



BOARD OF TRUSTEES
Fiscal and Legal Affairs Committee
(FLAC)

Members: Trustee Jeff Marsh, Chair; Trustee Mel Baldwin; Trustee Macey Moore;
Trustee Dick Scarlett; Trustee David Fall

AGENDA

Tuesday, January 22, 2019, 5:00-7:00 p.m
Boyd Conference Room, Marian H. Rochelle Gateway Center

Call to Order – Trustee Marsh

Items for Discussion:

- External Audit Update and Discussion- **Jewell**
 - Full Board Narrative-Compliance Report pages 2-4
 - Single Audit Reports and Schedule of Expenditures of Federal Awards pages 5-40
 - Single Audit Corrective Action Plan pages 41-44
 - Financial and Single Audit Management Letter pages 45-80

- Internal Audit Activity Report-**Kathleen Miller** pages 81-136

Adjourn

AGENDA ITEM TITLE: Annual Audited Compliance report Report, Marsh/Jewell/Reese

SESSION TYPE:

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

APPLIES TO STRATEGIC PLAN:

- Yes (select below):
 - Driving Excellence
 - Inspiring Students
 - Impacting Communities
 - High-Performing University
- No [Regular Business]

Attachments are provided with the narrative—refer to Supplemental Materials Report.

EXECUTIVE SUMMARY:

BKD, LLP; UW’s external audit firm will lead a discussion on the annual audited compliance report for fiscal year 2018 for the University of Wyoming.

Accountability is the paramount objective of institutional financial reporting. It is the University’s duty to be accountable to the public and to provide information that responds to the needs of three groups of primary users of general-purpose financial reports: the citizenry; the governing board, the legislature and oversight bodies; and • investors and creditors.

Meaningful financial reports and accompanying notes provide information useful for assessing financial condition and results of operations, assisting in determining compliance with finance related laws, rules, and regulations, and assisting in evaluating efficiency and effectiveness of operations. Preparation of these statements and reports are the responsibility of University management; however, it is the audit function that provides an external examination of these financial statements and reports.

The annual audited financial statements for the University of Wyoming, the annual audited financial statements of Wyoming Public Media and the agreed upon procedures engagement for the NCAA were approved at the November 2018 Board of Trustees meeting.

Non-federal entities that expend \$750,000 or more a year in federal awards are required by the United States Office of Management and Budget (OMB) to have a “Single Audit”. The Single Audit encompasses an examination of the University’s financial records, financial statements, Federal award transactions and expenditures, the general management of its operations, internal control systems, and Federal assistance it received during the audit period. The single audit will be conducted so as to satisfy the audit requirements imposed by the Single Audit Act and Subpart F of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Grant Guidance or UGG). The UGG replaces OMB Circular A-133.

The Single Audit is divided into two areas: Financial and Compliance.

- Financial Audit – In accordance with required reporting standards, the Financial Report has three components: 1) management’s discussion and analysis 2) institution-wide financial statements; and 3) notes to the basic financial statements. Required supplementary information is included in addition to the basic financial statements. The auditors express an opinion about whether the

financial statements present fairly, in all material respects, the financial position of the University of Wyoming as of the fiscal year end, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The University of Wyoming is a component unit of the State of Wyoming. As such, the University's Financial Report is part of the Comprehensive Annual Financial Report (CAFR) prepared by the State Auditor's Office in accordance with W.S. 9-1-403 (a)(v).

- Compliance Audit – The compliance audit has two components within the Compliance Report:

As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatement, the auditors consider the University's internal controls over financial reporting and perform tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance of which could have a direct and material effect on the determination of financial statement amounts. The auditors do not express an opinion on the effectiveness of the University's controls or on the compliance with those provisions, instead they report whether the results of their tests disclose any deficiencies in internal control or instances of noncompliance that are required to be reported under Government Auditing Standards.

As part of obtaining reasonable assurance about whether the University complied with Federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs, the auditors perform tests of compliance with the applicable compliance requirements. The auditors express an opinion that the University has complied, in all material respects, with the applicable compliance requirements that have a direct and material effect on each of its major programs, which would include reporting instances of noncompliance, if any, that are required to be reported under the Uniform Grant Guidance.

The Single Audit reporting package is required to be submitted to the Federal Audit Clearinghouse within the earlier of 30 days after receipt of the auditor's report, or nine months after the end of the audit period.

Pursuant to the ByLaws of the Trustees, Article VII. Section 7-2:

The Fiscal and Legal Affairs Committee will review the financial reporting processes, the system of internal controls, the audit process, and the process for monitoring and ensuring compliance with financial laws and regulations. It will monitor the University's internal and external auditor's findings.

In discharging their duties hereunder, the members are entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, if prepared or presented by: officers or employees of the University whom the committee members reasonably believe to be reliable and competent in the matters presented; and legal counsel, public accountants or other persons as to matters the committee members reasonably believe are within the person's professional or expert competence.

The Fiscal and Legal Affairs Committee meets with the external audit firm's partners and University management to review the annual financial reports in advance of presentation to the Board of Trustees. The Committee Chair will make a recommendation to the Board with respect to acceptance and approval of the reports.

PRIOR RELATED BOARD DISCUSSIONS/ACTIONS:

Annually-The Board accepts and approves the Compliance Report each year.

WHY THIS ITEM IS BEFORE THE BOARD:

The Board of Trustees is responsible for assuring that the University's organizational culture, capabilities, systems and processes are appropriate to protect the financial health and the reputation of the University in audit-related areas. The presentation of annual audited financial reports is intended to inform the Board about significant matters related to the results of the annual audit so that they can appropriately discharge their oversight responsibility.

ACTION REQUIRED AT THIS BOARD MEETING:

Subject to recommendation by the Fiscal and Legal Affairs Committee Chair, it is recommended that the Board of Trustees of the University of Wyoming accept and approve the University of Wyoming Compliance report for the fiscal year ended June 30, 2018.

PROPOSED MOTION: [Trustee X to provide motion.]

I move to accept and approve the University of Wyoming Compliance report for the fiscal year ended June 30, 2018.

PRESIDENT'S RECOMMENDATION:

The President recommends approval of the three financial reports as described above.

