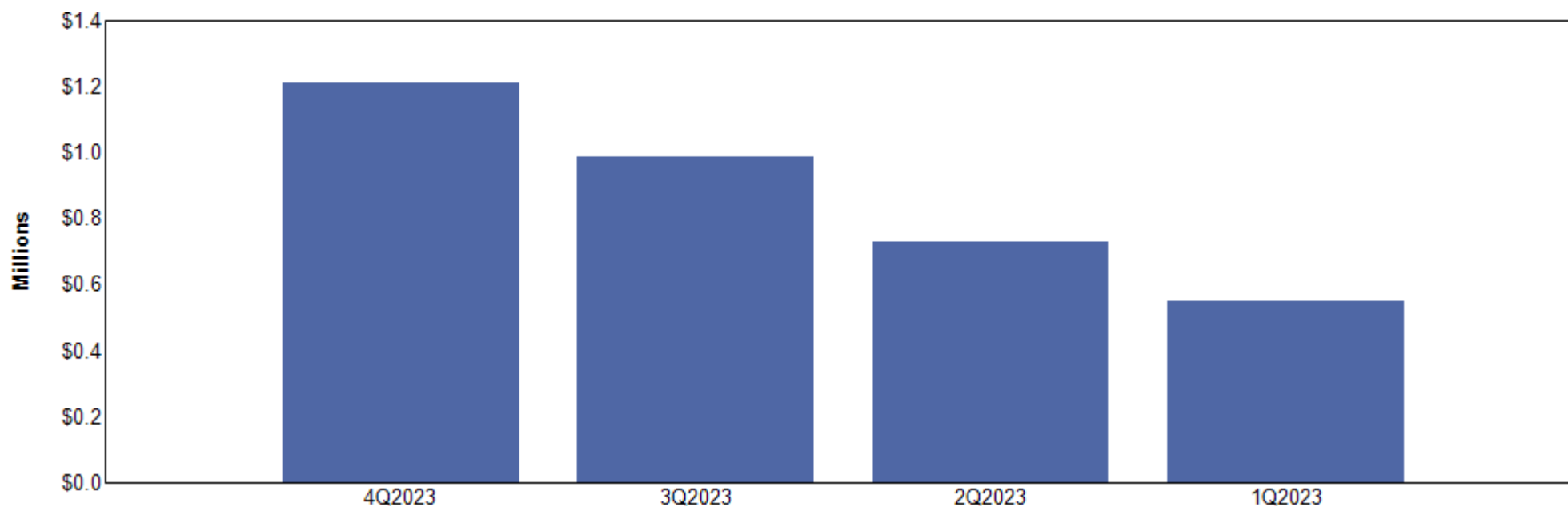


Duration Distribution



1. Total market value includes accrued interest and balances invested in WGIF, as of December 31, 2023.
 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	4Q2023	3Q2023	2Q2023	1Q2023
Interest Earned ¹	\$881,859	\$1,286,809	\$1,087,374	\$972,762
Realized Gains / (Losses) ²	-	-	-	-
Change in Amortized Cost	\$330,716	(\$297,272)	(\$359,480)	(\$423,595)
Total Earnings	\$1,212,575	\$989,537	\$727,894	\$549,167

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.

Important Disclosures

This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation, as it was prepared without regard to any specific objectives or financial circumstances.

Investment advisory services are provided by PFM Asset Management LLC ("PFMAM"), an investment adviser registered with the U.S. Securities and Exchange Commission and a subsidiary of U.S. Bancorp Asset Management, Inc. ("USBAM"). USBAM is a subsidiary of U.S. Bank National Association ("U.S. Bank"). U.S. Bank is a separate entity and subsidiary of U.S. Bancorp. U.S. Bank is not responsible for and does not guarantee the products, services or performance of PFMAM. The information contained is not an offer to purchase or sell any securities. Additional applicable regulatory information is available upon request.

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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.

The views expressed within this material constitute the perspective and judgment of PFMAM at the time of distribution and are subject to change. Any forecast, projection, or prediction of the market, the economy, economic trends, and equity or fixed-income markets are based upon certain assumptions and current opinion as of the date of issue and are also subject to change. Some, but not all assumptions are noted in the report. Assumptions may or may not be proven correct as actual events occur, and results may depend on events outside of your or our control. Changes in assumptions may have a material effect on results. Opinions and data presented are not necessarily indicative of future events or expected performance.

For more information regarding PFMAM's services or entities, please visit www.pfmam.com.

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Important Disclosures

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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.

FISCAL AND LEGAL AFFAIRS COMMITTEE
COMMITTEE MEETING MATERIALS

AGENDA ITEM TITLE: Annual Review UW Regulation 7-7: Investment and Management of University Funds

- OPEN SESSION
 CLOSED SESSION

PREVIOUSLY DISCUSSED BY COMMITTEE:

- Yes
 No

FOR FULL BOARD CONSIDERATION:

- Yes [*Note: If yes, materials will also be included in the full UW Board of Trustee report.*]
 No

Attachments/materials are provided in advance of the meeting.

EXECUTIVE SUMMARY: Quarterly investment performance review of funds managed by UW under [UW Regulation 7-7: Investment and Management of University Funds](#).

PRIOR RELATED COMMITTEE DISCUSSIONS/ACTIONS: March 2023 Annual Review of UW Regulation 7-7: Investment and Management of University Funds. The following changes were adopted:

1. Personnel Title changes reflecting reorganization within the Division of Budget and Finance.
2. The section addressing Advanced Payment of Higher Education Costs Program was deleted as the program had expired and concluded.
3. Section IX.E Diversification was added per the recommendation of the Government Finance Officers Association (GFOA).

WHY THIS ITEM IS BEFORE THE COMMITTEE: UW Regulation 7-7: Investment and Management of University Funds IX.E outlines that “The policy shall be reviewed annually by the Fiscal and Legal Affairs Committee and recommended changes will be presented to the Board for consideration.”

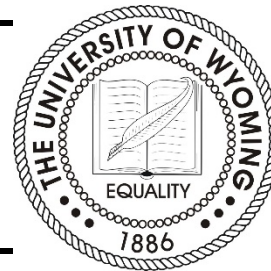
ACTION REQUIRED AT THIS COMMITTEE MEETING: None- The Division of Budget and Finance is proposing no edits to the regulation currently.

PROPOSED MOTION: None

UNIVERSITY OF WYOMING REGULATIONS

Subject: Investment and Management of University Funds

Number: UW Regulation 7-7



I. PURPOSE

This Regulation establishes the general guidelines and procedures for the investment of University funds and is established by the University of Wyoming Board of Trustees (Board) to guide the Board, its Fiscal and Legal Affairs Committee (Committee), and the University administration in the process of fund investment. The Board retains the right to make decisions contrary to this policy, when such decisions are deemed to be in the best interests of the University. The Board also retains the right to accept and administer donated funds or property with donor restrictions contrary to this policy.

It is not the purpose of this document to specify the details of every situation, nor to set forth specific short-term goals. The policy governs the investment management of University operation funds and long-term investment practices, and is supplemented annually with discussion of market conditions and short-term goals, including return targets.

II. SCOPE OF FUNDS

A. The scope of funds governed by this policy will be managed as a pool of resources available for investment. The level of funds invested is based on required payroll, the tuition and fee collection cycle, timing of draw down and receipt of state appropriations, and timing of capital projects and purchases, which may be outlined in the University's Capital Plan.

Where managed and invested as a single pool ("Pool"), the Pool is composed of the following sources:

1. Cash flow generated from state appropriations, tuition, fees and other unrestricted sources. These sources are invested due to timing of receipt and payment obligations within a fiscal year.
2. Unrestricted investment income earned by the investment Pool.
3. All unrestricted funds at the division/college level.

4. Official University reserve accounts (Operating, Capital Construction, Passenger Plane, Risk Pool/Litigation, Residence Hall, Recruitment and Retention, and Special Projects Reserve Accounts)
5. Current year funds added to reserves per the university's carryforward policy.
6. All other funds allowable or suitable for investment.

III. STANDARDS OF CARE

A. Prudence

All University officers and employees involved in the investment process shall act responsibly as custodians of the public trust. The standard of prudence to be applied is the "prudent investor" rule, which states, "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."

B. Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions, broker/dealers, or security issuers with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with which business is conducted on behalf of the University.

IV. SAFEGUARDS AND CONTROLS

A. Third-party or Bank Safekeeping

Securities may be held by an independent third-party safekeeping institution selected by the University or be held in bank safekeeping. The Vice President for Budget and Finance and the Associate Vice President, Finance will monitor the portfolio held in bank safekeeping. All securities will be evidenced by safekeeping receipts in the University's name.

B. Sales Prior to Maturity

The University's intent is to hold to maturity; however, securities may be sold prior to maturity for reasons that include but are not limited to the following:

1. To meet liquidity needs,
2. To reduce risk or minimize loss of principal,
3. As part of a security swap that seeks to improve the quality, yield, or expected return of the portfolio, or to reduce risk,
4. To adjust or rebalance the portfolio to:
 - a. Be in compliance with policy guidelines,
 - b. Better match expected cash flows,
 - c. Adjust the portfolio duration to better match the target,
 - d. Better align with current and expected market conditions, or
 - e. Better match a designated performance benchmark.

V. USE OF MANAGER AND ADVISORS

- A. It is the policy of the Board to invest in funds through a combination of the University's Associate Vice President, Finance and externally contracted, professional registered investment advisor(s). The University shall obtain requests for qualifications, requests for proposals, bids or quotes or competitively bid the services of any externally contracted, professional registered investment advisor(s) at least every five (5) years. The University shall recommend to the Board of Trustees the successful external investment advisor(s). The Board of Trustees may review the recommendation and consider taking appropriate action.
- B. Portfolios managed by the Associate Vice President, Finance (internal) include those outlined in W.S. 9-4-831 and by the State of Wyoming Loan and Investment Board Master Investment Policy and Sub-Policies, Section 21, Local Government Investing.
- C. Portfolios managed by contracted managers (external) include instruments appropriate to the style of each manager, limited to security types in W.S. 9-4-831

and by the State of Wyoming Loan and Investment Board Master Investment Policy and Sub-Policies, Section 21, Local Government Investing.

- D. It is also the policy of the Board, or the Board's designee, to determine the need to contract with an independent investment advisor or performance evaluation service. The Board, or the Board's designee, determines, and periodically reviews, the level of services desired.

VI. INVESTED FUNDS

A. Endowment Type Funds

Endowment funds are invested by the University of Wyoming Foundation, as outlined in the Memorandum of Agreement dated May 10, 1989 and Addendum to the Memorandum dated November 10, 2003, and Addendum No. 2 dated April 14, 2006. See Section XIV, Funds Managed by the Foundation like an Endowment.

B. Operating Funds (including University Reserves)

The Associate Vice President, Finance invests the Pool in a combination of securities listed at W.S. 9-4-831.

VII. INVESTMENT OBJECTIVES

- A. The University of Wyoming Foundation's annual investment objective will be determined by the Foundation Investment Committee, with approval of the Foundation Board of Directors, from time to time based upon medium and long term modeling and asset class assumptions (with significant input from the Committee's investment consultant), payout policy, inflation rates, fees and expenses and such other considerations as the Committee deems advisable. In accordance with W.S. 17-7-303 (a) and (b), in managing and investing endowment funds, the Foundation will consider the intent of the donor, the charitable purposes of the Foundation and the purposes of the endowment funds and will manage and invest the funds in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances.
- B. Investment goals for operating funds are designed to achieve the following primary objectives. These goals dictate a policy that utilizes relatively low-risk, investment-grade, fixed-income investments:
 - 1. **Safety** – Safety of principal is the foremost objective of the investment program. Investments of the University shall be undertaken in a manner that

seeks to ensure preservation of capital in the overall portfolio. To attain this objective, diversification is required.

2. **Liquidity** – The University’s investment portfolio must remain sufficiently liquid to enable the University to meet all operating requirements which might be reasonably anticipated. To attain this objective, the portfolio should be structured so that securities mature concurrent with anticipated cash needs.
3. **Yield/Return on Investment** – The University’s investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the University’s investment risk constraints and the cash flow characteristics of the portfolio.

VIII. ASSET ALLOCATIONS

A. Endowment type funds

These funds will be invested in allowed investments under the University of Wyoming Foundation investment policy and follow their asset allocation guidelines.

B. Operating Funds

The University will invest in those types of securities allowed by W.S. 9-4-831 for public entities and by the State of Wyoming Loan and Investment Board Master Investment Policy and Sub-Policies, Section 21, Local Government Investing.

IX. AUTHORIZED AND SUITABLE INVESTMENTS

A. Security Type Limits

Investments shall be diversified, subject to the following maximum allocations per security type:

Security Type	Maximum Allocation
• U.S. Treasuries and securities guaranteed by the U.S. Government	No limit
• U.S. federal government agency or instrumentality	No limit
• Repurchase agreements (must be collateralized by U.S. government or U.S. federal government agencies/mortgage backed securities)	No limit
• U.S. agency/instrumentality mortgage-backed securities	30%

Security Type	Maximum Allocation
• U.S. government agencies callable securities	30%
• Collateralized time and demand deposits (must be collateralized by U.S. government or U.S. federal government agencies/mortgage backed securities)	No limit
• Commercial paper and bankers' acceptances combined	50%
• Money Market Mutual Funds/LGIPS	50%
• Investment grade Corporate Bonds	50%

B. Issuer Limit

No more than 5% of the total market value of the portfolio may be invested in any one non-government issuer. Investments in bankers' acceptances and commercial paper will be combined to determine aggregate exposure.

C. Collateralization

1. To provide an adequate level of security, all deposited funds shall be collateralized at a minimum of 102% with a daily mark to market. For certificates of deposit, the market value of collateral must be at least 102% or greater of the amount of certificates of deposits plus demand deposits with the depository, less the amount, if any, which is insured by the Federal Deposit Insurance Corporation or the National Credit Unions Share Insurance Fund.
2. The collateral will be adequate to secure both principal and accrued interest of the deposits.
3. Authorized instruments for collateralization are those found in W.S. 9-4-821.
4. In addition to the collateralization requirements found in W.S. 9-4-821, collateralization will also be required on the following types of investments:
 - a. Time deposits
 - b. Repurchase agreements

D. Portfolio Maturities

Maturities of securities will be managed in coordination with the cash flow needs of the University.

1. Funds needed to satisfy operating cash flows of the University will be invested in securities and funds that mature in less than one year.

In general, the index used to judge the performance will be the three-month U.S. Treasury Bill.

The portfolio's weighted average maturity shall not exceed 90 days. All securities shall have a maximum maturity of 365 days.

2. Funds not needed to satisfy operating cash flows, or core funds, of the University can be invested in a portfolio where the maximum maturity of any one security may not exceed one hundred twenty (120) months. At any given time, the proportion of the portfolio invested in securities with a maturity greater than sixty (60) months shall not exceed 10% of the total portfolio. The effective duration of the account can be no greater than the duration of the Bloomberg Barclays U.S. Aggregate Bond Index by more than 0.5 years.

All investments must fall within the State of Wyoming Loan and Investment Board Master Investment Policy and Sub-Policies, Section 21, Local Government Investing.

E. DIVERSIFICATION

Diversification of investments reduces overall portfolio risks while attaining market average rates of return. It is the intent of the University to diversify the investments within its portfolio to avoid incurring unreasonable risks inherent in excessive investing in specific instruments, individual financial institutions or maturities. The asset allocation in the portfolio should be flexible depending on the outlook for the economy, the securities market, and the University anticipated cash flow needs. Prior to purchasing securities for the University's portfolio, the credit rating of the security and the credit rating of the senior debt of the issuer, if applicable, shall be verified to assure compliance with investment policy guidelines. Securities that have been downgraded to below the minimum ratings will be sold or held at the investment manager's discretion. The investment manager is responsible for bringing the portfolio back into compliance as soon as practicable.

X. INCOME DISTRIBUTION

A. Return Allocations

Operating funds are in various pools dependent on type of funds. The principal may change daily and the earnings are distributed on a prorata basis at the end of each month.

XI. PERFORMANCE EVALUATION AND REPORTING

A. Reporting

1. Performance reports are supplied to the Board following the end of each quarter.
2. Management reports and related discussions are prepared and conducted quarterly, generally within sixty (60) days after the end of a quarter.

B. Performance Standards

The investment portfolio will be managed in accordance with the parameters specified within this policy. The portfolio should obtain a market average rate of return during a full market cycle, generally a period of 3-5 years or more. A market benchmark may be established against which portfolio performance shall be compared.

C. Marking to Market

The market value of the portfolio shall be calculated monthly and a statement of the market value of the portfolio shall be issued at least quarterly to the Board.

D. Credit Downgrades

Credit ratings should be monitored on a regular basis. The University or its investment advisor shall review any downgrades below the minimum ratings guidelines and recommend an appropriate course of action.

E. Policy Considerations

The policy shall be reviewed annually by the Fiscal and Legal Affairs Committee and recommended changes will be presented to the Board for consideration.

XII. AUTHORITY AND RESPONSIBILITIES

A. Board of Trustees

The Board is responsible for prudent investment of funds and distribution of earnings to applicable programs.

B. Fiscal and Legal Affairs Committee

The Committee provides oversight of investment performance and makes recommendations to the Board regarding policy and investment management. The Committee has the authority to approve short-term deviations from the stated policy, when urgent situations threaten the safety of invested funds.

C. Vice President for Budget and Finance (Deputy Treasurer)

The Vice President is responsible for administration of Board policy and recommendations to the Fiscal and Legal Affairs Committee. The Vice President has authority to deviate from the policy in an urgent situation, after consultation with members of the Committee.

D. Vice President for Budget and Finance

The Vice President for Budget and Finance is responsible for maintenance of all endowment files, preparation, compilation, and review of reports, and coordination with the Foundation and the Associate Vice President, Finance.

E. Associate Vice President, Finance

The University Associate Vice President, Finance is responsible for daily decisions regarding internal investments and periodic reports on the internally invested portfolio. The Associate Vice President, Finance has authority to make short-term investment decisions in accordance with Board-approved policy and established process. The Associate Vice President, Finance, in consultation with the Vice President for Budget and Finance, has the authority to make long term investment decisions in accordance with Board-approved policy and established process. Any investment in securities with maturity dates exceeding sixty (60) months requires consultation with the Fiscal and Legal Affairs Committee of the Board of Trustees.

F. External Managers

Contracted managers are responsible for management of external portfolios and quarterly and annual reports. Managers have the authority to select investment instruments and make trade decisions, in accordance with the objectives and policies of the University, as agent for the Board.

XIII. AUTHORIZATION FOR STOCK TRANSFERS

The President of the University and Treasurer of the Board are authorized to:

- A. Sell, assign, and transfer stocks, bonds, evidences of interest, evidences of indebtedness and/or other obligation, and all other securities, corporate or otherwise, now or hereafter held by this corporation in its own right or in any fiduciary capacity, and to execute any and all instruments necessary, proper or desirable for the purpose, and to ratify any past actions;
- B. Act as agents of UW and to sign agreements, resolutions and any other documentation required to establish, maintain, and terminate security cash accounts with security dealers and brokers for the purpose of taking ownership and possession of cash, bonds, stocks and other securities held by such dealers and brokers which have been directed to the University by gift, bequest or any other act of transfer; and as agents they are fully authorized to sell, assign and transfer stocks, bonds, evidence of interest, etc. and all other securities, corporate or otherwise, now or hereafter held by the corporation its own right or in any fiduciary capacity pursuant to this authorization and to execute any and all instruments necessary, proper or desirable for the purpose.

XIV. FUNDS MANAGED BY THE UW FOUNDATION LIKE AN ENDOWMENT

The University of Wyoming Foundation Investment Policy enables the University to transfer funds, with approval of the President or the Board of Trustees as outlined below, to the Foundation that are neither institutional funds (W.S. 17-7-302 (a)(v)) nor endowment funds (W.S. 17-7-302 (a)(ii)) with a request that the Foundation manage such funds like an endowment in accordance with its Investment Policy.

Funds transferred to the Foundation to be managed like an endowment may be added to an existing fund or may establish a new fund. The minimum amount required to establish a new fund is \$100,000.

The Board of Trustees and the President of the University may request that the Foundation manage University funds like an endowment in their discretion.

College Deans and University Officers may, with the approval of the Vice-President to whom they report, submit a request to the Vice President for Budget and Finance to transfer funds to the Foundation to be managed like an endowment.

The Vice President for Budget and Finance, with the consent of the President of the University, may approve such requests for amounts of \$250,000 or less. For amounts exceeding \$250,000, approval of the Board of Trustees is also required.

The Foundation Investment Policy allows the University, in its discretion, to withdraw funds that are being managed like an endowment in any amount, in whole or in part,

provided, however, that, depending upon the amount requested and the cash flows from the endowment pool, it may take as long as 12 months for the Foundation to fully transfer the requested funds. The Foundation will use its best efforts to transfer the funds as soon after receiving the approved request for withdrawal as possible.

The Board of Trustees and the President of the University may request withdrawal of funds managed by the Foundation like an endowment, in whole or in part, in their discretion.

College Deans and University Officers may, with the approval of the Vice President to whom they report, submit a request to the Vice President for Budget and Finance to withdraw funds from the Foundation that are being managed like an endowment.

The Vice President for Budget and Finance, with the consent of the President of the University, may approve requests for withdrawal of amounts of \$250,000 or less. For requests for withdrawal of amounts exceeding \$250,000, approval of the Board of Trustees is also required.

Responsible Division/Unit: Division of Administration

Source: None

Links: <http://www.uwyo.edu/regs-policies>

Associated Regulations, Policies, and Forms: None

History:

UW Regulation 1-102(I)(G) adopted Minutes of the Trustees, July 25, 1998
Moved to UW Regulation 7-7 on 11/15/2018 Board of Trustees meeting

UW Regulation 1-102, Attachment B; adopted 6/15/2015 Board of Trustees meeting
Revisions adopted and moved to UW Regulation 7-7 on 11/15/2018 Board of Trustees meeting

Revisions adopted 5/11/2023 Board of Trustees meeting

AGENDA ITEM TITLE: Gramm-Leach Bliley Act Report, Courtney/Chavez

SESSION TYPE:

- Work Session
- Information Session
- Other
- [Committee of the Whole – Items for Approval]

APPLIES TO STRATEGIC GOALS:

- Yes (select below):
 - Institutional Excellence
 - Student Success
 - Service to the State
 - Financial Growth and Stability
- No [Regular Business]

Attachments are provided with the narrative.

EXECUTIVE SUMMARY:

The Gramm-Leach-Bliley Act (GLBA) Safeguards Rule addresses the safeguarding and confidentiality of customer information held by financial institutions such as banks and investment companies. Notably, GLBA does not contain an exemption for colleges or universities. Educational entities that engage in financial activities, such as processing student loans, are required to comply. To meet GLBA compliance, the University of Wyoming has adopted an Information Security Program (ISP) for critical and private financial and related information. This program includes customer financial information the University receives related to GLBA., e.g., financial aid and payment information currently stored in the UW Student Information System and the UW Data Warehouse.

This is being brought to the UW Board of Trustees for information purposes. One of the GLBA safeguard rules incorporated into the University's ISP is the requirement for the ISP Coordinator to report to the Board of Trustees annually regarding our overall assessment of compliance. As part of the university's 2023 annual financial audit, the auditing company, FORVIS, has just recently reviewed and confirmed the university's GLBA compliance.

Effective information security is crucial to managing the risks in the University's computing environment and related personal data. UW's Information Security Program's key objectives are to:

- Ensure the security and confidentiality of our users' information;
- Protect against threats to the security or integrity of such information; and
- Guard against unauthorized access to or use of such information.

The University's ISP is composed of a combination of policy, IT security standards, and control practices. The program integrates administrative, operational, and technical safeguards for sensitive and critical information and the systems involved in its processing, storage, and transmission.

The ISP is developed around a risk management program composed of three components: risk assessment, security plans, and action plans. The annual process starts by reviewing previous risk assessments and determining if there have been any new threats or vulnerabilities identified. Any needed updates to critical applications, systems, data, and their classifications are identified. These updates are prioritized based on calculated risk to the university and then implemented based on the prioritization.

The university’s risk assessment is conducted by the Risk Assessment Committee which is made up of members of IT and Financial Services who are directly involved in the support and management of UW’s financial systems and data. The committee members include the Deputy, CIO, Manager of IT Security and Networking, Manager of Infrastructure, Manager of Data and Reporting and Associate Vice President for Budget and Institutional Planning. The university’s risk assessment uses in large part the National Institutes of Standards and Technology security standards, NIST 800-171, which is a set of standards for safeguarding sensitive information for IT systems and networks. The committee’s approach to the risk assessment is below:

Risk Assessment Method

Threat & Vulnerability Identification	Inherent Risk Determination	Identification of Mitigation controls	Residual Risk Determination	Remaining Risk Decisions
<ul style="list-style-type: none"> * Identify threats and vulnerabilities applicable to the in-scope technology environment * Define risk scenarios to be considered 	<ul style="list-style-type: none"> * Determine the impact of from a risk scenario occurring * Determine the likelihood of risk scenarios occurring * Calculate inherent risk of each risk scenario 	<ul style="list-style-type: none"> * Identify controls in place to mitigate the identified risk scenario * Assess the maturity of controls in place 	<ul style="list-style-type: none"> * Determine the likelihood and impact of each risk scenario occurring with consideration for the identified implemented controls 	<ul style="list-style-type: none"> * Where residual risk is greater than acceptable thresholds, identify an action plan to further mitigate the associated risk.

Higher education institutional environments require safeguards that balance security while still allowing open and collaborative solutions between its varied constituents. UW has strong cybersecurity controls (people, process, and technology) built into its technology architectures and processes. We focus on three main areas of security including prevention, detection, and incident response.

- Prevention efforts include multi factor authentication, network segmentation, patching, vulnerability management, encryption, and training.
- Detection efforts include log monitoring, authentication monitoring, outside security vendor monitoring, AV alerts and more.
- Incident response is how the university identifies, responds, and resolves data or related security incidents that may occur at the university.

Through our risk assessment review process, we prioritized several initiatives this past year to further enhance the controls we have in place at the university. These priorities, summarized below, align with our overall information security plan to improve our information security program.

- Vulnerability Management

- UWIT utilizes Rapid 7 Vulnerability Management platform to identify and remediate vulnerabilities and risks for all computing servers, including those in scope for GLBA. Using this system, we can use industry standards for understanding and evaluating risks. This past year, IT has focused on bulk and critical remediations. This includes vulnerabilities and configuration changes that need to be accomplished on a number of systems, and mitigating all vulnerabilities the industry has identified as critical.
- Encryption Management
 - UWIT has implemented encryption “at rest” and “in transit” for both desktops and servers that contain sensitive and confidential information related to GLBA.
- Monitoring
 - UWIT implemented the Elastic SIEM (Security Information and Event Management Solution) in 2022. We have rapidly expanded our utilization of this tool which allows us better visibility into our campus computing environment so we can detect issues quicker and respond to them more quickly. We continuously improve our alert monitoring and our ability to detect false positives to allow our resources to focus on critical events that could impact the campus community.
- Incident Response
 - UWIT has implemented a formalized incident response plan this past year. This has allowed us to determine the scope of an incident and decreased our response time in addressing any incidents.

PRIOR RELATED BOARD DISCUSSIONS/ACTIONS:

No prior discussions.

WHY THIS ITEM IS BEFORE THE BOARD:

The Gramm-Leach-Bliley Act (GLBA) Safeguards Rule now requires an annual report to be presented to the Board of Trustees.

ACTION REQUIRED AT THIS BOARD MEETING:

No action is required at this time.

PROPOSED MOTION:

No proposed motion is needed.

PRESIDENT’S RECOMMENDATION:

N/A

Enterprise Risk Management
Academic Mid-Year Enterprise Risk Management Areas of Focus and Enterprise Risk Management
Advisory Committee (ERMAC) Report
Fiscal and Legal Affairs Committee (FLAC) Meeting – January 24, 2024

1. Purpose. To advise BOT-FLAC members of significant ERM activities for the academic/fiscal year-to-date.

2. Action Recapitulation:

a. Significant ERM Activities from the Past Six Months (July-December 2023):

- Appointment/Re-Appointment of ERMAC Membership
- Initial '23-'24 ERMAC Organizational Meeting and Year 3 ERM Focus Discussion – 8/21
 - Carry Forward Projects:*
 - Building Emergency Action Plan (BEAP) Updates (Working Group and Charge)
 - Pandemic Response Instructions Review – Emergency Response Plan (Working Group and Charge)
 - Newer Areas of Focus:*
 - “Quick Look” Feedback from Departments Represented on the ERMAC Related to Acute Personnel or Financial Resources Adequacy Gaps (Report to President/Leadership Team)
 - Inclusion of Risk Management Considerations in Strategic Plan and Presidential Goals Implementation Work (Representation on PG Working Groups)
 - Indirect Support for UW Safety and Compliance Function Improvements/Strengthening (Refreshed Look at Compliance Areas & Policies)
 - Assist Internal Audit in Next Risk Survey Formatting and Planning
- ERM Consultations/Research/Inquiries – Various Departments

b. Significant ERM Activities Next Six Months (January – June 2024):

- Evaluate Risk Survey Results and Update/Prioritize ERM Areas of Focus for '23-'24
- Continue Development of Institutional Risk Philosophy Statement and ERMAC Charter (Working Group) – Evolving Role of the ERMAC
- Continuity Actions ICW Chief Risk Officer Transition
- ERM Consultations/Research/Inquiries – Various Departments

3. Other: Attached are the general ERM program slide, upcoming ERMAC meeting schedule, a copy of the current ERMAC membership roster, a copy of personnel shortages feedback memo and an updated listing of top risks confronting large organizations and higher education institutions derived from various reports/sources for FLAC member reference.