DRAFT 01/15/2019

University of Wyoming
(A Component Unit of the State of Wyoming)
Single Audit Reports and Schedule of Expenditures of Federal Awards
June 30, 2018

University of Wyoming
(A Component Unit of the State of Wyoming)
June 30, 2018

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University of Wyoming
(A Component Unit of the State of Wyoming)
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity or Other Identifying Number</u>	<u>Federal Expenditures</u>	<u>Amount Paid to Subrecipient</u>
Research and Development Cluster				
<i>Department of Agriculture</i>				
<i>Direct Awards</i>				
Agricultural Research Basic and Applied Research	10.001	N/A	\$ 223,089	\$ -
Plant and Animal Disease, Pest Control, and Animal Care	10.025	N/A	148,378	-
Wildlife Services	10.028	N/A	4,263	-
Federal-State Marketing Improvement Program	10.156	N/A	16,412	-
Cooperative Forestry Research	10.202	N/A	276,745	-
Payments to Agricultural Experiment Stations Under the Hatch Act	10.203	N/A	1,723,256	-
Homeland Security Agricultural	10.304	N/A	83,742	-
Organic Agriculture Research and Extension Initiative	10.307	N/A	72,224	-
Agriculture and Food Research Initiative (AFRI)	10.310	N/A	531,589	168,717
Crop Protection and Pest Management Competitive Grants Program	10.329	N/A	90,350	-
Alfalfa and Forage Research Program	10.330	N/A	35,739	-
Cooperative Extension Service	10.500	N/A	1,972,296	11,664
Norman E. Bourlag International Agricultural Science and Technology	10.777	N/A	15,498	-
Soil and Water Conservation	10.902	N/A	563,426	-
Soil Survey	10.903	N/A	107,583	-
Sustainable Rangelands Roundtable	10.RD	15-CS-11132421-157	21,461	-
Comparing the Utility of eDNA and Visual Encounter Surveys for Amphibian Monitoring	10.RD	15-CS-11020603-015	13,614	-
Synthesis and Modeling of Conifer Forest Regeneration After Mountain Pine Beetle Epidemics: The Role of Drought and Climate Change	10.RD	14-JV-1221634-103	1,800	-
Fen Inventory Project	10.RD	15-CS-11021400-011	27,762	-
USFS Thunder Basin Prairie Dog Situation Assessment	10.RD	15-CS-11020609-027	23,802	-
Climbing Capacity Analysis and Outfitter-Guide Allocation for the Vedauwoo Recreation Area; Hunting Capacity Analysis and Outfitter-Guide Allocation for the Medicine Bow-Routt National Forest	10.RD	15-CS-11020605-055	19,589	-
Tracing Pollution Sources and Pollution Hotspots with Nitrogen Isotopes	10.RD	16-CS-11011100-002	4,612	-
Shoshone National Forest Biodiversity Studies	10.RD	16-CS-11021400-011	1,130	-
Rare Plant Work on the Bighorn National Forest 2016 and 2017	10.RD	16-CS-11020200-026	15,384	-
Extent of Yellowstone Cutthroat Trout Hybridization with Rainbow Trout in the North Fork Shoshone River 2017-2018	10.RD	17-CS-11021400-012	9,340	-
Total Direct Awards			6,003,084	180,381

University of Wyoming
(A Component Unit of the State of Wyoming)
Schedule of Expenditures of Federal Awards (continued)
June 30, 2018

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity or Other Identifying Number</u>	<u>Federal Expenditures</u>	<u>Amount Paid to Subrecipient</u>
<u>Research and Development Cluster (continued)</u>				
<i>Department of Agriculture (continued)</i>				
<i>Pass Through Awards</i>				
<i>South Dakota State University</i>				
Agriculture Research Basic and Applied Research	10.001	3TM612	\$ 12,685	\$ -
<i>Wyoming Department of Agriculture</i>				
Specialty Crop Block Grant Program - Farm Bill	10.170	22916PD001, 22416PD001, 14- SCBGP-WY-0056	44,606	-
<i>Utah State University</i>				
Sustainable Agriculture Research and Education	10.215	150893-00001-272, 200592-441, 201207- 513	14,906	-
Organic Agriculture Research and Extension Initiative	10.307	14082301	93,623	-
Cooperative Extension Service	10.500	130677012	984	(8,001)
Total Utah State University			<u>109,513</u>	<u>(8,001)</u>
<i>University of Delaware</i>				
Agricultural and Rural Economic Research, Cooperative Agreements and Collaborations	10.250	59-6000-4-0064	34,493	-
<i>Colorado State University</i>				
Integrated Programs	10.303	G-13521-2	47	-
Agriculture and Food Research Initiative (AFRI)	10.310	G-91600-1	126,698	-
Total Colorado State University			<u>126,745</u>	<u>-</u>
<i>Montana State University</i>				
Agriculture and Food Research Initiative (AFRI)	10.310	G104-16-W5256	3,596	-
Crop Protection and Pest Management Competitive Grants Program	10.329	G205-17-W6336	7,463	-
Total Montana State University			<u>11,059</u>	<u>-</u>
<i>Wyoming Department of Family Services</i>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	101616JJ01	1,315,411	-
Total Pass Through Awards			<u>1,654,512</u>	<u>(8,001)</u>
Total Department of Agriculture			<u>7,657,596</u>	<u>172,380</u>

University of Wyoming
(A Component Unit of the State of Wyoming)
Schedule of Expenditures of Federal Awards (continued)
June 30, 2018

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity or Other Identifying Number</u>	<u>Federal Expenditures</u>	<u>Amount Paid to Subrecipient</u>
<u>Research and Development Cluster (continued)</u>				
<i>Department of Commerce</i>				
<i>Pass Through Awards</i>				
<i>University Corporation for Atmospheric Research</i>				
Hydrologic Research	11.462	Z17-20336	\$ 92,630	\$ -
<i>North Pacific Research Board</i>				
Unallied Science Program	11.472	1513	8,795	-
<i>Total Department of Commerce</i>			<u>101,425</u>	<u>-</u>
<i>Department of Defense</i>				
<i>Direct Awards</i>				
Basic and Applied Scientific Research	12.300	N/A	205,808	-
Military Medical Research and Development	12.420	N/A	64,531	-
Basic, Applied, and Advanced Research in Science and Engineering	12.630	N/A	95,510	-
Research and Technology Development	12.910	N/A	174,891	-
Total Direct Awards			<u>540,740</u>	<u>-</u>
<i>Pass Through Awards</i>				
<i>University of New Hampshire</i>				
Seed Dispersal Networks and Novel Ecosystem Function in Hawaii	12.RD	15-043	81,504	-
<i>3M Company (Canada)</i>				
Military Medical Research and Development	12.420	W81XWH-15-2-0048	137,434	-
<i>South Dakota School of Mines and Technology</i>				
Basic, Applied, and Advanced Research in Science and Engineering	12.630	SDSMT-UWY 16-23	5,035	-
<i>Total Pass Through Awards</i>			<u>223,973</u>	<u>-</u>
<i>Total Department of Defense</i>			<u>764,713</u>	<u>-</u>

University of Wyoming
(A Component Unit of the State of Wyoming)
Schedule of Expenditures of Federal Awards (continued)
June 30, 2018

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity or Other Identifying Number</u>	<u>Federal Expenditures</u>	<u>Amount Paid to Subrecipient</u>
Research and Development Cluster (continued)				
<i>Department of the Interior</i>				
<i>Direct Awards</i>				
Agriculture on Indian Lands	15.034	N/A	\$ 48,086	\$ -
Cultural and Paleontological Resources Management	15.224	N/A	24,164	-
Wild Horse and Burro Resource Management	15.229	N/A	11,375	-
Fish, Wildlife, and Plant Conservation Resource Management	15.231	N/A	815,360	170,827
Wildland Fire Research and Studies	15.232	N/A	404	-
Environmental Quality and Protection	15.236	N/A	213,405	-
Rangeland Resource Management	15.237	N/A	35,278	-
Challenge Cost Share	15.238	N/A	11,270	-
Cultural Resources Management	15.511	N/A	12,017	-
Fish and Wildlife Management Assistance	15.608	N/A	156,570	-
Endangered Species Conservation - Recovery Implementation Funds	15.657	N/A	73	-
Assistance to State Water Resources Research Institutes	15.805	N/A	72,933	-
U.S. Geological Survey Research and Data Collection	15.808	N/A	104,832	-
Cooperative Research Units	15.812	N/A	197,887	-
Cooperative Research and Training Programs - Resources of the National Park System		N/A	324,508	33,791
Developing an Inventory and Monitoring Framework of Herbaceous Riparian Wetlands in the National Trails Management Corridor of the Upper Sweetwater River Basin, Wyoming	15.RD	L16PX01385	4,536	-
Total Direct Awards			2,032,698	204,618
<i>Pass Through Awards</i>				
<i>Western Association of Fish and Wildlife Agencies</i>				
Fish, Wildlife and Plant Conservation Resource Management	15.231	SBSI-C-18-01	2,234	-
<i>Colorado State University</i>				
Wildland Fire Research and Studies	15.232	G-09352-2	2,648	-
<i>Wyoming Department of Environmental Quality</i>				
Abandoned Mine Land Reclamation (AMLR)	15.252	061712SA7	145,770	-
<i>Wyoming Game and Fish Department</i>				
Sport Fish Restoration	15.605	002633, 002246, 002102	88,543	-
Wildlife Restoration and Basic Hunter Education	15.611	002364, 002581, 002585, 002641, 002632, 002595, 001609, 001203, 001816, 002066	587,026	-
State Wildlife Grants	15.634	002759, 002445,002630, 002629, 002266, 002267, 002265, 002433, 002479	451,362	-
Total Wyoming Game and Fish Department			1,126,931	-

University of Wyoming
(A Component Unit of the State of Wyoming)
Schedule of Expenditures of Federal Awards (continued)
June 30, 2018

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity or Other Identifying Number</u>	<u>Federal Expenditures</u>	<u>Amount Paid to Subrecipient</u>
<u>Research and Development Cluster (continued)</u>				
<i>Department of the Interior (continued)</i>				
<i>Pass Through Awards (continued)</i>				
<i>University of Nevada - Reno</i>				
Fish and Wildlife Management Assistance	15.608	UNR-17-45	\$ 18,292	\$ -
<i>Western Association of Fish and Wildlife Agencies</i>				
Adaptive Science	15.670	SBSI-C-17-06	30,412	-
<i>America View, Inc.</i>				
National Land Remote Sensing Education Outreach and Research	15.815	05262017REV001	17,974	-
Total Pass Through Awards			1,344,261	-
<i>Total Department of the Interior</i>			3,376,959	204,618
<u>Department of Transportation</u>				
<i>Direct Awards</i>				
Highway Training and Education	20.215	N/A	57,755	-
Total Direct Awards			57,755	-
<i>Pass Through Awards</i>				
<i>Wyoming Department of Transportation</i>				
Highway Planning and Construction	20.205	RS08216, RS02217, RS06217, RS05215, RS02216, RS03216, RS05216, RS07216, RS06216, LTAP0217, RS01217, RS05217, RS04217, RS03217, RS09217, RS08217, RS02218, RS06218, RS08218	681,614	3,748
Highway Research and Development Program	20.200	None provided	145,278	-
Total Wyoming Department of Transportation			826,892	3,748
<i>North Dakota State University</i>				
University Transportation Centers Program	20.701	FAR0023136	281,660	-
Total Pass Through Awards			1,108,552	3,748
<i>Total Department of Transportation</i>			1,166,307	3,748
<u>National Aeronautics and Space Administration</u>				
<i>Direct Awards</i>				
Science	43.001	N/A	593,964	15,568
Aeronautics	43.002	N/A	64,261	-
Education	43.008	N/A	942,601	-
Mixed-phase Cloud Property and Process Study with CloudSat, CALIPSO and other A-train Measurements	43.RD	NNX13AQ41G	4,322	-
Total Direct Awards			1,605,148	15,568

The accompanying notes are an integral part of this Schedule.

University of Wyoming
(A Component Unit of the State of Wyoming)
Schedule of Expenditures of Federal Awards (continued)
June 30, 2018