ACTION OFFICER:
Tim Wiseman
Chief Risk Officer
Hill Hall, Room 642, 307-766-6787
wwiseman@uwyo.edu

UW's Road to ERM Implementation

Phase	Overview
(Years 2-n) Future: July '22 -	<ul style="list-style-type: none"> • Mature and sustain ERM program • Present annual risk project progress reports to senior leadership and the board • Effective regular risk communications to campus community linking risk management and compliance best practices and tools to risk owners • Early identification, assessment and treatment of emerging risks (proactive) • Regular comprehensive risk assessments and prioritized institutional risk register (audit universe) to support allocation of resources

UW Enterprise Risk Management

Upcoming ERMAC Meeting Dates (2024)

ERMAC	Date	Topic/Lead	Theme
February	Feb 14 (11 a.m.)	Emerging Risks 2024 and ERM Considerations for Presidential Goals & Strategic Plan Implementation	Strategic
April	Apr 17 (11 a.m.)	Financial Status/Enrollment – Guest Speaker	Financial
August	Aug 14 (11 a.m.)	Key Compliance Areas of Focus – Panel (REDD, Health Sciences, Athletics)	Compliance
October	Oct 23 (11 a.m.)	Governance and External Relations – Guest Speaker TBD	Strategic / Reputational
December	Dec 11 (11 a.m.) – Short Session	Mid Year Report Items	Committee Administrative

UW Enterprise Risk Management

**Enterprise Risk Management Advisory Committee
Current Membership Roster (As of 01/07/2024)**

Cabinet Level Oversight (Office of Record)
Vice President and General Counsel – Tara Evans

Chair/Committee Administrator
Chief Risk Officer – Tim Wiseman

Academic Affairs – Isadora Helfgott
Admissions – Shelley Dodd
Athletics – Sam “Diesel” Brodie and Tyson Drew
Chief Information Officer – Robert Aylward
Communications & Marketing – Chad Baldwin
Deans Representative – Jim Ahern
Departmental Representative – Kem Krueger
Faculty Representative – Jason Thompson
Faculty Senate Representative – Brenna Philbrick
Financial Affairs – Eric Webb
Global Engagement – Shelley Jewell
Human Resources – Bob Link
Internal Audit – Danika Salmans
Legal Department – Jenna Martin
Office of the President – Kelsey Kyne
Operations – Michael Samp
Police Department – Josh Holland
Research and Economic Development – Carolyn Brandt
Staff Senate Representative – Tanya Wheeler
Student Affairs – Kim Chestnut Steich

Additional Subject Matter Experts/Advisors

ASUW – Saber Smith
Capital Construction and Safety, Facilities Engineer – Jennifer Coast
Education Abroad/Global Engagement – Sara Robinson
Faculty Senate – Robert Sprague
UW Safety – Chad Bade
Staff Senate – Adam Comeau
Risk Management/Insurance – Kimberly Flowers
Others from the broader university community as needed



To: Edward Seidel, President, Kevin Carman, EVP/Provost and Tara Evans, SVP and General Counsel

From: Tim Wiseman, Chief Risk Officer

Date: December 7, 2023

Subject: Personnel Shortages and Critical Gaps – Feedback from UW Enterprise Risk Management Advisory Committee (ERMAC)

Dear President Seidel,

Considering the Cabinet is currently involved in a critical needs exercise, and *Employee Recruiting, Hiring and Retention* was a main enterprise-wide risk area of concern and focus last year, VP Evans asked ERMAC members to provide feedback from their various departments on critical gaps or personnel shortages. This was intended to be an informal feedback loop from the areas represented on the Committee. There was no prescribed format for the responses. Written replies were received from ERMAC members representing UW Libraries, Faculty Senate, Admissions, Athletics, Graduate Programs/Deans, Information Technology, Student Affairs, Staff Senate and UWPD and there was additional discussion of the responses during our most recent ERMAC meeting. The results identified some specific areas of frustration and concern in the recruiting, hiring and retention processes that in many cases reinforced observations from earlier ERMAC project reports and other analyses done of various aspects of human talent management.

Attached you will find the actual responses received. There is a richness in the candor and the detail making the entire narrative worth reading through for the perspective offered. Some respondents indicated that they were “okay” or marginally improved compared to the 2020/2021 timeframe. Others reported ongoing challenges with notable impact on current and future ability to provide critical services in support of the unit’s mission as well as the University’s progress with the Strategic Plan and Presidential Goals.

A few recurring themes from the feedback are summarized as follows:

- Slowness of HR processes is causing UW to lose top candidates.
- The Office of Research is very understaffed and undertrained with sub-optimal communication due to the remote work status of many. These problems are causing loss of funding opportunities and funding stream interruptions.
- High turnover and high vacancy rates due to low salaries compared to cost of living in Laramie – particularly for single income families.
- Departments can’t sustain a strategy of matching offers employees receive elsewhere. Budgets won’t support this.
- Chronic understaffing can’t meet current demands or expectations or allow growth for new initiatives/projects.

- HR, Procurement and IT/ARCC are choke points. “Service units spend too much time and effort working FOR systems and policies at UW rather than using and creating policies to serve the mission of the University.”
- Custodial staff shortages and deferred maintenance has an ongoing negative effect on facilities and the employee work environment.
- In Athletics, a major problem area is in the health/safety group – Sports Medicine. Constant turnover and stop-gap measures create safety and financial risks. A shortage of athletic trainers and part-time concessions personnel negatively impact operations.
- Any loss or shortage of financial staff in units creates extreme vulnerability as these are key positions.
- Chronic personnel shortages and turnover affects retention of other staff who grow weary of covering the work of other missing staff. Just 1 FMLA or resignation can cripple a unit.
- Trouble attracting and retaining qualified academic faculty due to small Collections in the Library; however, Library cannot compete with the pay of other institutions and hire qualified staff to help increase and maintain a larger Collections catalogue.
- Procurement and HR have super slow and overly complex processes.
- Low staffing in HR and Research Office is causing the loss of top candidates.
- IT: Not finding skilled personnel in applicant pools. Salary gap widening. End up hiring inadequate personnel and already stretched-thin staff must train new hires on skills they should already have. Hyper-critical shortage areas: IT Security personnel and IT System Administrators and IT Programmer Analysts. Plagued by vacancies.
- Safety Office lacking personnel and training.
- HR challenged with staffing to support I9 processing and compliance.
- Some positions in Dining below poverty line. Recent raises helped, but the struggle continues to pay lower grade workers a fair wage. Not enough staff now or projected in the future to support new 2-story dining facility. Shortage of talented cooks and service personnel. Hard to lure cooks to Laramie. May only be able to open one floor of the new dining facility.

It is the hope of the ERMAC that this input will provide some granularity to the discussions of critical personnel needs and help the University focus resources and attention on the areas having the most pronounced effect on the rest of the institution.

Very respectfully yours,

William T. Wiseman
 Chief Risk Officer
 Chair, ERMAC
wwiseman@uwyo.edu

ENCL

Updated Top Risks Information (End of 2023)

United Educators – End of 2023 List with 2022 Comparison:

2023 Rank	Risk	Rank in 2022 (Change in rank)
1	Data Security	2 (+1)
2	Enrollment	1 (-1)
3	Recruitment and Hiring	3 (even)
4	Operational Pressures	4 (even)
5	Student Mental Health	5 (even)
Tied 6	Funding	11 (+5)
Tied 6	Facilities and Deferred Maintenance	8 (+2)
8	Regulatory and Legal Compliance (non-Title IX/VAWA)	7 (-1)
9	Title IX	10 (+1)
10	External Pressures*	6 (-4)

**Defined as “Risks related to societal forces beyond an institution’s control, including economic, political, and cultural stressors.” Think of inflation, culture wars, economic recession, etc.*

Internal Audit Foundation:

1. Economic Conditions Including Inflationary Pressures
2. Ability to Attract, Develop and Retain Top Talent, Manage Shifts in Labor Expectations, and Address Succession Challenges
3. Cyber Threats
4. Third-Party Risks
5. Heightened Regulatory Changes and Scrutiny
6. Adoption of Digital Technologies Requiring New Skills in Short Supply
7. Existing Operations and Legacy IT Infrastructure Unable to Meet Performance Expectations as Well as “Born Digital” Competitors
8. Change in Current Interest Rate Environment
9. Increases in Labor Costs
10. Ensuring Privacy and Compliance with Growing Identity Protection Expectations

NC State ERM Initiative-Protiviti 2023 Report:

1. Business Continuity
2. Climate Change
3. Communications and Reputation
4. Cybersecurity
5. Digital Disruption
6. Financial Liquidity
7. Fraud
8. Geopolitical Uncertainty
9. Governance and Corporate Reporting
10. Health and Safety
11. Human Capital – Talent Management
12. Market Changes
13. Mergers and Acquisitions
14. Organizational Structure
15. Regulatory Change
16. Supply Chain and Outsourcing
17. College Enrollment Peaking – Future Declines
18. Value of Degrees
19. Business Model Obsolescence and Transformation
20. Magnitude of Interconnected Risks Impact

Emerging Risks:

1. Artificial Intelligence
2. Environmental, Social and Governance (ESG) – Climate Change (Direct and Reacting to Governmental/Societal Responses – Indirect)

Internal Audit Activity Report

January 2024

INTERNAL AUDIT ACTIVITY CONDUCTED IN ACCORDANCE
WITH THE AUDIT PLAN FOR THE PERIOD

September 2022 – August 2023, September 2023 – August 2024

AUDITS:

- Change of Management – Office of Research and Economic Development Division
- Alumni – Internal Control Assessment
- HR On / Offboarding

FOLLOW-UP REPORTS:

- Follow Up Summary Report

INFORMATIONAL

- Internal Audit Schedule Review

AUDITS IN PROGRESS:

- NCAA Compliance



UNIVERSITY OF WYOMING

Internal Audit

Change of Management Audit
Research and Economic Development

November 28, 2023

Auditors:

Danika Salmans MBA, CIA, CRMA

Rebecca Garcia, MBA, CIA

Change of Management Audit:
Research and Economic Development

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November 28, 2023

University of Wyoming Board of Trustees:

Internal Audit has completed a review of the Research and Economic Development Division (REDD). This was a change of management audit due to a transition in key leadership. Dr. Parag Chitnis began to serve full-time in the role of Vice President for the Research and Economic Development Division on May 31, 2022. Prior to his hire, Diana Hulme served in this role in an interim capacity beginning in August 2021, succeeding Dr. Edward Synakowski.

A change in management audit is an independent appraisal that provides feedback to management regarding the operational effectiveness of the past leadership and helps to identify any risks to the University related to internal control weaknesses.

The objectives of this audit were to assess activity during FY2022 through FY2023 to acquire an understanding of operational components and complete an assessment of internal controls to mitigate operational, financial, compliance, and strategic risks.

Any concerns and weaknesses identified during the audit have been discussed with management and may be subject to follow-up. 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: No current strategic plan was observed and no performance metrics beyond 2018 were available for review

Observation #2: Legacy decentralized governance structure is not supported by comprehensive procedural documentation and some guidance documents require updating to represent current management expectations

Observation #3: Accounting mechanisms applied to Service Centers and other units that have sales complicate transparency and accountability

A follow-up will be performed in 9 months to assess progress related to the audit recommendation. 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 Vice President Parag Chitnis and Jami Miller - Director of Business Operations for the Research and Economic Development Division, for the assistance we received on this audit.

Sincerely,



Danika Salmans MBA, CIA, CRMA
Director of Internal Audit

Sincerely,

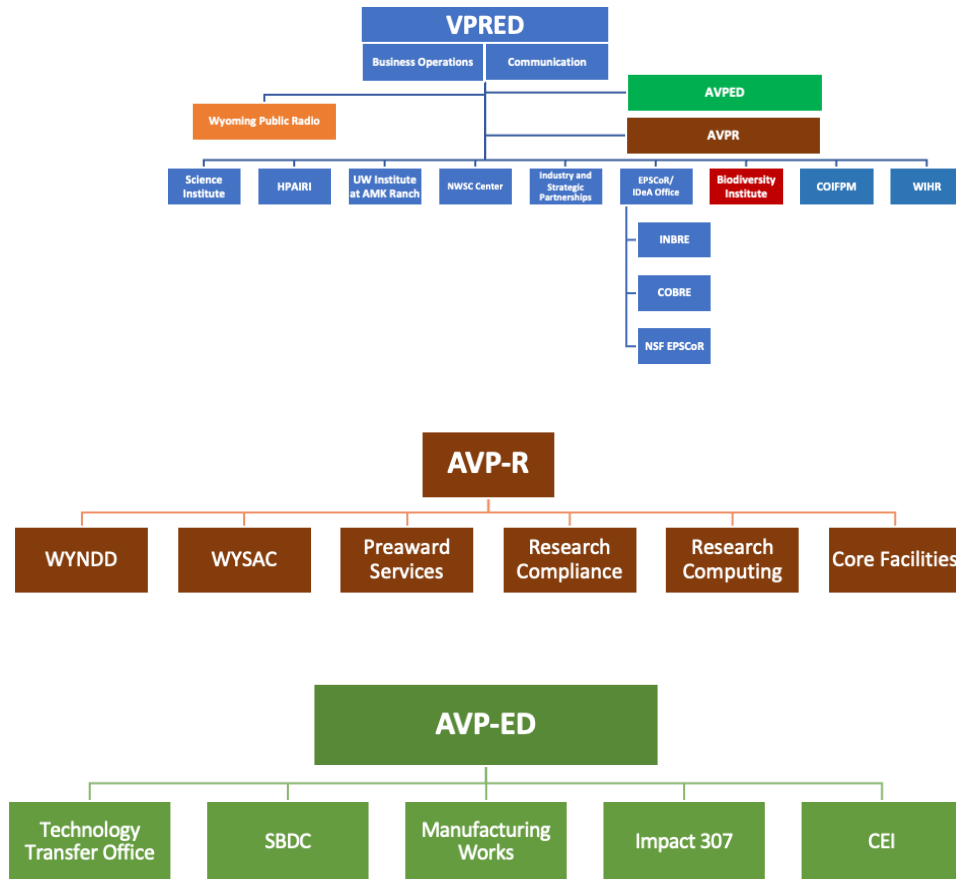


Becky Garcia MBA, CIA
Senior Internal Auditor

Background

The Research and Economic Development Division (REDD) of the University of Wyoming catalyzes expansion of UW’s knowledge enterprise, provides experiential learning opportunities for UW students, and facilitates innovation and engagement to support economic development across Wyoming. To meet these goals, REDD units function as service organizations (e.g. preaward services, research compliance, research facilities, research computing resources, etc.), as integrators of multidisciplinary research and knowledge (university-wide centers and institutes), as catalysts for entrepreneurship and innovation (e.g. Center for Entrepreneurship and Innovation, Technology Transfer Office), and as technical assistance providers to businesses across the state (e.g. Small Business Development Centers, Manufacturing Works, etc.).

The current organizational structure of REDD is provided below.



Of various units in REDD, Biodiversity Institute is slated to be transferred to the Haub School from FY2025, upon approval by the Board of Trustees. Additionally, two offices (Industry and Strategic Partnerships and EPSCoR/IDEA) were established in FY2024 and becoming operational during FY2024. The remaining units are briefly described below.

VPRED Units Science Institute

Based on the report of the SI2025 committee, REDD established Science Institute to manage UW Top Tier Science Initiative and its programs. The Science Institute catalyzes convergence of physical, social, and biological sciences, engineering, humanities, and computing to address Wyoming's needs through transformative research, engagement, and experiential learning.\

High Plains American Indian Research Institute (HPAIRI)

HPAIRI is an entity that tribes and scholars can access and utilize for both tribally-driven research and for research initiated by UW scholars that pertains to Native American people, their lands, and resources.