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity or Other Identifying Number</u>	<u>Federal Expenditures</u>	<u>Amount Paid to Subrecipient</u>
Research and Development Cluster (continued)				
<i>National Aeronautics and Space Administration (continued)</i>				
<i>Pass Through Awards</i>				
<i>Jet Propulsion Laboratory</i>				
Science	43.001	1536285	\$ 114,851	\$ -
<i>Planetary Science Institute</i>				
Science	43.001	1307, 1443	30,251	-
<i>Smithsonian Astrophysical Observatory</i>				
Science	43.001	GO4-15136X	15,988	-
<i>University of Colorado, Boulder</i>				
Science	43.001	1554876	10,901	-
<i>Institute of Museum & Library Services</i>				
Aeronautics	43.002	A18-0139-S003	33,037	-
<i>Dartmouth College</i>				
Unveiling Hidden Black Holes in the Cosmic Web: Dark Matter Halos of WISE Quasars from Planck CMB Lensing	43.RD	R920	126,389	-
<i>Space Telescope Science Institute</i>				
The Young Star Groups in Dwarf Galaxies	43.RD	HST-AR-14285.002-A	3,538	-
Total Pass Through Awards			<u>334,955</u>	<u>-</u>
Total National Aeronautics and Space Administration			<u>1,940,103</u>	<u>15,568</u>
National Science Foundation				
<i>Direct Awards</i>				
Engineering Grants	47.041	N/A	\$ 285,774	\$ 2,983
Mathematical and Physical Sciences	47.049	N/A	925,729	-
Geosciences	47.050	N/A	3,903,672	47,041
Computer and Information Science and Engineering	47.070	N/A	457,700	-
Biological Sciences	47.074	N/A	2,402,475	854,476
Social, Behavioral, and Economic Sciences	47.075	N/A	108,573	-
Education and Human Resources	47.076	N/A	1,034,591	53,245
Polar Programs	47.078	N/A	61,711	-
Office of International Science and Engineering	47.079	N/A	1,162,736	69,586
Office of Integrative Activities	47.083	N/A	1,118,212	-
2017 Intergovernmental Personnel Act Assignment Agreement	47.RD	12212016JJ02	130,401	-
2017-18 Intergovernmental Personnel Act Assignment Agreement	47.RD	EAR-1518401-003	30,168	-
Total Direct Awards			<u>11,621,742</u>	<u>1,027,331</u>

The accompanying notes are an integral part of this Schedule.

University of Wyoming
(A Component Unit of the State of Wyoming)
Schedule of Expenditures of Federal Awards (continued)
June 30, 2018

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity or Other Identifying Number</u>	<u>Federal Expenditures</u>	<u>Amount Paid to Subrecipient</u>
Research and Development Cluster (continued)				
<i>National Science Foundation (continued)</i>				
<i>Pass Through Awards</i>				
<i>University of Colorado, Boulder</i> Engineering Grants	47.041	PO 1000902001	\$ 13,521	\$ -
<i>University of Utah</i> Engineering Grants	47.041	10040381-UW	25,301	-
<i>National Radio Astronomy Observatory</i> Mathematical and Physical Sciences	47.049	359390	11,060	-
<i>Texas A&M University</i> Mathematical and Physical Sciences	47.049	02-S170221	20,007	-
<i>Carnegie Mellon University</i> Mathematical and Physical Sciences	47.049	1122454-373099	5,272	-
Computer and Information Science and Engineering	47.070	1122007-370694	21,552	-
Total Carnegie Mellon University			26,824	-
<i>Association of Universities for Research and Astronomy</i> Mathematical and Physical Sciences	47.049	N67286C-N	10,867	-
<i>National Center for Atmospheric Research</i> Geosciences	47.050	Z15-16886	64,681	-
<i>University of California</i> Geosciences	47.050	F100GRA293, EAR-1331939-UWYO	57,412	-
<i>University of Texas at Austin</i> Geosciences	47.050	UTA13-000849	7,363	-
<i>University of Minnesota</i> Geosciences	47.050	A003176709	18,440	-
<i>Columbia University</i> Geosciences	47.050	25(GG00393)	13,181	-
<i>University of Illinois at Urbana-Champaign</i> Computer and Information Science and Engineering	47.070	15830	10,287	-
<i>Colorado State University</i> Biological Sciences	47.074	G-35867-1	6,124	-
Education and Human Resources	47.076	G-46373-13	34,747	-
Total Colorado State University			40,871	-

The accompanying notes are an integral part of this Schedule.

University of Wyoming
(A Component Unit of the State of Wyoming)
Schedule of Expenditures of Federal Awards (continued)
June 30, 2018

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity or Other Identifying Number	Federal Expenditures	Amount Paid to Subrecipient
Research and Development Cluster (continued)				
<i>National Science Foundation (continued)</i>				
<i>Pass Through Awards (continued)</i>				
<i>Tibbets, Teresa</i>				
Biological Sciences	47.074	082905UW1	\$ 78	\$ -
<i>Arizona State University</i>				
Biological Sciences	47.074	15-573	5,151	-
<i>Cold Spring Harbor Laboratory</i>				
Biological Sciences	47.074	920728-SV, 52160113, 52160213, 52160413	5,337	-
<i>Dartmouth College</i>				
Biological Sciences	47.074	837R166	30,403	-
<i>University of California, Berkeley</i>				
Biological Sciences	47.074	00008859	3,577	-
<i>Esal LLC</i>				
Social, Behavioral, and Economic Sciences	47.075	11012017REV002	31,277	-
<i>Temple University</i>				
Education and Human Resources	47.076	259858-UWY	138,108	-
<i>Montana State University</i>				
Office of Integrative Activities	47.083	G138-17-W6274	458,762	-
<i>Jackson State University</i>				
Office of Integrative Activities	47.083	2016-633196UM	396,453	-
Total Pass Through Awards			<u>1,388,961</u>	<u>-</u>
Total National Science Foundation			<u>13,010,703</u>	<u>1,027,331</u>
<i>Environmental Protection Agency</i>				
<i>Direct Awards</i>				
Regional Wetland Program Development Grants	66.461	N/A	108,843	-
Science to Achieve Results (STAR) Research Program	66.509	N/A	67,630	-
Total Direct Awards			<u>176,473</u>	<u>-</u>
<i>Pass Through Awards</i>				
<i>Wyoming Department of Agriculture</i>				
Performance Partnership Grants	66.605	BG96825016-0, BG96825016-1	13,983	-
Total Pass Through Awards			<u>13,983</u>	<u>-</u>
Total Environmental Protection Agency			<u>190,456</u>	<u>-</u>

University of Wyoming
(A Component Unit of the State of Wyoming)
Schedule of Expenditures of Federal Awards (continued)
June 30, 2018

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity or Other Identifying Number</u>	<u>Federal Expenditures</u>	<u>Amount Paid to Subrecipient</u>
Research and Development Cluster (continued)				
<i>Department of Energy</i>				
<i>Direct Awards</i>				
Office of Science Financial Assistance Program	81.049	N/A	\$ 2,037,790	\$ 219,874
Renewable Energy Research and Development	81.087	N/A	225,227	-
Fossil Energy Research and Development	81.089	N/A	2,150,767	750,107
Total Direct Awards			<u>4,413,784</u>	<u>969,981</u>
<i>Pass Through Awards</i>				
<i>University of Washington, Seattle</i>				
Office of Science Financial Assistance Program	81.049	UWSC10123	4,052	-
<i>UT-Battelle LLC</i>				
Office of Science Financial Assistance Program	81.049	4000145385	79,338	-
<i>State University of New York</i>				
Office of Science Financial Assistance Program	81.049	16-22	68,451	-
<i>Western Research Institute</i>				
Conservation Research and Development	81.086	UW17-10G663	50,235	-
<i>West Virginia University</i>				
Renewable Energy Research and Development	81.087	10-733-UW-2	305,392	-
<i>Pennsylvania State University</i>				
Fossil Energy Research and Development	81.089	5526-UW-DOE-6825	189,545	-
<i>Southern States Energy Board</i>				
Fossil Energy Research and Development	81.089	SSEB-ECO2S-940-UWY-2017-001	103,267	-
<i>Battelle Energy Alliance</i>				
Nuclear Energy Research, Development and Demonstration	81.121	157819	22,642	-
<i>University of Colorado</i>				
Advanced Research Projects Agency - Energy	81.135	1553524	172,592	-
<i>Battelle Memorial Institute - Pacific Northwest Division</i>				
Wildfires and Regional Climate Variability, Mechanisms, Modeling and Prediction	81.RD	219528	101,389	-
Wildfires and Regional Climate Variability, Mechanisms, Modeling and Prediction 1	81.RD	HRRR018	39,512	-
Total Battelle Memorial Institute - Pacific Northwest Division			<u>140,901</u>	<u>-</u>
<i>Lawrence Berkeley National Laboratory</i>				
Measurement-Based Stability Assessment - Real Time Measurement	81.RD	7248680	10,593	-
Quality Assurance and Data Reduction for the Beijing-Arizona Sky Survey (BASS)	81.RD	7283082	11,119	-
Total Lawrence Berkeley National Laboratory			<u>21,712</u>	<u>-</u>
Total Pass Through Awards			<u>1,158,127</u>	<u>-</u>
Total Department of Energy			<u>5,571,911</u>	<u>969,981</u>

The accompanying notes are an integral part of this Schedule.

University of Wyoming
(A Component Unit of the State of Wyoming)
Schedule of Expenditures of Federal Awards (continued)
June 30, 2018

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity or Other Identifying Number</u>	<u>Federal Expenditures</u>	<u>Amount Paid to Subrecipient</u>
Research and Development Cluster (continued)				
<i>Department of Education</i>				
<i>Pass Through Awards</i>				
<i>Wyoming Department of Education</i>				
Special Education Grants to States	84.027A	None provided	\$ 505,959	-
Total Pass Through Awards			505,959	-
Total Department of Education			505,959	-
<i>Department of Health and Human Services</i>				
<i>Direct Awards</i>				
Research Infrastructure Programs	93.351	N/A	171,207	83,507
Nurse Education, Practice Quality and Retention Grants	93.359	N/A	353,444	-
Cardiovascular Diseases Research	93.837	N/A	445,612	154,213
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	N/A	73,720	-
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	N/A	535,746	-
Allergy and Infectious Diseases Research	93.855	N/A	574,236	32,396
Biomedical Research and Research Training	93.859	N/A	3,411,481	203,937
Child Health and Human Development Extramural Research	93.865	N/A	1,510,366	193,725
Aging Research	93.866	N/A	132,513	-
Total Direct Awards			7,208,325	667,778
<i>Pass Through Awards</i>				
<i>Colorado State University</i>				
Occupational Safety and Health Program	93.262	G-41102-1	14,858	-
<i>Washington State University</i>				
Drug Abuse and Addiction Research Programs	93.279	1R01DA040965	146,009	-
<i>Wyoming Department of Health</i>				
Medical Assistance Program	93.778	010614JJ01	271,509	-
<i>University of Nevada, Las Vegas</i>				
Biomedical Research and Research Training	93.859	18-22QR-UW-MSRP-01, 18-22QR-UW-PG73, 18-22QR-UW-MSRP-02, 18-22QN-UW-05-BS	181,802	-
<i>University of Texas Health Science Center at San Antonio</i>				
Child Health and Human Development Extramural Research	93.865	160540, 160538	22,781	-
Total Pass Through Awards			636,959	-
Total Department of Health and Human Services			7,845,284	667,778
Total Research and Development Cluster			42,131,416	3,061,404

University of Wyoming
(A Component Unit of the State of Wyoming)
Schedule of Expenditures of Federal Awards (continued)
June 30, 2018

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity or Other Identifying Number</u>	<u>Federal Expenditures</u>	<u>Amount Paid to Subrecipient</u>
Department of Agriculture				
<i>Direct Awards</i>				
Higher Education - Institution Challenge Grants Program	10.217	N/A	\$ 4,791	\$ -
Crop Insurance Education in Targeted States	10.458	N/A	258,361	133,542
Cooperative Extension Service	10.500	N/A	60,147	-
Soil and Water Conservation	10.902	N/A	1,067	-
Conservation Stewardship Program	10.924	N/A	18,949	-
Broad Scale Floristic Inventory of the Clearwater Unit of the Nez Perce- Clearwater National Forest, Idaho	10.U01	15-CS-11011700-048	7,437	-
Black Hills Forest Archaeological Repository Curatorial Services	10.U02	16-CS-11020300-055	8,507	-
Bighorn National Forest East Tensleep Creek Trail Construction	10.U03	16-PA-11020200-009	5,570	-
Regional Lodgepole Pine Community Study	10.U04	17-CS-11020000-038	1,811	-
2017 Bridger Teton Trail Project - Greys River Trail Work	10.U05	17-PA-11040303-026	9,216	-
Total Direct Awards			375,856	133,542
<i>Pass Through Awards</i>				
<i>Wyoming Department of Agriculture</i>				
Specialty Crop Block Grant Program - Farm Bill	10.170	021616JJ03, 021616JJ02, 16- SCBGP-WY-0023, 05112017REV001, 14-SCBGP-WY-0056, 040615JJ03, 040615JJ01	59,868	-
<i>Wyoming Department of Education</i>				
Specialty Crop Block Grant Program - Farm Bill	10.170	021616JJ03	420	-
<i>Utah State University</i>				
Sustainable Agriculture Research and Education	10.215	140867009-354, 150893-00001-226, 150893-00001-231, 200592-00001-317	269,954	16,470
<i>Kansas State University</i>				
Homeland Security Agricultural	10.304	S17051	10,822	-
Cooperative Extension Service	10.500	S18087, S17104	18,773	-
Total Kansas State University			29,595	-
<i>University of California, Davis</i>				
Crop Protection and Pest Management Competitive Grants Program	10.329	SA14-2309-32	29,975	-
SNAP Cluster				
<i>Wyoming Department of Family Services</i>				
Supplemental Nutrition Assistance Program	10.551	141089	477,721	-
Total SNAP Cluster			477,721	-
Total Pass Through Awards			867,533	16,470
Total Department of Agriculture			1,243,389	150,012

The accompanying notes are an integral part of this Schedule.