NWSC Center

NWSC Center represents a collaboration between NCAR and UW. Through this center, 320 million core hours of the [Derecho System](#), are available for UW-led projects in the atmospheric, earth system, geological, other NSF-supported sciences, and science areas of interest to Wyoming.

INBRE

The Wyoming IDeA Networks for Biomedical Excellence (INBRE) Program is funded by the National Institutes for Health. The INBRE program funds statewide networks of higher education and research institutions in each IDeA-states and Puerto Rico to build biomedical research capacity through support for faculty research and mentoring, student participation in research, and research infrastructure enhancement at network institutions. The Wyoming INBRE works collaboratively with all community colleges in Wyoming to advance opportunities for biomedical research experiences in all institutions of higher education in Wyoming.

COBRE

Wyoming Sensory Biology Center (SBC) is a phase II (P20) Center of Biomedical Research Excellence program (COBRE) funded by the National Institute of General Medical Sciences (NIGMS) of the National Institutes of Health (NIH). The primary mission of the SBC is to foster and conduct high-quality scientific research that advances the understanding of our sensory systems and disorders related to them.

UW Institute at the AMK Ranch

The University of Wyoming Institute at the AMK Ranch is a cooperative effort between the University of Wyoming and the National Park Service. Headquartered on the University of Wyoming campus in Laramie, the UW Institute at the AMK Ranch promotes multidisciplinary research in the Yellowstone-Teton area of Rocky Mountains. The Institute operates a field research station at the AMK Ranch in Grand Teton National Park which is open from mid-May through mid-October.

Wyoming NSF EPSCoR

EPSCoR is a federal and state matching grant program which enables Wyoming to continue to be nationally competitive in science and technology. EPSCoR funding and state match are utilized to build science and

engineering in higher education and a technology-based economy for the future. EPSCoR has helped to move the State of Wyoming along the path of research and excellence by supporting the State's research endeavors.

Center of Innovation for Flow Through Porous Media (COIFPM)

COIFPM is the world leader in research, development, and practical implementation of novel breakthrough technologies for extraction of oil and gas and geo-storage of greenhouse gases. It is arguably the world's largest experimental and computational research center focused on flow through porous media problems with applications primarily in oil and gas recovery, carbon utilization and storage, and hydrogen storage. The facility provides imaging and flow capabilities at atomic, nano, micro, and macro scales. Furthermore, it establishes a massive capacity for users to conduct numerous studies in parallel. COIFPM started reporting to VPRED from FY2024.

Wyoming Institute for Humanities Research (WIHR)

The Wyoming Institute for Humanities Research strives to be an engine for producing interdisciplinary research in the humanities; a community for faculty, students, and the public; and a model of democratic education fit for our land-grant university. WIHR started reporting to VPRED from FY2024.

AVPR Units

Wyoming Natural Diversity Database (WYNDD)

The Wyoming Natural Diversity Database (WYNDD) is a service and research unit of the University of Wyoming that maintains a comprehensive database on the distribution and ecology of rare plants, rare animals, and important plant communities in Wyoming. WYNDD distributes this information upon request under the philosophy that the best decisions regarding natural resources will be made only when everyone has access to complete and current scientific data.

Wyoming Survey & Analysis Center (WYSAC)

WYSAC seeks to provide clear, accurate, and useful information to decision-makers through applied social research, scientific polling, information technology services, and rigorous program evaluation. As such, WYSAC conducts research for government agencies, educational institutions, and other entities in Wyoming and beyond.

Preaward Services Office

It provides service to faculty and researchers that seek extramural grants for research, education, and other activities. The office facilitates submission of grant applications to funding sources in timely and accurate manner. The office also serves as the authorized organizational representative for such grants.

Office of Research Integrity and Compliance

The office is committed to ensuring that all research and educational practices are carried out in a manner that is responsible, ethical, and congruent with the University's mission. It assists UW faculty, students, and staff engaged in research in obtaining appropriate approvals for conducting research involving animals, humans, drones, etc. Its additional areas of expertise include research integrity, conflict of interest, export control, biological and radiation safety, data management, and responsible conduct of research.

Advanced Research Computing Center (ARCC)

ARCC is the primary research computing facility for the University of Wyoming. We provides centralized scientific computing resources, including HPC and research storage.

Core Facilities

REDD manages several multiuser facilities that provide service to researchers at UW and outside in conducting specialized assays.

AVPED Units

Technology Transfer Office

The Technology Transfer Office supports UW faculty and scientists in translating their research to societal use through the protection, marketing, and ultimate transfer of their intellectual property to industry.

Small Business Development Centers (SBDC and related services)

The Wyoming SBDC Network is a partnership between the University of Wyoming, the Wyoming Business Council, and the U.S. Small Business Administration offering business expertise and technical assistance to help Wyoming's small businesses start, grow, reinvent, or exit.

Manufacturing Works

As Wyoming's NIST MEP Center, Manufacturing Works assists Wyoming manufacturers, producers, and entrepreneurs in growing their revenues, increasing their productivity and performance, and strengthening their global competitiveness. Manufacturing Works tailors its services to meet the critical needs of Wyoming manufacturers, ranging from process improvement and workforce development to cybersecurity and supplier scouting. Through collaboration with a wide array of [industry partners](#), Manufacturing Works strategically identifies and solves clients' most pressing issues, enabling them to elevate their business to the next level.

Impact307

IMPACT 307 is a statewide network of innovation-driven business incubators committed to growing and strengthening Wyoming's entrepreneurial community by providing resources and support for founders to thrive.

Center for Entrepreneurship and Innovation (CEI)

CEI fosters entrepreneurship training and culture across UW, including marketing a minor for all majors, bootcamps, pitch competitions, and training for students, postdocs, faculty, facilitating interaction with incubators such as Impact 307 hubs, building a pipeline of innovation to the incubators, and developing mentoring program with mentors.

Chart of Accounts – Below are units that are within the division and were a part of the scope of this audit.

Research & Economic Development Division	10502 Center of Innovation for Flow through Porous Media
	70001 VP for Research & Economic Development Office
	70002 UW AMK Institute
	70003 Indirect Cost Collected
	70009 EPSCoR/IDEA Office
	70011 Biodiversity Institute
	70012 Wyoming Public Media
	70013 Science Initiative
	70015 INBRE Program
	70020 COBRE
	70021 High Plains American Indian Research Institute
	70022 NWSC Innovation Center
	70023 Wyoming Institute for Humanities
	70008 Wyo Natural Diversity Database
	70017 Core Research Facilities
	71001 AVP for Research Development Office
	71002 Office of Preaward Services
	71003 Research Compliance Office
	71004 Advanced Research Computing Center
	71005 Wyoming Survey & Analysis Center
	70005 Technology Transfer Office
	70006 Small Business Development Center
	70007 Manufacturing Works
	70010 IMPACT 307
	70016 Center for Entrepreneurship & Innovation
	72001 AVP for Economic Development Office
	72002 UW Research Park
	72003 Industry & Strategic Partnerships Office

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 FY2022 through FY2023; the audited areas and steps are summarized below. The status includes an evaluation of risk to the achievement of objectives as per the below metrics.

- **Commendation** – The department is operating in an exemplary manner toward satisfying a criterion, policy, or procedure.
- **Satisfactory** – The department currently satisfies a criterion, policy, or procedure.
- **Improvements Recommended** – The department should strengthen areas of compliance with criterion, policy, or procedure to ensure that the quality of the program will not be compromised. These areas are discussed formally with management and may not be subject to formal observation and recommendation.
- **Action Required** – The department is not in compliance with the criterion, policy, or procedures. A formal observation is made, and recommendation is issued that will require the department to develop an action plan to mitigate the risks.

Function Tested	Status	Summary of Findings/Recommendations
Asset Management	Action Required	<p>Effective asset management dictates that each organization is responsible for the management of the full life cycle of a capitalized asset from arrival through final disposition.</p> <p>REDD is a primary contributor to campus-wide startup funding, and assets may be purchased with these funds. The system assigns ownership of the asset to REDD but true ownership of the asset belongs to another department. Accountability and ownership of these assets for lifecycle management has not been transferred to the appropriate departments. Decentralized management of assets requires procedural documentation that also dictates appropriate transfer to responsible department. (Observation #2)</p>
Access to Building & Security (Keys & electronic access)	Action Required	<p>Keys to specific offices are assigned to employees as needed through a check-in and check-out process. Additional keys are annually inventoried and are kept in a lockbox.</p> <p>Electronic access is collaboratively coordinated through Application Security. Internal controls should be improved through a regular reconciliation process. To facilitate division-wide compliance, management should formally document the processes already in place to include a regular review of electronic access. (Observation #2)</p>
Financial Reporting and Monitoring	Action Required	<p>100% of 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. A review of the financial management of the organizations associated with the division was performed. Budget variances were noted across the units and those entities expected to be self-sustaining did not meet expectations.</p> <p>WyoCloud based reports are provided to the VP on a quarterly basis. These reports appear informative, comprehensive, and necessary to understanding the financial complexities of this unit.</p>

		REDD has not established a procedural document detailing budget management expectation for the units. This document would require a regular review and justification of variances to division management. (See Observation #2)
Expenditures: Purchase Orders, Expense Reports and IDTs	Action Required	100% of institutional 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. Transactions related to REDD are reviewed. Any incidents that are identified in this process are discussed with management and could require division remediation to achieve compliance. Purchase orders after goods/services ordered/received were observed, and areas for increased compliance were discussed with management. To facilitate this division in meeting objectives, as well as serving as a good measure for succession planning, REDD should develop procedural documentation that sets the expectation that UW procurement policies and procedures will be followed in the expenditure of REDD funds. (Observation #2)
Accounts Receivable	Action Required	10+ entities within the division are reported to run receivables as a part of their operations. Procedural documentation regarding receivable activity has not been established by the Division. (See Observation #2) The Chemical Stockroom runs receivables operations out of the “Compliance” org which can complicate understanding of receivable activity. This needs to be addressed in procedural documentation so that receivable activity is consistently tracked in an identifiable way. The current accounting mechanisms utilized specifically for core facilities/service centers are not compliant with current guidance documentation and complicate financial accountability and transparency. (Observation #3)
Grants	Action Required	Controls related to grant management were reviewed. 100% of expenditures were evaluated to ensure compliance with agreements; adherence to budgets was assessed. Expired grants requiring collaboration with OSP to resolve pending items for close and overspent awards/grants requiring corrections were observed. Procedural documentation regarding grant management is required to ensure effective collaboration with OSP and define grant management expectations across the units. (Observation #2)
Payroll and Benefits	Action Required	100% of payroll data was reviewed to assess controls, adequate documentation, and verify that only valid employees were paid. A review of honorariums, awards, and supplemental pay was also performed. An unauthorized honorarium was identified, and pay types processed outside of current institutional practice were observed. Remedial collaboration with Human Resources is required and was discussed with management. Reconciliation of payroll activity was exceptional though not pervasive or expected of all orgs in the division. Procedural documentation regarding management of payroll activities is necessary to establish expectations and ensure division-wide compliance. (Observation #2)

Strategic Plan	Action Required	No current strategic plan was observed and no performance metrics beyond 2018 were available for review. Various benchmarks asserted in REDD website had not been monitored or reported. As the division works to outline objectives in support of institutional and presidential goals, it is suggested that specific, measurable, achievable, relevant, and time-based metrics are formulated to track progress against objectives. (Observation #1)
Special Operational Controls	Action Required	<p>REDD is a service organization to campus intended to enhance the research missions of individuals and the institution. In fulfilling this duty, special operational controls exist in a multitude of areas, such as: conflict of interest, start-up, indirect cost, pre-award, compliance, technology transfer, etc. Guidance documentation to include areas of REDD involvement or responsibility in which complex management crosses divisions (i.e., indirect cost distribution, pre/post-award management) was unavailable or had not been recently updated. The institutional process implemented during FY24 for management of conflict of interest is a substantial upgrade in managing this area of risk.</p> <p>REDD is currently engaged in the systematic process of reviewing all guidance documentation. As documentation for campus-wide direction is revised to consider alignment with current leadership and institutional activity, internal procedural documentation should also be developed. (Observation #2)</p>
Policies and Procedures	Action Required	The REDD has not developed comprehensive procedural documentation standardizing operations to mitigate risks associated with decentralized management of operations. A current centralized updated repository for procedural documentation was also not observed though updates to the website after CMS migration are reported as being in progress and will present opportunities for improvement in this area. (See Observation #2)
Governance & Culture	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.

Observations, Recommendations, and Responses

Observation #1

No current strategic plan was observed and no performance metrics beyond 2018 were available for review

Criteria (control framework or policy that establishes the standard)

The 2023+ Strategic Plan for the University of Wyoming: Honoring our Heritage and Creating our Future celebrates and embraces the proud traditions and culture of the Equality State, and it builds on the amazing institution that is the University of Wyoming, which is truly Wyoming's University. The plan aims to strengthen the foundations of the UW community that has been built over its 136-year history. The plan and implementation plan includes objectives for REDD and lays out a roadmap for UW's future, setting specific goals and targets that the UW community will pursue with great determination.

To ensure strategic alignment, each department should develop a supportive strategic plan that incorporates UW 2023+ Strategic Plan, Implementation Plan, and Presidential Goals.

Condition (the current state based on testing)

In assessing the divisions' ability to support the 2023+ University of Wyoming strategic plan and measure progress against objectives, the following was observed.

- There is no formalized strategic plan and objectives related to the current UW strategic plan and Presidential Goals.
- Performance metrics have not been defined, measured, or established for units within the division to assess value-add.
- Institutional performance metrics have not been measured or reported since 2018.

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

The division has experienced two rounds of turnover in the role of VP for Research and Economic Development in the last 5 years. Procedural documentation has not been updated to represent the management styles of the various leaders. The division has now experienced 23 months of continued leadership and expectations can be stabilized.

Consequence (the impact to the unit or the University)

The lack of a developed strategic plan that supports the University strategic plan and Presidential objectives contributes to financial, strategic, compliance, and operational risks. The risks include the inability to measure success, demonstrate results, value, and performance. It can also result in the division not understanding how they uniquely contribute to the overall success of the University.

Conclusion (action plans that address the condition, recommendations)

It is recommended that REDD engage in strategic planning involving relevant stakeholders and utilize a shared governance approach to ensure that day to day direction for management ensuring division effectiveness and efficiencies. To be considered should include the following.

- Strategic alignment of defined objectives

- Risk management
- Resource management
- Value delivery
- Performance measurement and reporting

Response:

We agree. We will implement the audit recommendations through following actions:

- Directors for various operational units in REDD met on December 8th, 2023, to discuss various components of Strategic planning. Performance metrics were discussed and draft metrics for each unit were requested from the Directors.
- The Division will have a draft plan submitted for comments by the end of March 2024.
- Performance metrics will be collected, evaluated, and revised; Strategic Plan comments will be incorporated as fitting and plan finalized, approved by the President, and distributed to the campus.

The anticipated completion date for these tasks is September 15th, 2024.