University of Wyoming
(A Component Unit of the State of Wyoming)
Schedule of Expenditures of Federal Awards (continued)
June 30, 2018

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity or Other Identifying Number	Federal Expenditures	Amount Paid to Subrecipient
Department of Commerce				
<i>Direct Awards</i>				
Economic Development Technical Assistance	11.303	N/A	\$ 102,734	-
Manufacturing Extension Partnership	11.611	N/A	449,461	-
Total Direct Awards			552,195	-
Total Department of Commerce			552,195	-
Department of Defense				
<i>Direct Awards</i>				
Procurement Technical Assistance For Business Firms	12.002	N/A	195,021	-
Total Department of Defense			195,021	-
Department of the Interior				
<i>Direct Awards</i>				
Cultural and Paleontological Resources Management	15.224	N/A	46,288	-
Rangeland Resource Management	15.237	N/A	50,236	-
Migratory Bird Monitoring, Assessment and Conservation	15.655	N/A	8,453	-
Cooperative Research and Training Programs - Resources of the National Park System			40,323	-
Socioeconomic Reports for BLM Casper Field Office and BLM Arizona Colorado River District	15.U01	L14PX01859	16,367	-
Total Direct Awards			161,667	-
<i>Pass Through Awards</i>				
<i>Wyoming State Parks and Cultural Resources</i>				
Fisheries and Aquatic Resources Management	15.244	01132017JJ01	90,554	-
<i>Wyoming Department of Environmental Quality</i>				
Abandoned Mine Land Reclamation (AMLR)	15.252	092211SA1 61416PD001	536,727	-
Fish and Wildlife Cluster				
<i>Wyoming Game and Fish Department</i>				
Sport Fish Restoration	15.605	002633	8,805	-
<i>California Department of Fish and Wildlife</i>				
Wildlife Restoration and Basic Hunter Education	15.611	P1580002	107,354	-
Total Fish and Wildlife Cluster			116,159	-
<i>Wyoming Game and Fish Department</i>				
Fish and Wildlife Management Assistance	15.608	002238	8,833	-
Wildlife Conservation and Restoration	15.625	002525	17,718	-
Total Wyoming Game and Fish Department			26,551	-
<i>Wyoming State Geological Survey</i>				
National Cooperative Geologic Mapping	15.810	11282017REV001	30,242	-
<i>California Department of Fish and Wildlife</i>				
Potential Population Size of Sierra Nevada Bighorn Sheep	15.U02	P1560014	99,939	-
Total Pass Through Awards			900,172	-
Total Department of the Interior			1,061,839	-

The accompanying notes are an integral part of this Schedule.

University of Wyoming
(A Component Unit of the State of Wyoming)
Schedule of Expenditures of Federal Awards (continued)
June 30, 2018

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity or Other Identifying Number</u>	<u>Federal Expenditures</u>	<u>Amount Paid to Subrecipient</u>
Department of Justice				
<i>Direct Awards</i>				
State Justice Statistics Program for Statistical Analysis Centers	16.550	N/A	\$ 32,321	\$ -
Total Department of Justice			<u>32,321</u>	<u>-</u>
Department of Transportation				
<i>Pass Through Awards</i>				
Highway Planning and Construction Cluster				
<i>Wyoming Department of Transportation</i>				
Highway Planning and Construction	20.205	RS05214, 022817JJ01, HRRR018, LTAP0218, 01032018REV001	227,772	-
<i>Total Highway Planning and Construction Cluster</i>			<u>227,772</u>	<u>-</u>
<i>Wyoming Department of Transportation</i>				
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	FT16075	5,979	-
Formula Grants for Rural Areas	20.509	5311-18-TA-02, 5311-17-FTA-02	1,147,904	-
Total Wyoming Department of Transportation			<u>1,153,883</u>	<u>-</u>
Highway Safety Cluster				
<i>Wyoming Association of Sheriffs and Chiefs of Police</i>				
National Priority Safety Programs	20.616	121616KP01, 11292017REV002	2,045	-
<i>Total Highway Safety Cluster</i>			<u>2,045</u>	<u>-</u>
<i>Wyoming Office of Homeland Security</i>				
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	17-DOT-UWY-HM- HMP17 HM-HMP- 0562-16-01-00	25,333	-
Total Pass Through Awards			<u>1,409,033</u>	<u>-</u>
Total Department of Transportation			<u>1,409,033</u>	<u>-</u>
National Aeronautics and Space Administration				
<i>Direct Awards</i>				
Education	43.008	N/A	283,102	-
Total National Aeronautics and Space Administration			<u>283,102</u>	<u>-</u>
National Endowment for the Humanities				
<i>Direct Awards</i>				
Promotion of the Arts Grants to Organizations and Individuals	45.024	N/A	15,228	-
Promotion of the Humanities Challenge Grants	45.130	N/A	18,352	-
Museums for America	45.301	N/A	555	-
Total Direct Awards			<u>34,135</u>	<u>-</u>

The accompanying notes are an integral part of this Schedule.

University of Wyoming
(A Component Unit of the State of Wyoming)
Schedule of Expenditures of Federal Awards (continued)
June 30, 2018

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity or Other Identifying Number</u>	<u>Federal Expenditures</u>	<u>Amount Paid to Subrecipient</u>
National Endowment for the Humanities (continued)				
<i>Pass Through Awards</i>				
<i>Wyoming Arts Council</i>				
Promotion of the Arts Partnership Agreements	45.025	11302017REV001, 12042017REV001, 11132017REV001, 10102017REV001, 10112017REV001	\$ 32,564	\$ -
<i>Wyoming Humanities Council</i>				
Promotion of the Humanities Federal/State Partnership	45.129	031-17	750	-
Total Pass Through Awards			33,314	-
Total National Endowment for the Humanities			67,449	-
Small Business Administration				
<i>Direct Awards</i>				
Small Business Development Centers	59.037	N/A	928,684	-
Federal and State Technology Partnership Program	59.058	N/A	50,647	-
Total Direct Awards			979,331	-
<i>Pass Through Awards</i>				
<i>Wyoming Business Council</i>				
State Trade Expansion	59.061	157810, 157806	21,768	-
Total Pass Through Awards			21,768	-
Total Small Business Administration			1,001,099	-
Department of Veteran's Affairs				
<i>Pass Through Awards</i>				
<i>Albany County</i>				
VA Grants for Adaptive Sports Programs for Disabled Veterans and Disabled Members of the Armed Forces	64.034	12062016REV001, 12062017REV001	64,982	22,750
Total Department of Veteran's Affairs			64,982	22,750
Environmental Protection Agency				
<i>Pass Through Awards</i>				
<i>Wyoming Department of Agriculture</i>				
Performance Partnership Grants	66.605	BG96825016-0	5,224	-
Total Environmental Protection Agency			5,224	-
Department of Energy				
<i>Pass Through Awards</i>				
<i>Wyoming Department of Education</i>				
National Instructional Materials Access Center (NIMAC): Accessible Educational Materials (2017)	81.027A	02092017REV002	50,864	-
Total Department of Energy			50,864	-

The accompanying notes are an integral part of this Schedule.