Observation #2

Legacy decentralized governance structure is not supported by comprehensive procedural documentation and some guidance documents require updating to represent current management expectations

Criteria (control framework or policy that establishes the standard)

As per UW Regulation 1-1¹: Organization of the University

H. Research and Economic Development

Research and Economic Development, which can be one combined unit or two separate units, is responsible to the President for the general administrative supervision and coordination of research programs conducted by units of the University. Research and Economic Development is responsible for reviewing and evaluating proposed research and economic development programs; continuing review of existing contracts and grants; and maintaining research compliance, including oversight of the Institutional Review Board (IRB), the Institutional Animal Care and Use Committee (IACUC), the Institutional Biosafety Committee (IBC), the Radiation Safety Committee, and conflict of interest in research. Research and Economic Development is also responsible for responding to allegations of research misconduct and the head or designee shall serve as the Research Integrity Officer for the University.

Research and Economic Development is responsible for maintaining an assessment of the available research capabilities of the University, interacting with governmental agencies or other entities sponsoring or seeking research or investigatory studies, and overseeing economic development and innovation initiatives.

¹ https://www.uwyo.edu/reg-policies/files/docs/regulations-2022/uw_reg_1-1_approved_5-12-22.pdf

Implementing a governance paradigm and framework for the Research and Economic Development functions of the university designed to inform, direct, manage, and monitor activities is an imperative component of organizational strategy ensuring that goals are fundamentally aligned, and that the division delivers value to the institution in a controlled and effective manner.

The establishment of procedural documentation that is regularly reviewed and updated will lend toward establishing internal controls that: reduce errors, increase effectiveness and efficiency, address risks to the achievement of objectives, provide for succession planning, and transparency.

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) As per this framework, policies and procedures are critical foundational and directive control designed to encourage the occurrence of stated objectives. This guidance standardizes practice, establishes internal controls to prevent deviation, and mitigates the risks that the lack of uniformity could present to achieving goals. In addition, they: provide transparency, reinforce the commitment to the institutional mission through expectations of compliance, serve as a reference for accountability, and are fundamentally important to succession planning.

Condition (the current state based on testing)

Complex activities were observed in many reviewed areas though procedural documentation communicating these expectations for division standardization, or to prepare for succession planning, was not present or required updating in the following critical areas necessary to serve campus-wide service functions:

- Funding commitments
- Accounts receivable/cash handling
- Management of core facilities and service centers
- Budget management to include regular justification of variances
- Purchasing
- Payroll
- Access review
- Assets
 1. Division purchases
 2. Purchases made for units outside of the division requiring a transfer for lifecycle management
- Grant management – awards managed within the division
 1. Reporting to management
 2. Monthly assessment of recurring payroll charges on grants with pending close dates
- Roles and responsibilities in the lifecycle of activities that cross divisions such as award management (pre and post) and indirect cost allocation distributions
 1. Responsible
 2. Accountable
 3. Consulted
 4. Informed
- A centralized updated repository (i.e., REDD website) for procedural and metric documentation

The lack of, or dated nature of procedural documentation has resulted in tasks being completed inconsistently or performed based on personal preferences/objectives and legacy understandings rather than in a standardized and effective manner focused on compliance and meeting division/institutional objectives.

Lastly, A current centralized updated repository for documentation was also not observed though updates to the website after CMS migration are reported in progress and will present opportunity.

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

The division has experienced two rounds of turnover in the role of VP for Research and Economic Development in the last 5 years. Procedural documentation has not been updated to represent the management styles of the various leaders. The division has now experienced 19 months of continued leadership and expectations can be stabilized.

Consequence (the impact to the unit or the University)

REDD has oversight over many business processes but has transferred the responsibility of management to the respective units. So that risks are appropriately managed, this decentralized approach requires procedural documentation that establishes expectations. In addition, REDD should perform checks on performance to ensure compliance. This serves to mitigate compliance, financial, strategic, operational, and reputational risks associated with decentralization.

Comprehensive and updated procedural documentation also contributes to effective succession planning for key critical positions. The absence of this documentation results in a loss of organizational expertise and can cause severe gaps in institutional historical knowledge. This may result in a loss of continuity and threatens the ability for a unit to achieve its mission and objectives.

Conclusion (action plans that address the condition, recommendations)

It is recommended that REDD engage in a review of processes currently in place and document, update, or implement as indicated. This should include addressing the critical areas as listed in the observation.

The resulting procedural documentation should be evaluated against and compliant with UW Regulations, policies, and processes. The written procedures should consider the capacity to implement and be communicated to employees, published, and considered a component of performance.

It is a desirable outcome for the delivery of these revised documents to be achieved through a shared data management strategy to ensure the information is easily available and accessible to appropriate personnel.

It is further recommended that remedial corrective action address the following issues. This will require a collaboration with individuals with the appropriate expertise in the following areas:

- Grant Management – 99 grants with end dates passed have not been closed. 44 grants indicate actual expenditures more than budget. Expenditures beyond the award end date were observed requiring corrective action. Incomplete past due effort certifications were identified.
- Asset Management – 448 capitalized assets (\$28M) are reported under REDD designation in the institutional inventory records though they are the responsibility of other entities.
- Procurement Compliance – general compliance issues were noted including purchase orders processed after funds had been individually committed.

Response:

We agree. Our action plan to implement the audit recommendations include the following actions:

- We are currently engaged with General Counsel in reviewing and updating our SAPP and DAPP's for the division.
- We will form a committee to do a thorough review of existing processes – documenting, updating, and implementing necessary changes.
- We will establish a process to communicate the documented procedures to all REDD employees and make them available for all to reference.
- We will collaborate with Office of Sponsored Programs as well as with Asset Management and Procurement Services to address specific issues effectively.

The anticipated completion date for these tasks is September 15, 2024.

Observation #3

Accounting mechanisms applied to Service Centers and other units that have sales complicate transparency and accountability

Criteria (control framework or policy that establishes the standard)

As per the Research and Economic Development Department Administrative Policy and Procedures²:

1.2 DEFINITIONS

Service Center (SC)- A UW service center (SC) is defined as an operation or activity that has been created for the purpose of providing a service or group of services to a benefiting user community at UW, with the objective to recover the costs of those services through an internal billing to the users. UW SCs provide complex services primarily to funded research projects often involving federal funding sources, and thus must comply with federal guidelines described in the Code of Federal Regulations Title 2, Subtitle A, Chapter II, Part 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements (UG). These federal guidelines allow universities broad latitude to establish policies governing financial management of service centers. UW recognizes two types of SCs:

²https://www.uwyo.edu/research/files/support_and_resources/policies_and_procedures/docs/service-center-manual-final-dap.pdf

- Specialized Service Facilities (SSFs) offers highly complex and technical services that are not readily available from outside vendors and has annual expenses equal to or greater than \$1 million.
- Recharge Centers (RCs) operate with annual fiscal year expenses of between \$20,000 and <\$1 million. Recharge Centers (RCs) generally provide services to externally funded research projects throughout the UW community, but services also may be readily available to external users.
- Any operation providing services that have fiscal year expenses of less than \$20,000 are excluded from the procedures described in this document.

1.3 CHARACTERISTICS OF A SERVICE CENTER

SCs operate under different principles than other entities and activities at UW, and as such require unique accounting procedures. The most important characteristic that distinguishes SCs from other entities and activities is that SCs do not operate with a fixed annual operating budget or predictable expectation of the level of activity in the near or long term. SCs respond to service needs of internal and external users on an ad hoc basis that generally do not follow normal fiscal-year cycles. Requests for services and the revenue that is generated from delivering the services often vary month-to-month and year-to-year, are unpredictable, and are not often in sync in the short-term. Direct costs incurred by SCs to meet a requested service may precede the recovery of cost for the service by weeks or months. SCs recover the cost of providing the service through fees to the users of the service, and thus the direct costs and revenue are dynamically changing, and overall can vary by up to 50% year-over-year. This universal feature and quality of SCs is recognized across US universities, and federal guidelines allow universities to treat SCs in a unique manner with allowable financial procedures that ensure sustainability and compliance with federal rules.

The essential features of the financial operation of SCs that are practiced across US universities and comply with federal rules include:

1. Allowance for continuous operating capital managed in a recharge account.
2. Allowance for mark-up charged to external users in excess of internal break-even costs of services provided.
3. Allowance for allocation of mark-up revenue to a non-recharge (facilities renewal) account to be used at the discretion of the SC. These funds are typically used for replacement of capital assets or development of new or improved services.

1.4 HOW WILL SERVICE CENTER FINANCIAL ACTIVITIES BE TRACKED IN THE UNIVERSITY'S FINANCIAL SYSTEM?

SCs will be established and operated through two separate designated operating funds, one for operations and another for facility renewal reserve. ORED will approve and initiate the establishment of these accounts.

1.6 REGULATION

SC activities usually result in charges to federal grants and contracts. To receive these research funds, a university must comply with the cost principles under the Code of Federal Regulations Title 2, Subtitle A, Chapter II, Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The UW Office of Sponsored Programs (OSP) is responsible for ensuring compliance with these regulations. The principles set forth in the Uniform Guidance provide recognition of the full-allocated costs of such research work under generally accepted accounting principles. No provision for profit or other increment above cost is provided for in charging accounts that will be billed or eventually allocated to the federal government. The Uniform Guidance stresses the need for consistency in treatment of costs as it pertains to services provided to projects with federal funding. For this reason, the SC recharge account and SC non-recharge account must be held separately with detailed records maintained.

The Matching Principle in accounting indicates tracking of revenues and expenditures in a standardized manner leads to ultimate common understanding of a net result.

Condition (the current state based on testing)

The operations of multiple accounts receivable operations for core facilities were found running out of a single designated operating fund. In addition, the Chemical Stockroom is operating within an organization that could lend to confusion. The core facilities accounting structure is not compliant with current guidance documentation that states that SCs will be “established and operated through two separate designated operating funds, one for operations and another for facility renewal reserve,” as only one designated fund is currently in use.

In FY 23, the accounting structure for service centers was observed in the designated fund source of 010002 utilizing org and program codes to differentiate facilities operations. This level of detail is an improvement from FY22 which held an ending credit balance of \$175k in program codes 6009 and 6010. Though the surplus balance of these funds should be used for recharge purposes, appear to be currently used to fund the other facilities.

At the end of FY 23, org 70017- Core Facilities presented the balances in the following facilities.

- 6009 - Stable Isotopes
- 6010 - UW Near surface geophysics
- 6022 - Ecology BCG Lab
- 6023 - Genome Technologies Lab
- 7010 – SI Greenhouse

The accounting structure for the Chemical Stockroom has functioned out of the unrestricted fund source of 000001 with an assigned org and program code. The information below includes the accounting structure and balance as of the end of FY23.

70001 – VP for Research (transitioned to 71003 – Research Compliance in 2024)

- 6014 - Chemical Stockroom

Consequence (the impact to the unit or the University)

Institutional policy controls were developed to mitigate risks of a federal regulation violation on institutional receipt of federal grant funding.

In addition, failure to report and evaluate accurate net results could result in non-compliance, miscalculations, inconsistencies in reporting, and potentially contribute to confusion in decision making.

Loss results are currently leading to skew of appropriate recharge fund ownership.

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

It is recommended that REDD collaborate with Budget and Finance in assessing dedicated WyoCloud tracking mechanisms for increased transparency to leadership in the budget preparation/approval process of revenues and expenditures for each entity with independent receivables operations. Additional WyoCloud tools will need to be considered for the purpose of effectively segregating recharge funds. This transition should eliminate a layer of external tracking and lead to a less cumbersome process for transparent representation of federal compliance and of net results in the annual assessment of fees.

In addition, fees will need continued assessment and refinement to ensure adequate, and excess balances are designated for appropriate facility recharge use.

Response:

We agree. Our action plan to implement the audit recommendations is to:

- In 2023 a Core Facilities task force was established to identify programmatic needs that would enhance and sustain applicable and advanced research instrumentation and consulting services. The task force completed its work in November 2023.
- Based on the recommendations of this committee and the findings of the Internal Audit REDD proposes to establish a formal process by which Service Centers are formed, managed, and supervised to include:
 - We will form a committee to do a thorough review of existing processes – documenting, updating, and implementing necessary changes.
 - We will establish a process to communicate the documented procedures to all REDD employees and make them available for all to reference.

The anticipated completion date for these tasks is September 15, 2024.

Distribution List

Edward Seidel, President of the University of Wyoming

Kevin Carman, Provost, and Executive Vice President

Parag Chitnis, Vice President for Research and Economic Development Division

Alex Kean, Vice President for Budget and Finance



UNIVERSITY OF WYOMING

Internal Audit

**University of Wyoming Alumni
Association**

Internal Controls Assessment

December 14, 2023

Auditors:

Danika Salmans MBA, CIA, CRMA

Rebecca Garcia, MBA, CIA

December 14, 2023

University of Wyoming Board of Trustees:

Internal Audit has completed a review of internal controls for the University of Wyoming Alumni Association (UWAA). Jack Tennant was named as Executive Director of the UWAA in January of 2022, succeeding Keener Fry who retired after a decade of leadership in this role.

This review is an independent assessment providing feedback to management regarding the design and operational effectiveness of internal controls. This evaluation presents opportunities for improvement by identifying any risks to the UWAA and/or the University related to internal control weaknesses.

The objectives of this audit were to assess activity during FY2023 through current to acquire an understanding of operational components and complete an assessment of internal controls to mitigate operational, financial, compliance, and strategic risks.

Any concerns and weaknesses identified have been discussed with management and may be subject to follow-up. If the department is not in compliance with criteria, policies, procedures, or best-practice, this situation is described in a formal observation so that the department can develop an action plan to mitigate or accept the risks. The following observations have been made:

- **Observation #1:** Historical practices indicate lack of clarity regarding the expectations of compliance in the management of UWAA funds as cited in the current Memorandum of Agreement
- **Observation #2:** Documented operational, financial, and personnel guidelines have not been recently updated or fully developed
- **Observation #3:** WyoCloud financial management lacks defined roles and responsibilities

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 Jack Tennant – Executive Director, Joslyn White – Business Manager, and Madison Marces – Office Associate, 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

FY23 to current UWAA activity:

- Reorganized and hired majority of current UWAA team members
- Established our first ever Associate Director overseeing the engagement team
- Expanded alumni participation in Homecoming to include a 6X growth over 2022
- Completed FY22 External Audit
- Amended UWAA Board Bylaws
- Executed updated Memorandum of Agreement(MOA) with UW
- Established MOA documenting formal partnership with UW Foundation
- Established MOA documenting formal partnership with UW Store
- Established monthly pre-audit process testing transactions and balances of UWAA funds
- Moved UWAA budget management into QuickBooks

Vision Statement

Be an essential UW partner to lead and inspire alumni and friends to support and promote the university through a lifelong connection with the university.

Mission Statement

Build pride, loyalty and future sustainment among the UW Community through communication, involvement, engagement, and celebration.

Our Purpose and Focus

We help alumni and friends stay involved with the university, sharing with them the university's direction and aspirations and engaging them in order to attain those aspirations.

Our Identity

The relationship engagement engine and a valued partner with UW.