University of Wyoming
(A Component Unit of the State of Wyoming)
Schedule of Expenditures of Federal Awards (continued)
June 30, 2018

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity or Other Identifying Number</u>	<u>Federal Expenditures</u>	<u>Amount Paid to Subrecipient</u>
Department of Education				
<i>Direct Awards</i>				
Student Financial Assistant Cluster				
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007	N/A	\$ 391,469	\$ -
Federal Work-Study Program	84.033	N/A	465,317	-
Federal Perkins Loan Program	84.038	N/A	6,716,543	-
Federal Pell Grant Program	84.063	N/A	9,485,814	-
Federal Direct Student Loans	84.268	N/A	41,352,702	-
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	84.379	N/A	12,291	-
<i>Total Student Financial Assistant Cluster</i>			<u>58,424,136</u>	<u>-</u>
TRIO Cluster				
TRIO - Student Support Services	84.042A	N/A	375,757	-
TRIO - Upward Bound	84.047A	N/A	404,584	-
TRIO - Upward Bound	84.047M	N/A	287,524	-
TRIO - Educational Opportunity Centers	84.066	N/A	114,841	-
TRIO - Educational Opportunity Centers	84.066A	N/A	673,430	-
TRIO - McNair Post-Baccalaureate Achievement	84.217A	N/A	281,463	-
<i>Total TRIO Cluster</i>			<u>2,137,599</u>	<u>-</u>
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334S	N/A	3,393,695	2,572,845
Total Direct Awards			<u>63,955,430</u>	<u>2,572,845</u>
<i>Pass Through Awards</i>				
<i>Wyoming Department of Education</i>				
Mathematics and Science Partnerships	84.366B	1601506MSPA0, 17015017MSPPOA0, 1601506MSPA2, 17015017MSPPOA1	156,870	13,000
<i>Center for Civic Education & National Writing Project</i>				
Supporting Effective Instruction State Grants	84.367D	U367D150010	48,499	-
Total Pass Through Awards			<u>205,369</u>	<u>13,000</u>
Total Department of Education			<u>64,160,799</u>	<u>2,585,845</u>
Department of Health and Human Services				
<i>Direct Awards</i>				
Health Center Program Cluster				
Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224	N/A	906,357	-
<i>Total Health Center Program Cluster</i>			<u>906,357</u>	<u>-</u>
ACL Assistive Technology	93.464	N/A	363,314	-
Family to Family Health Information Centers	93.504	N/A	85,610	8,001
University Centers for Excellence in Developmental Disabilities Education, Research, and Service	93.632	N/A	436,175	-
PPHF Geriatric Education Centers	93.969	N/A	737,162	108,218
Total Direct Awards			<u>2,528,618</u>	<u>116,219</u>

The accompanying notes are an integral part of this Schedule.

University of Wyoming
(A Component Unit of the State of Wyoming)
Schedule of Expenditures of Federal Awards (continued)
June 30, 2018

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity or Other Identifying Number</u>	<u>Federal Expenditures</u>	<u>Amount Paid to Subrecipient</u>
Department of Health and Human Services				
<i>Pass Through Awards</i>				
<i>Wyoming Department of Health</i>				
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	DD-2018-01	\$ 26,300	\$ -
Maternal, Infant, and Early Childhood Home Visiting Cluster				
<i>University of Maryland, Baltimore County</i>				
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	0000018182	17,293	-
<i>Total Maternal, Infant, and Early Childhood Home Visiting</i>			<u>17,293</u>	<u>-</u>
<i>University of Washington, Seattle</i>				
Area Health Education Centers	93.107	755331	34,188	-
<i>State of Oregon</i>				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	132917	305,513	129,091
<i>Mountain-Pacific Quality Health Foundation</i>				
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	132917	99,463	-
<i>Wyoming Department of Health</i>				
Opioid STR	93.788	01302018REV001	45,010	-
Assistance Programs for Chronic Disease Prevention and Control	93.945	6616PD001	20,953	-
Block Grants for Community Mental Health Services	93.958	01302018REV001	1,350	-
<i>Total Wyoming Department of Health</i>			<u>67,313</u>	<u>-</u>
<i>University of Utah</i>				
Medical Library Assistance	93.879	10039576-06	69,764	-
<i>Total Pass Through Awards</i>			<u>619,834</u>	<u>129,091</u>
Total Department of Health and Human Services			<u>3,148,452</u>	<u>245,310</u>
Corporation of National and Community Service				
<i>Pass Through Awards</i>				
<i>Serve Wyoming</i>				
AmeriCorps	94.006	16AC179052, 17AC189526	187,850	-
Total Corporation of National and Community Service			<u>187,850</u>	<u>-</u>
Department of Homeland Security				
<i>Pass Through Awards</i>				
<i>Wyoming Office of Homeland Security</i>				
Homeland Security Grant Program	97.067	EMW-2015-SS-00037	59,001	-
Total Department of Homeland Security			<u>59,001</u>	<u>-</u>
Total Federal Awards			<u>\$ 115,654,036</u>	<u>\$ 6,065,321</u>

The accompanying notes are an integral part of this Schedule.

University of Wyoming
(A Component Unit of the State of Wyoming)

Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the University of Wyoming (the University) under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the University, it is not intended to and does not present the financial position, changes in net position or cash flows of the University.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in the U.S. Office of Management and Budget Circular A-21, *Cost Principles for Educational Institutions*, or the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The University has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance as the University either uses its negotiated indirect cost rate or the indirect cost rate agreed upon through the grant agreement.