Cornerstone Values

- Engagement Relationships – We go the extra mile to connect alumni to UW
- Loyalty – Ride for the Brand - We provide a link that alumni depend on to remain connected to UW
- Innovation – We continually improve our work and approaches to enhance the alumni experience

- Tradition – UW Pride: Today, Tomorrow & Forever - We promote and celebrate UW
- Ethical Service – We provide honorable, accountable and reliable service to a diverse alumni community
- Brown and Gold - We are a point of pride and shared connection among the UW alumni community

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 FY2023 through current. The status includes an evaluation of risks to the achievement of objectives.

- **Commendation** – The department is operating in an exemplary manner toward satisfying a criterion, policy, or procedure.
- **Satisfactory** – The department currently satisfies a criterion, policy, or procedure.
- **Improvements Recommended** – The department should strengthen areas of compliance with criterion, policy, or procedure to ensure that the quality of the program will not be compromised. These areas are discussed formally with management and may not be subject to formal observation and recommendation.
- **Action Required** – The department is not in compliance with the criterion, policy, or procedures. A formal observation is made, and recommendation is issued that will require the department to develop an action plan to mitigate the risks.

Function	Status	Summary of Findings/Recommendations
Foundation Accounts	Improvements Recommended	<p>100% of foundation account activity was reviewed to determine that management is reviewing reports and to verify funds are being spent in compliance with criteria.</p> <p>Some accounts were noted as in deficit due to multiyear scholarship awarding, which will require the accumulation of future endowed earnings to resolve. Regular monitoring of balances is improved but limited. (Observation #2 & #3)</p>
Financial Management and Reporting	Action Required	<p>The UWAA utilizes QuickBooks in the tracking and management of external and partial internally funded financial activity. Financial activity that has accounting in WyoCloud has not been reconciled to fund balances and no WyoCloud UWAA relevant reporting is presented to management for review on a regular basis. Expenditures outside of the terms in the UW/UWAA MOA were identified and will require correction.</p> <p>The UWAA needs to work with VP of Student Affairs, potentially collaborating with Finance and Administration, to clearly define roles and responsibility of management of WyoCloud financials and define expectations for a regular presentation of WyoCloud financials to the Executive Director and stakeholders. (i.e., unrestricted, designated, foundation, etc). (See Observation #2 & #3)</p>
Budgeting	Action Required	<p>The objective was to ensure that the budget is accurate and representative of operations. WyoCloud accounts were not found to be reviewed to ensure variances are managed and reported. The budgeting process for external financial activity is managed outside of UW institutional regulations and processes. Expenditures outside of the UW/UWAA MOA were identified and will require correction.</p> <p>The MOA will need to be reviewed and assessed in tandem with policy and procedures to assess options and ensure a shared understanding of operational expectations; WyoCloud financial management activities require defined roles and responsibilities. (See Observation #1, #2, #3)</p>

Payroll	Action Required	100% of payroll data was reviewed to assess controls, adequate documentation, and verify that only valid employees were paid. Expenditures outside of the terms in the UW/UWAA MOA were identified and will require correction. (See Observation #1, #2, #3)
Cash Handling	Action Required	The UWAA engages in regular receipt of funds in administration of the University of Wyoming license plate student support and financial aid fund. The procedural documentation provided will require updating in consideration of the current UWYO Department Administrative Policy and Procedure regarding the Receipt and Handling of University Funds. No reconciliation process between QuickBooks accounting of these fund balances and WyoCloud was observed. Additional opportunities for increased internal controls were discussed with the Executive Director. (See Observation #1, #3)
Accounts Receivable	Action Required	Internal controls for accounts receivable associated with Life Memberships were reviewed to ensure they are adequate. Regular monitoring and accuracy is of critical importance due to the dependence on these funds for UWAA operations as well as in the translation of this information in the presentation of UW financial statements. No regular monitoring or reporting of the life membership receivable information was observed and UWAA records could not be reconciled. (See Observation #1, #2)
Expenditures	Action Required	100% of institutional 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. Expenditures outside of the terms in the UW/UWAA MOA were identified and will require correction. External account expenditure activity was also reviewed. Historical operations indicate confusion in understanding of compliance expectations in the UWAA management of external funds. A recent addition of an expenditure auditing process was observed; this procedure serves as a great internal control for the purposes of ensuring transparency, accountability, and compliance. (See Observation #1, #2, #3)
Access and Assets	Action Required	The UWAA does not have a process to track or inventory sensitive assets. Procedural documentation included an emergency response plan for a former UWAA location and will require updating. (See Observation #2)
Policies and Procedures	Action Required	UWAA has not recently revised procedural documentation to consider current Executive Director expectations or demonstrate alignment with updated UW guidance. Documentation observed omits guidance in key critical areas. (See Observation #1, #2, #3)
Governance & Culture	NA	An assessment of governance and culture was performed by surveying staff and board. The results have been provided to management to be used to understand concerns and address risks to strategic progress.

Observations, Recommendations, and Responses

Observation #1

Historical practices indicate lack of clarity regarding the expectations of compliance in the management of UWAA funds as cited in the current Memorandum of Agreement

Criteria (control framework or policy that establishes the standard)

As per the Memorandum of Agreement Between the University of Wyoming and the University of Wyoming Alumni Associate, as executed July 6th, 2023:

B. Primary Alumni Relations Organization

7. The Association shall follow all applicable University regulations, policies, and procedures, including but not limited to:
 - a. The University's contracting and procurement policies and procedures.
 - b. The University's scholarship and financial aid processes and procedures.
 - c. The University's annual budgeting process pursuant to UW Regulation 7-1.

C. University Support

2. b. The Association will work with the University's Internal Audit Department to outline the process and control audit requirements.

D. Personnel

2. The University will provide funding to cover full salary and benefits for six (6) positions laid out annually during the University's budget approval process.
3. Hiring, Annual Review, Salary, and Termination of Director
 - a. Hiring
 - v. The ultimate hiring decision rests with the Vice President for Student Affairs as the managing director of the Director.
 - b. Annual Review
 - i. The Association Board will participate with the Vice President for Student Affairs on the Director's annual review.

Condition (the current state based on testing)

The UWAA has not historically followed applicable University regulations, policies, and procedures in investment management, contracting, or procurement practices as they have developed procedures that were consistent with their practices in managing external funds as a separate 501(c)(3) organization. (Procedural documentation will be addressed in Observation #2).

Full financial reporting of operational activity detailing utilization of UW WyoCloud funds and UWAA external funds was not observed as being provided to either the Association board, the Vice President of Student Affairs, or as a component of the university budgeting process pursuant to UW Regulation 7-1.

Consequence (the impact to the unit or the University)

The lack of a collective understanding of compliance expectations in the management of UWAA administered funds (external and internal) as well as a lack of regular reporting of a full financial picture of UWAA operations amongst stakeholders involved in shared governance may result in confusion, ineffectiveness, inefficiencies, inconsistencies, gaps in internal controls, and waste.

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

It is recommended that the UWAA devise a process to include the presentation of full financial information (internal and external) to stakeholders.

It is recommended that the Association Board, and Vice President for Student Affairs collaborate with Administration and Finance as well as General Counsel to review the MOA considering current practices and discuss options to ensure clarity regarding the expectations of compliance in the management of UWAA funds.

To be considered in the assessment of the MOA include:

- distinction of management of external and internal funds;
- capacity and resources;
- competitive advantages and skillsets/training of all parties;
- effectiveness and efficiencies;
- nuances and inherent risks in the independent management of internal controls;
- compliance with state and federal regulations;
 - Wyoming Statute – alumni license plates
 - IRS guidelines – taxable benefits and assessment of appropriateness of employee vs. independent contractor relationships
- internal controls present in the UW system that establishes standardized/centralized/segregated processes that provide for legal and fiduciary accountability;

Response:

We agree. Our action plan to implement the audit recommendations is to:

- A: Bring all related UW and UW Foundation financials into UWAA QuickBooks and refine processes for continued monitoring and testing.
- B: Amend UW MOA to address clarity issues related to expectations associated with applicable University regulations, policies, and procedures.

The anticipated completion date for these tasks is September, 2024.

Observation #2

Documented operational, financial, and personnel guidelines have not been recently updated or fully developed

Criteria (control framework or policy that establishes the standard)

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) As per this framework, policies and procedures are critical foundational and directive control designed to encourage the occurrence of stated objectives. This guidance standardizes practice, establishes internal controls to prevent deviation, and mitigates the risks that the lack of uniformity could

present to achieving goals. In addition, they: provide transparency, reinforce the commitment to the institutional mission through expectations of compliance, serve as a reference for accountability, and are fundamentally important to succession planning.

The establishment of procedural documentation that is regularly reviewed and updated will lend toward establishing internal controls that: reduce errors, increase effectiveness and efficiency, address risks to the achievement of objectives, provide for succession planning, and transparency.

Condition (the current state based on testing)

The University of Wyoming Alumni Association is designated as the principal and primary alumni relations organization for the University. The Association is operated as a separate and distinct 501(c)(3) with a mission to, “Build pride, loyalty and future sustainment among the UW Community through communication, involvement, engagement, and celebration.” Although the UWAA is a legally separate organization, it is presented as a blended component of UW financial statements due to common management and financial dependence.

The University of Wyoming Alumni Association Departmental Administrative Policies and Procedures is an 84-page document found to reference outdated or sunset UW guidance. In addition, procedural documents related to complex procedures that are associated with state and federal requirements were not present.

Adequate standard operating procedures for the Office Associate position were observed which will serve as a solid template in further development of position specific procedural documentation.

Consequence (the impact to the unit or the University)

UWAA is a distinct and separate entity as well as an essential and valued partner of the University of Wyoming with common management and financial dependence. The entity seeks to operate in a manner that is compliant with federal and state laws as well as University guidance as deemed applicable. Dated or undefined guidance leads to increased compliance, operational, reputational, and financial risks which could inhibit achievement of the strategic objectives of both entities.

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

It is recommended that the UWAA Policies and Procedures be modified to include updated references to the following University documents:

- Code of Ethical Conduct
- Travel and Reimbursement Standard Administrative Policy and Procedure
- Procurement and Payment Services Procurement Card Policies and Procedure
- Receipt and Handling of University Funds Standard Administrative Policy and Procedure
- Procurement and Maintenance of University Owned Vehicles Standard Administrative Policy and Procedure
- Vehicle Accident Reporting Procedures Standard Administrative Policy and Procedure
- Employee Handbook
- Conducting a Fair and Equitable Search: Best Practices
- Records Retention Schedule
- Building Emergency Action Plan

It is also recommended that the UWAA create or update the following procedural documentation regarding critical activities. This should be developed in consideration of conclusions made in the process of resolving recommendations to Observation #1.

- Position specific standard operating procedures for adequate succession planning
- UWAA budgeting of external funds
- Scholarship administration, with clearly defined and communicated roles as follows:
 - Responsible
 - Accountable
 - Consulted
 - Informed
- University of Wyoming license plate account
- Student support and financial aid fund
- Tracking and inventory of sensitive assets
- Accounts receivable monthly monitoring for life memberships
- Transparent and comprehensive financial reporting to stakeholders tasked with either reviewing the holistic performance of UWAA or appropriating resources
- Internal expenditure auditing

Response:

We agree. Our action plan to implement the audit recommendations is to:

- A: Continue the process that was already initiated with UW General Council to establish, update and sunset necessary Departmental Administrative Procedures.
- B: Starting with the Business Manager position, we will develop position specific procedural manuals.

The anticipated completion date for these tasks is September, 2024.

Observation #3

WyoCloud financial management lacks defined roles and responsibilities

Criteria (control framework or policy that establishes the standard)

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) As per this framework, a critical activity to maintaining an appropriate control environment is the definition of responsibilities for purposes of establishing accountability to mitigate risk to the execution and achievement of an entity's operations, reporting, compliance, and strategic objectives.

As per University Regulation 12-3¹:

¹ https://www.uwyo.edu/regs-policies/_files/docs/regulations-2020/uw-reg-12-3-approved-11-12-20.pdf

II. GENERAL INFORMATION - The University of Wyoming Motor Vehicle License Plate Program was created by Wyoming Statutes 21-17-118 and 31-2-219, which authorizes the Board of Trustees of the University to establish and promulgate the rules for a license plate program to be administered by the University and to provide for a student support and student financial aid fund for students at the University.

III. Motor Vehicle License Plate Program

B. Revenues

1. The fees collected under this Regulation shall be deposited into the University of Wyoming Motor Vehicle License Plate account. Any fees, gifts, contributions, donations, or other monies donated to this account shall be used exclusively for student financial aid and for projects and programs that directly support students at the University.

As per the University of Wyoming Receipt and Handling of University Funds Standard Administrative Policy and Procedures²:

III. Policy

A. Basic Elements of Receipt and Handling of University Funds

The basic elements of receipt and handling of University funds are listed below, and must be present in departmental funds handling procedures.

2. Reconciliation of collections and program activity- Cash, checks, money orders and credit card transactions must be counted on a daily basis and compared to receipt records.

4. Financial records balancing- It is vitally important to reconcile departmental funds collection records with the University's general ledger accounting reports on a monthly basis.

IV. ACCOUNTS RECEIVABLE

Departments that provide goods and services on a charge and billing basis must keep accurate records of accounts receivable balances. Each department should define delinquency according to its collection history. The older a debt is, the less collectible it becomes. To maximize the possibility of full collection, it is strongly encouraged that outstanding accounts be referred to the Accounts Receivable Office when they are less than three months (90 days) old, however the Accounts Receivable Office accepts accounts that are older than 90 days.

The Accounts Receivable Office determines when a debt should be referred to an outside collection agency and when a debt should be charged off as uncollectible.

Condition (the current state based on testing)

UWAA roles and responsibilities in WyoCloud financial management have not been defined. Expenditures outside of the terms in the UW/UWAA MOA were identified and will require correction. QuickBooks records for funds associated with license plate fee do not reconcile to the WyoCloud designated account fund balances.

² https://www.uwyo.edu/regs-policies/_files/docs/policies/receipt_handling_univ_funds_8-2-22.pdf

Consequence (he impact to the unit or the University)

The lack of a collective understanding regarding responsibility and accountability in UWAA WyoCloud financial management has resulted in financial deficiencies and if not mitigated could impact compliance and lead to reputational risk.

Conclusion (action plans that address the condition, recommendations)

It is recommended that UWAA collaborate with the VP of Student Affairs to define roles and responsibilities as follows in the management of the lifecycle of WyoCloud financial activities.

- Responsible
- Accountable
- Consulted
- Informed

It is further recommended that all individuals in positions assigned as fulfilling the Responsible or Accountable role complete the following University of Wyoming offered trainings:

- Fund Balance
- Cost Center Approver

Accountability and compliance with expectations should be considered a measure of performance.

Response:

We agree. Our action plan to implement the audit recommendations is to:

- A: Bring WyoCloud accounts into UWAA QuickBooks
- B: Create specific pre-audit items related to WyoCloud to ensure monthly reconciliation and review.

The anticipated completion date for these tasks is July, 2024.

Distribution List

Edward Seidel, President of the University of Wyoming

Kevin Carman – Provost and Executive Vice President

Alex Kean, Vice President for Budget and Finance

Kimberly Chestnut, Vice President for Student Affairs

Terry Moss, President for the Alumni Association Board of Directors

Jack Tennant, Executive Director for the Alumni Association



UNIVERSITY OF WYOMING

Internal Audit

On / Offboarding HR-Payroll Review

December 13, 2023

Auditors:

Danika Salmans MBA, CIA, CRMA

Rebecca Garcia, MBA, CIA

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December 13, 2023

University of Wyoming Board of Trustees:

Internal Audit has completed a review of Human Resources processes for employee onboarding and offboarding.

The objectives of this audit were to assess activity during FY2023 through current to acquire an understanding of operational components and complete an assessment of internal controls to mitigate operational, financial, compliance, and strategic risks.

Any concerns and weaknesses or areas requiring further development of adequate procedural documentation identified during the audit have been discussed with management and may be subject to follow-up. 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: Processes for removal of access upon termination or transition to new position are incomplete

Observation #2: Onboarding training does not include an introduction to compliance and/or culture

Observation #3: Various on/offboarding checklists do not present consistent or comprehensive information

A follow-up will be performed in 6 months to assess progress related to the audit recommendation. 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 Bob Link – Associate Vice President for Human Resources 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

Onboarding refers to the process by which new employees acquire the necessary access, knowledge, skills, and behaviors to become effective members of an organization. Whereas, offboarding is the process that leads to the formal separation between an employee and an organization and usually encompasses activities that ensure proper asset retention, institutional knowledge transfer, and security access terminations.

For this assessment, we focused on HR/Payroll policies, practices, procedures, and documentation related to the Onboarding and offboarding processes to better understand this unit's governance over the process, the stakeholders involved, and how the units across campus are integrated into both processes.

Onboarding

The onboarding process offers an imprinting window where lasting impressions can be made on new employees for the duration of their careers. It is not only critical for a new employee to understand their specific job responsibilities, but they also need to understand the importance of their contribution to the strategic direction and culture of the University of Wyoming. During this time of Onboarding, basic expectations and operating processes and procedures that apply across the organization should be delivered.

Offboarding

Offboarding is the process that takes place when employees leave deliberately, when they are terminated, or when other uncontrollable events result in the end of the employee's tenure at an agency. Offboarding is critical for agencies because it is the process that leads to the formal separation between the employee and the organization, and usually encompasses activities that ensure proper asset retention, institutional knowledge transfer, and security access terminations.

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 FY2023 through current; the audited areas and steps are summarized below. The status includes an evaluation of risk to the achievement of objectives as per the below metrics.

- **Commendation** – The department is operating in an exemplary manner toward satisfying a criterion, policy, or procedure.
- **Satisfactory** – The department currently satisfies a criterion, policy, or procedure.
- **Improvements Recommended** – The department should strengthen areas of compliance with criterion, policy, or procedure to ensure that the quality of the program will not be compromised. These areas are discussed formally with management and may not be subject to formal observation and recommendation.
- **Action Required** – The department is not in compliance with the criterion, policy, or procedures. A formal observation is made, and recommendation is issued that will require the department to develop an action plan to mitigate the risks.

Function Tested	Status	Summary of Findings/Recommendations
Governance	Improvement Recommended	<p>The objective was to ensure presence of central governance and guidance for campus employee onboarding/offboarding processes that creates efficiencies and serves as adequate documentation for coordination of efforts across campus entities.</p> <p>Onboarding/offboarding is complex and involves the interweaving of many HR/Payroll departments, IT, and hiring/terminating supervisors. Though some processes were documented others were found not formalized, and/or updated to address key processes.</p>
Access (building and system)	Action Required	<p>The objective was to ensure that there are adequate controls over the provision and removal of building and system access.</p> <p>This review included the review of building access, P-card privileges, and system access: WyoCloud, TouchNet, Banner, etc.</p> <p>Onboarding to these systems is primarily managed by the supervisor and provision is granted as requested upon completion of required training. No issues were noted.</p> <p>Offboarding access provisions involve removing access to systems and buildings as associated with termination or transfer and ensuring that data is appropriately maintained. There are portions of this process that are automated and/or controlled by Application Security. Elements of offboarding need to be included in a checklist for employees and supervisors. This documentation needs to include standardized and formal notification of other departments (i.e., Procurement) of the termination. (See Observation #2)</p> <p>Not all hourly non-benefited employees are termed on a timely basis. This presents issues related to access to systems and buildings that need to be addressed. (See Observation #1)</p>

Function Tested	Status	Summary of Findings/Recommendations
Training	Action Required	<p>The objective was to assess onboarding training elements to ensure that they are effective and accomplish desired educational objectives.</p> <p>Onboarding training elements were reviewed for Benefited and Non-benefited employees including new hires and individuals transferring to new positions. Training includes WyoCloud Basic Access Training, Data Security and Privacy, Preventing Harassment and Discrimination, UW Safety Orientation. Benefited employees also receive training on Accommodating Disabilities and New Employee Orientation, which serves the purpose of benefit selection.</p> <p>Based on results from Culture and Governance Surveys, elements of training to address University mission, strategic plan, compliance, and culture were not present. (See Observation #2)</p>
Benefits	Satisfactory	<p>The objective was to assess onboarding and offboarding processes related to Benefits to ensure that processes are complete.</p> <p>All benefited employees are required to attend New Employee Orientation where benefits are introduced and selected. Once selections have been made, systems are updated to ensure proper deductions and contributions.</p> <p>Upon notification of termination, a Separation Checklist for Benefited Terminations is provided to guide the offboarding of benefits. Payroll uses termination information to end payment of benefits. While this process is manual, compensating controls are present that do not allow benefits to be paid if no salary was generated.</p>
Checklists	Action Required	<p>The objective was to ensure that HR/Payroll has provided adequate guidance documentation to campus to ensure effective and efficient on /offboarding by all departments. The checklists serve to unite processes and create continuity.</p> <p>The process of onboarding is largely decentralized and it is the responsibility of the supervisor to enforce compliance with training and onboarding elements. Various onboarding checklists are provided on the HR/Payroll website and through WyoCloud.</p> <p>An offboarding checklist is available for Benefited employees to include information regarding vacation/sick leave payout options and impact on benefits. There was no offboarding checklist applicable to non-benefited employees. (See Observation #3)</p>

Observations, Recommendations, and Responses

Observation #1

Processes for removal of access upon termination or transition to new position are incomplete

Criteria (control framework or policy that establishes the standard)

As per the Standard Administrative Policy and Procedure regarding Receipt and Handling of University Funds:

It is the responsibility of all employees to safeguard University assets. It is the responsibility of all officers, deans and department heads to ensure that adequate internal controls within their units exist and are observed.

This principle also applies to non-cash based assets such as physical assets and data.

As per the Institute of Internal Auditors Implementation of Performance Standard 2130:

The internal audit activity must evaluate the adequacy and effectiveness of controls in responding to risks within the organization's governance, operations, and information systems regarding the:

- Achievement of the organization's strategic objectives
- Reliability and integrity of financial and operational information
- Effectiveness and efficiency of operations and programs
- Safeguarding of assets
- Compliance with laws, regulations, policies, procedures, and contracts

Condition (the current state based on testing)

This review included building access, P-card privileges, and access to various other systems.

Onboarding to basic access of UWYO single sign-on applications (i.e., WyoCloud/Banner) is governed by active directory permissions (as managed by IT). Additional access levels within these systems associated with job function is managed by the supervisor and provision is granted as requested upon completion of required training. No issues were noted.

Upon the processing of a termination in HCM, a daily feed is compiled regarding these transactions that then automatically informs active directory permissions. All applications governed by this control (i.e. WyoCloud/Banner) present very minimal further risk of an access issue. For users that are transitioning to a new position and will still have an active assignment, a manual review is performed by IT to assess what applications are no longer needed or which applications might need modifications to access.

Access to all building exterior doors is automatically provisioned based on the employees assignment location in HCM. Access to interior doors and buildings are provided via request from management. Offboarding is manually managed through either request or review of termination or transfer data. Testing of door access and relevant internal controls were discussed further with Information Technology management.

The P-card program is independent of this process and privileges are manually granted or canceled once Procurement receives notification of a request for a card or notification of a termination. Procurement does not receive adequate termination data so that p-card privileges can be removed. Other departments were also found needing termination data to include Research, Accounts Receivable, Sponsored Programs, Asset Management, Foundation, etc.

It was also noted that hourly non-benefited employees are not termed on a regular basis. These employees can remain as “active” though they have not submitted a timecard (i.e. hourly non-benefited)_for months. The delay has been historically allowed for process efficiencies as many of these employees are students away for the academic breaks (i.e. summer, etc.). Review of the “no timecard” report presented 541 individuals that have not submitted a timecard in 90-691 days.

Consequence (the impact to the unit or the University)

Incomplete offboarding of access to buildings and systems presents risks to the units and the institution.

Conclusion (action plans that address the condition, recommendations)

Recommendation:

It is recommended that HR works collaboratively with campus partners to have data solutions devised to inform ancillary systems not currently under ASO purview as well as departments relying on this information to ensure receipt of timely, complete, and useful information regarding terminations and transitions.

It is recommended that HR review termination processes for HNB employees that have not recently submitted a timecard. It is also recommended that HR collaborate with ASO regarding comprehensive data solutions to include HNB employees that have not recently submitted a timecard so that efficiencies can be realized but access to buildings and/or systems can be removed on a timely basis.

Response:

WyoCloud reporting will be assessed for the ability to provide termination and transfer feeds to appropriate offices to ensure access to timely termination and transition data to assist with their business processes.

Human Resources will continue to work with campus owners to timely identify employees that have not recently submitted a timecard to have them terminated within the system to assist in limiting any risk exposure to campus.

Observation #2

Onboarding training does not include elements that introduce compliance and culture

Criteria (control framework or policy that establishes the standard)

The onboarding process offers an imprinting window where lasting impressions can be made on new employees for the duration of their careers. It is not only critical for a new employee to understand their specific job responsibilities, but they also need to understand the importance of their contribution to the strategic direction and culture of the University of Wyoming. During this time of Onboarding, basic expectations and operating processes and procedures that apply across the organization are delivered.

As per the 5 C's framework¹, effective onboarding should address the following elements:

- Compliance encompasses legal and policy-related rules and regulations.
- Culture comprises all the beliefs and values—formal and informal, spoken, and unspoken—that contribute to the environment of a workplace.
- Clarification means communicating expectations for job performance.
- Connection is how an employee understands and relates to the workplace via relationships and channels of information.
- Check back refers to a manager's responsibility to meet with the new employee periodically—during the new hire's first 30, 60, and 90 days.

Compliance and Culture should be addressed in training as provided as part of onboarding process. Other job-specific elements are addressed by the supervisor and should be included in checklists to ensure completion.

Condition (the current state based on testing)

Upon hire at the University of Wyoming, new benefited/non-benefited employees are given access to on-line training modules including the following:

- WyoCloud Basic Access Training
- Data Security and Privacy
- Preventing Harassment and Discrimination

¹ <https://kpa.io/blog/onboarding-does-your-program-cover-the-5-cs/>

- UW Safety Orientation.

In addition, benefited employees receive training regarding Accommodating Disabilities.

Assigned online training modules take between 5-8 hrs to complete.

Benefited employees are also required to attend New Employee Orientation which serves the purpose of benefit selection. Non-benefited hires do not attend New Employee Orientation.

Compliance with completing the on-line training is not monitored by HR/Payroll and is the responsibility of the Supervisor to ensure that the employee has completed the modules. Testing was completed to understand the degree of training completion. A sample of 18 employees, benefited and non-benefited, with a variety of hire types (add assignment, new, rehire, transfer) was selected.

- 66% completed WyoCloud Basic Access training
- 50% completed additional onboarding training modules

In reviewing of onboarding elements associated with the 5 C's, the following omissions were noted:

- Compliance –
 - UW Regulation, Policies and Procedures – is mentioned in WyoCloud Basic Access Training but not specifically presented as a part of onboarding. In addition, there was no presentation of allowable and un-allowable expenditures.
 - FERPA – most every individual on campus should understand the basic elements of FERPA to include what information needs to be protected, where that information exists, and who has authorized access.
 - Employee Handbook – is mentioned in WyoCloud access training and referenced in the offer letter to Benefited employees but not specifically presented as a part of onboarding. Every employee should understand the contents of this document and their responsibilities as outlined within.
 - Conflict of Interest (COI)² – the University has adopted a new COI policy requiring every individual to disclose conflicts on an annual basis.
 - Job Type Compliance – based on various federal and/or IRS guidelines certain hires such as GA's, Federal Work Study, International Students, etc. have limitations regarding the number of hours that they can work. This should be presented by an unbiased and neutral party.
- Culture –
 - Vision, Mission, Values, Value Propositions³ of the University of Wyoming.
 - Strategic Plan⁴ of the University and how each individual contributes toward success.
 - University of Wyoming Code of Ethical Conduct⁵.
 - Report a Concern⁶.
 - Retaliation.⁷

² [UW Standard Administrative Policy and Procedure: University Conflicts of Interest and Commitment Policy \(uwyo.edu\)](#)

³ [About UW \(uwyo.edu\)](#)

⁴ [Strategic Plan | Office of the President \(uwyo.edu\)](#)

⁵ [University of Wyoming Code of Ethics \(uwyo.edu\)](#)

⁶ [Report a concern \(uwyo.edu\)](#)

⁷ [UW Regulation 4-1 Equal Education and Employment Opportunity \(uwyo.edu\)](#)

The current Employee Handbook requires all benefited employees to attend New Employee Orientation though there is no institutional requirement for new employees to complete onboarding training elements, nor is there a requirement/assignment for the supervisor to enforce compliance.

Consequence (the impact to the unit or the University)

Culture and governance has a direct impact on the University's achievement of strategic objectives. Employees need to understand these elements so that contribution to UW mission can be understood, purposeful, and intentional. A survey of culture and governance is completed each year and has indicated some employees do not understand the UW Code of Ethical Conduct, how they individually contribute to the strategic plan, and how they can impact and maintain a positive culture by reporting concerns while being protected from retaliation. A strong understanding of governance and culture mitigates financial, compliance, strategic, and operational risks.

Conclusion (action plans that address the condition, recommendations)

Recommendation:

It is recommended that the onboarding training requirements be reviewed for effectiveness and efficiencies to include consideration of simplification of elements introduced during the onboarding sessions and a reduction of on-line training time. The WyoCloud Basic Access training and other trainings should be reviewed and revised for inclusion of elements associated with educating new employees on missing elements of Compliance and Culture.

It is also recommended that the Employee Handbook address the requirement to complete onboarding activities, and the institutional expectations that supervisors enforce completion. Mechanisms should be developed to ensure that training elements are completed and are considered in assessment of performance.

Response:

Human Resources will continue their work toward simplification of training and appropriateness of content. Suggested training additions noted in this report will be reviewed with campus partners to collaborate on needs to assist in revising WyoCloud onboarding training to meet campus needs.

Enforcement of completion of assigned trainings will be reviewed to assist campus in managing these training requirements.

Observation #3

Various on/offboarding checklists do not present consistent or comprehensive information

Criteria (control framework or policy that establishes the standard)

As per the 5 C's framework⁸, effective onboarding should address the following elements:

- Compliance encompasses legal and policy-related rules and regulations.
- Culture comprises all the beliefs and values—formal and informal, spoken, and unspoken—that contribute to the environment of a workplace.
- Clarification means communicating expectations for job performance.
- Connection is how an employee understands and relates to the workplace via relationships and channels of information.
- Check back refers to a manager's responsibility to meet with the new employee periodically—during the new hire's first 30, 60, and 90 days.

Compliance and Culture should be addressed in training as provided as part of onboarding process. Other job-specific elements are addressed by the supervisor and should be included in checklists to ensure completion.

Offboarding processes should ensure preservation of assets belonging to UW to include data, and access to buildings, systems, and processes.

Condition (the current state based on testing)

Upon the completion of a benefited hire, an on-line checklist is provided to the Supervisor and the Employee. Figure 1 provides a view of the items in this checklist. There is no provision to require or ensure completion of these elements or ensure the employee is integrating into the UW culture.

No on-line checklist is provided to non-benefited hires or their supervisors.

HR publishes various other onboarding checklists that are available on their website with varying degrees of detail. The most comprehensive checklist observed contains outdated information.

Offboarding checklists are not provided to employees or supervisors in an on-line format. Benefited employees are emailed an offboarding checklist once HR/Payroll receives notification of a pending termination. A similar offboarding checklist is posted on the Benefits webpage for employees to reference. Figure 2 provides elements of this offboarding checklist. No offboarding checklist is

⁸ <https://kpa.io/blog/onboarding-does-your-program-cover-the-5-cs/>

provided to supervisors and no offboarding checklist is available to non-benefited employees and their supervisors.

Elements not addressed in the checklist include, but are not limited to, ensure return of property, notification to Sponsored Programs, Research, other areas responsible for the removal of access from other privileges or ancillary systems not under the control of ASO, removal of access through the S2 system, return of WyoOne cards, or standardized understanding for location of data and preservation of information.

HCM Checklists	
Supervisor	Employee
Submit Payroll Costing Information	Complete Form I-9 Section 2
Help Employee Register for New Employee Orientation	WyoCloud Basic Access Training
Discuss Parking Options	Designate a Payment Method (Direct Deposit)
Request Systems and/or Building Access	Complete W-4
Request Telecom Access	Review the Employee Handbook
Review the Job Description and Competencies	Review General Counsel Website
Discuss Absence Tracking & Time Reporting	Sign Up for Benefits – EGI Portal
Work Procedures and Workplace Basic Information	Sign Up for Retirement
	Onboarding Learning Plan Training
	Benefits Deadline Reminder
	Employee Assistance Program
	Parking Permit
	WyoOne ID Card
	Sign Up for UW Alert
	Optional Supplemental Retirement
	Athletics Information
	Half Acre
	UW and Community Perks
	Review/Sign Up for E-Nets
	Green Dot at the University of Wyoming

Figure 1 HCM Onboarding Checklist for Benefited Employees and Supervisors

Off-Boarding Checklists: web based and emailed	
Supervisor	Employee
	Submit a letter of resignation to your super
	Complete the Termination Leave Option Form
	Submit all vacation and sick leave usage in HCM prior to separation date
	Contact retirement company and notify them of your termination date
	Complete the online University Exit Interview
	Notify Procurement Services and request the p-card be closed
	Remove any personal or private files from your computer
	Reassign direct reports through WyoCloud HCM
	Alert Asset Management
	Turn parking permits into Transportation Services
	Return department keys and any other University property
	Other items related to health insurance

Figure 2 Offboarding Checklist provided to Employees.

Consequence (the impact to the unit or the University)

Incomplete onboarding checklists could result in the employee not receiving critical information to understand the nature of their job, important resources, and necessary connections. Various versions of the checklists could result in supervisor and employees utilizing incomplete information.

Offboarding processes need to be reasonably comprehensive to ensure preservation of UW resources. The lack of guidance for supervisors and non-benefited employees can result in loss of assets to the University.

Conclusion (action plans that address the condition, recommendations)

Recommendation:

It is recommended that web-based and HCM onboarding checklists be reviewed for completeness, consistency, and accuracy. An element of accountability for both the employee and the supervisor should be considered for inclusion in the Employee Handbook.

An onboarding checklist should be developed for non-benefited employees and supervisors.

An offboarding checklist should be developed for supervisors of benefited employees that contains reciprocal information as provided to employees. The offboarding checklist should be reviewed for completeness and comprehensiveness.

An offboarding checklist should be developed for non-benefited employees and supervisors.

Response:

Human Resources/Payroll will review, revise, and create onboarding and offboarding checklist to assist both benefited and non-benefited employees with their employment transitions.

Distribution List

Edward Seidel, President of the University of Wyoming

Kevin Carman, Provost and Executive Vice President

Alex Kean, Vice President of Budget and Finance

Bob Link, Associate Vice President of Human Resources



UNIVERSITY OF WYOMING

Internal Audit

Summary Follow-up Report

January 8, 2023

Auditor:

Danika Salmans MBA, CIA, CRMA

Rebecca Garcia MBA, CIA



UNIVERSITY OF WYOMING

January 9, 2024

University of Wyoming Board of Trustees:

According to International Internal Audit Standards 2500, Internal Audit must establish a follow-up process to monitor and ensure that management actions have been effectively implemented.

A follow-up has been performed for the following audit; however, the units have items that are still in process or incomplete, and thus the follow-up has been extended so that sufficient progress can be made to mitigate the risks associated with the observations:

- **IMPACT 307**
 - Original Audit Report Date: March 1, 2022
 - Follow-Up Due: March 1, 2023
 - Status: complete and closed as of January 4, 2024

Observation	Reported November, 2024	Progress Since November, 2024
Observation #1: The Wyoming Technology Business Center (WTBC) maintains a 501-c-3 nonprofit corporation designation that is separate from the University of Wyoming	Complete – Closed	
Observation #2: The current process related to the collection and tracking of payments related to services and fee-based space has inconsistencies and increases financial risks	Complete – Closed	
Observation #3: Current financial management processes does not allow for financial differentiation and tracking of distinct IMPACT locations	Complete – Closed	
Observation #4: Operational documents are not comprehensive and are not consistently enforced	In Progress	Complete
Observation #5: Strategic planning needs to include consideration of sustainability to mitigate financial, operational, and reputational risks	In Progress	Complete



UNIVERSITY OF WYOMING

- **Change of Management Audit for Administration and Finance**

- Original Audit Report Date: December 22, 2022
- Follow-Up Due: June 22, 2022
- Status: in progress as of January 4, 2024
 - Unit has demonstrated progress towards resolving Observation #2 recommendations and is continuing to work toward full completion of procedural documentation related to WyoCloud accounting processes.

Observation	Reported November, 2024	Progress Since November, 2024
Observation #1: Current leadership lacks formally documented job descriptions that detail responsibilities	Complete – Closed	
Observation #2: Written standardized procedures defining WyoCloud accounting practices were absent and accounting anomalies were observed	In Progress	In Progress

- **Wyoming State Veterinary Laboratory**

- Original Audit Report Date: July 12, 2022
- Follow-Up Due: January 12, 2023
- Status: in progress as of January 4, 2024
 - A continuation report was provided in November 2024 as no substantial progress had been made toward resolving recommendations related to Observation #2. Management reports that the WSVL has clarified the unit missions and intends to resolve recommendations related to Observation #2 in Spring 2024.

Observation	Reported November, 2024	Progress Since November, 2024
Observation #1: The Q-Pulse , Vetstar Animal Disease Diagnostic System (VADDS), and S2 system lack proper verification of access	Complete – Closed	
Observation #2: Processes related to account receivables, reconciliations, and cash handling are incomplete	In Progress	In Progress
Observation #3: Elements of lab safety and PCI training have not been completed by staff	Complete – Closed	
Observation #4: Advisory committee has not been active as per Wyoming Statute 21-17-308	Complete – Closed	



UNIVERSITY OF WYOMING

Student Health Services

- Original Audit Report Date: September 8, 2022
- Follow-Up Due: June 8, 2023
- Status: in progress as of January 4, 2024
 - Unit has demonstrated progress towards resolving Observation #2 recommendations. A new director has been hired and continues to work to implement control measures and acquire accreditation. The full accreditation process is anticipated to take a year to complete with full completion expected in Summer 2025.

Observation	Reported November, 2024	Progress Since November, 2024
Observation #1: Relevant training has not been required or fulfilled	Complete – Closed	
Observation #2: Quality control measures have lapsed	In Progress	In Progress

Student Course/Program Fees

- Original Audit Report Date: November 1, 2022
- Follow-Up Due: May 1, 2023
- Status: in progress as of January 4, 2024
 - Unit has demonstrated progress towards resolving Observation #1 recommendations. The current goal is to implement and finalize hard coding in Banner in Spring 2024.

Observation	Reported November, 2024	Progress Since November, 2024
Observation #1: Banner access control deficiencies were identified	In Progress	In Progress
Observation #2: No procedural guidance has been provided to departments that standardizes practices regarding fee accounting and utilization	Complete – Closed	
Observation #3: Rolling fund balances were identified that have not been disclosed during the annual assessment process	Complete – Closed	

Change of Management Audit for the Office of the Provost and Executive Vice President for Academic Affairs

- Original Audit Report Date: August 22, 2022
- Follow-Up Due: February 22, 2023
- Status: in progress as of January 4, 2024
 - Unit has demonstrated progress and is in the process of resolving recommendations related to Observation #1 through website improvements, establishing guidance documents and creating an intranet. Estimated completion in Summer 2024.

Observation	Reported November, 2024	Progress Since November, 2024
Observation #1: Some current operating procedures are not formalized, documented, and/or are dated	In Progress	In Progress



UNIVERSITY OF WYOMING

- **HR Payroll Review**

- Original Audit Report Date: December 22, 2022
- Follow-Up Due: September 22, 2023
- Status: in progress as of January 4, 2024
 - Unit has demonstrated progress towards resolving recommendations related to Observation #2 through continuing to advance campus compliance of employee I-9 completion, within the federal timeline; as of January 4, 2024, there was only one I-9 out of compliance. The final design of internal controls is expected to be fully compliant and is planned to be completed in Summer 2024.

Observation	Reported November, 2024	Progress Since November, 2024
Observation #1: The Fringe Reserve Account has been used for expenditures that do not qualify as “fringe,” per the Federal Fringe Rate Agreement	Complete – Closed	
Observation #2: Compliance with I-9 and HCM Funding Form procedures was not enforced	In Progress	In Progress

- **Center of Innovation for Flow Through Porous Media**

- Original Audit Report Date: July 22, 2020
- Follow-Up Due: April 22, 2021
- Status: As of January 12, 2024, the COIFMP Operations Manual will be completed by 1/17/2024. 2) The revision provides a detailed description of the COIFPM Business Team procedures for planning, writing and approving contracts. The revision also provides a detailed description of the COIFPM Business Team procedures for receiving, reviewing and approving claims of contract scope delivered as well as authorization for release of payment. Budget and Finance reported that negotiations for resolution of a grant deficit balance are in progress.

Observation	Reported November, 2024	Progress Since November, 2024
Observation #1: The management of conflict of interest should be improved through the establishment of a Conflict of Interest Committee	Complete – Closed	
Observation #2: Written operating procedures need to be completed that complement the current operating structure and its future development	In Progress	In Progress
Observation #3: Expectation of academic, research and financial reports submitted to Petroleum Engineering, SER and the ERC need to be coordinated by leadership	Complete – Closed	
Observation #4: Expired grant accounts need to be closed, and overspent accounts need to be corrected	In Progress	In Progress



UNIVERSITY OF WYOMING

Observation #5: Departmental reports are not providing adequate financial information to the management of COIFPM	Complete – Closed	
Observation #6: Accountants and Cost Center Approvers do not have access to some necessary financial information	Complete – Closed	
Observation #7: Gifted assets were not reported to Asset Management	Complete – Closed	
Observation #8: Distribution of revenue to Equipment Maintenance and Acquisition accounts was not complete	Complete – Closed	

Sincerely,

Danika Salmans MBA, CIA, CRMA
Director of Internal Audit

Sincerely,

Becky Garcia MBA, CIA
Senior Internal Auditor



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 2022- August 2023

Audit Year

Presented

	2022-2023	1/25/2023
NCAA (Annual) 2021-2022	2022-2023	3/22/2023
Main Cashier (Annual)	2022-2023	Canceled per NCAA
NCAA Football Ticket Verification (Annual) Fall 2022 Season	2022-2023	3/22/2023
P-Card Initiative and Continuous Monitoring Progress (Annual)	2022-2023	3/22/2023
Risk Assessment Survey (Annual)	2022-2023	3/22/2023
Results and Reporting (Annual)	2022-2023	5/10/2023
Audit Schedule Development (Annual)	2022-2023	5/10/2023
State Match / Footnote compliance	2022-2023	in progress
Foundation Accounts/UW Sister Accounts internal controls	2022-2023	1/24/2024
HR/Payroll Incremental Review - scope to be defined -- onboarding/offboarding	2022-2023	5/10/2023
Operations - General Facility and Deferred Maintenance	2022-2023	
Alternative (see list below)		
*Student/Athletics Travel		1/25/2023
Fraud, Waste, and Abuse (FWA) Investigations		
*Investigation related to mis-use of UW equipment		10/31/2022
*Investigation of free services		10/31/2022
*Investigation Conflict of Interest - HS		3/22/2023
*Investigation Honorarium		6/14/2023
*Investigation Use of Foundation Funds		8/24/2023
Follow-Up Reports		8/24/2023
Change of Management audits (and unfinished audits from previous year)		
* College of Business	2022-2023	11/15/2023
* College of Health Sciences	2022-2023	7/17/2023
* Office of Research and Economic Development	2022-2023	1/24/2024
* Diversity Equity and Inclusion	2022-2023	Canceled / NA
Alternatives:		
Campus security - S2 internal controls		
Student Media		
OSP Invoicing and Receivables		NA as processes have changed
Student Travel - Athletics Travel		Done
Union operations (financial operations, etc.)		
IDT process and internal control assessment		

22 scheduled
21 completed
= 95%

Audit Schedule for September 2023- August 2024

Audit Year

Presented

	2023-2024	
NCAA (Annual)	2023-2024	in progress
NCAA Football Ticket Verification (Annual) Fall 2023	2023-2024	Cancelled
Continuous Monitoring Progress (Annual)	2023-2024	in progress
Risk Assessment Survey (Annual)	2023-2024	in progress
Results and Reporting (Annual)	2023-2024	in progress
Audit Schedule Development (Annual)	2023-2024	in progress
State Match / Footnote compliance (Annual)	2023-2024	
Follow-Up Reports	2023-2024	1/24/2024
Fraud, Waste, and Abuse (FWA) Investigations		
*Investigation of COI / SC	2023-2024	11/15/2023
Quality Improvement Plan	2023-2024	ongoing
HR/Payroll Incremental Review - Hiring / Recrui	2023-2024	
Compliance: ADA Compliance	2023-2024	
Student Mental Health Resources	2023-2024	
Major Maintenance	2023-2024	
Athletics Ticket Office	2023-2024	
Retention, Tenure, and Promotion - Policies/Procedures, Best Practices	2023-2024	
Alumni - internal control assessment	2023-2024	1/24/2024
EHS - Safety / research compliance	2023-2024	
ASUW	2023-2024	11/15/2023
Contingency - Change of Management / Departmental / Audits from previous year	2023-2024	PRN

**20 scheduled
5 completed
= 25%**