3. Federal Loan Funds – Not Subject to Compliance

The University has certain federal student loan funds not subject to continuing compliance requirements, such as the Federal Direct Student Loans. Since there are no continuing compliance requirements other than required loan payments, the outstanding loan balances have not been included in the Schedule. New loans made during the year under this program are included in the Schedule.

4. Federal Loan Funds – Subject to Further Compliance

The federal loan programs listed subsequently are administered directly by the University, and balances and transactions relating to these programs are included in the University’s basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of loans outstanding at June 30, 2018, are as follows:

CFDA Number	Program Name	Outstanding Balance at June 30, 2018
84.038	Federal Perkins Loan program	\$5,530,910

**Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance with
*Government Auditing Standards***

Independent Auditor's Report

Board of Trustees
University of Wyoming
Laramie, Wyoming

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of the University of Wyoming (the University), a component unit of the State of Wyoming, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated November 15, 2018, which contained a reference to the reports of other auditors and contained a paragraph emphasizing matters regarding the financial statements. The financial statements of the University of Wyoming Foundation (the Foundation), the discretely presented component unit, were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Foundation.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2018-001 and 2018-002 to be material weaknesses.

Board of Trustees
University of Wyoming

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2018-003 and 2018-004 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The University's Response to Findings

The University's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs and/or corrective action plan. The University's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Denver, Colorado
November 15, 2018

**Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and Report on Schedule of
Expenditures of Federal Awards Required by the Uniform Guidance**

Independent Auditor's Report

Board of Trustees
University of Wyoming
Laramie, Wyoming

Report on Compliance for Each Major Federal Program

We have audited the University of Wyoming's (the University) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the University's major federal program for the year ended June 30, 2018. The University's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the University's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our qualified opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the University's compliance.

Board of Trustees
University of Wyoming

Basis for Qualified Opinion on Research and Development Cluster

As described in the accompanying schedule of findings and questioned costs, the University did not comply with requirements regarding the Research and Development Cluster as described in finding numbers 2018-006 for Equipment Management and 2018-007 for Procurement. Compliance with such requirements is necessary, in our opinion, for the University to comply with the requirements applicable to that program.

Qualified Opinion on Research and Development Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Research and Development Cluster for the year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2018-005, 2018-008 and 2018-009. Our opinion on the major federal program is not modified with respect to these matters.

The University's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs and/or corrective action plan. The University's response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a

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federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2018-006 and 2018-007 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2018-005 and 2018-009 to be significant deficiencies.

The University's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs and/or corrective action plan. The University's response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the business-type activities and the discretely presented component unit of the University as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the University's basic financial statements. We issued our report thereon dated November 15, 2018, which contained unmodified opinions on those financial statements, a reference to the reports of other auditors and a paragraph emphasizing matters regarding the financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Denver, Colorado

University of Wyoming
(A Component Unit of the State of Wyoming)
Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2018

8. Dollar threshold used to distinguish between Type A and Type B programs: \$3,000,000.
9. Auditee qualified as a low-risk auditee? Yes No

University of Wyoming
(A Component Unit of the State of Wyoming)
Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2018

Section II – Financial Statement Findings

Reference Number	Finding
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2018-001 Finding: Restatement of Prior Year Financial Statements

Criteria or Specific Requirement: Management is responsible for establishing and maintaining effective internal controls over financial reporting. Effective internal controls are an important component of a system that helps ensure transactions are recorded timely and in the proper reporting period, thereby providing accurate financial data. Specifically, the University should have controls in place to ensure new accounting standards are properly adopted and transactions are recorded in accordance with applicable accounting standards/guidance.

Condition: The following issues were noted during the 2018 audit, causing the prior period's financial statements to be restated:

- a) For fiscal year 2017 (prior year), the University early adopted the provisions of Governmental Accounting Standards Board Statement No. 75 (GASB 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The University adopted this standard for its single-employer postemployment benefit plan (OPEB) and restated beginning net position in the prior year for \$16,312,956. However, the University also participates in the statewide multiple-employer plan, and since the information to allow for adoption of GASB 75 was not available for this plan, the University did not adopt the provisions of GASB 75 for the statewide plan. Because of this, the University did not properly adopt the provisions of GASB 75. The University has included the OPEB liability and related items for the statewide plan for the year ended June 30, 2018. The impact of this correction is a decrease of beginning net position at July 1, 2017 of \$177,604,496.
- b) Included in the restatement was also an adjustment relating to grants receivable and revenue. See separate finding 2018-002.
- c) The University corrected its method of accounting for federal direct loans whereby these were previously included in nonoperating revenues and scholarship expense. The inflows and outflows of the federal direct loans are shown on the statement of cash flows as agency inflows and outflows, but are no longer shown on the statement of revenues, expenses and changes in net position. Federal direct loans for the years ended June 30, 2018 and 2017 were approximately \$42 million and \$40 million, respectively. However, this adjustment had no impact on beginning net position at July 1, 2017.

Effect: The items outlined above resulted in a restatement of the beginning net position of approximately \$180 million.

Causes:

- a) Accounting standards require other postemployment benefit (OPEB) plans to have an actuarial valuation performed at least biennially. The single employer OPEB plan was due for its valuation in fiscal year 2017. As the plan again would have had to have an actuarial valuation performed in 2018 for the adoption of GASB 75, management chose to have the single employer plan's actuary perform the valuation in accordance with the requirements of GASB 75, with the intention of early adopting the new accounting standard. Subsequent to this valuation, management learned that this information would not be available for the statewide plan. Management learned this very late in the prior year's audit process. Since management had the GASB 75 valuation for the single employer OPEB plan, it chose to include this information in the fiscal year 2017 financial statements and restate the 2017 financial statements, while including the statewide plan OPEB information in accordance with the prior accounting standard.
- b) See 2018-002.
- c) Management was not aware of guidance from the National Association of College and University Business Officers (NACUBO) regarding the recognition of Direct Loans as agency transactions. As such, the University handled these transactions as offsetting revenue and expenses on the statement of revenues, expenses and change in net position.

Recommendation: With new accounting pronouncements becoming effective in the subsequent years, we recommend that the University verifies all information is available before adopting the new accounting standards and strengthens controls over this process to ensure new pronouncements are adopted properly and applicable transactions are recorded in compliance with any new guidance.

Views of Responsible Officials: The University agrees with the finding. See separate auditee document for planned corrective actions.

University of Wyoming
(A Component Unit of the State of Wyoming)
Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2018

**Reference
Number**

Finding

2018-002 Finding: Accounting for Grant Receivables and Revenue

Criteria or Specific Requirement: Management is responsible for establishing and maintaining effective internal controls over financial reporting. Effective internal controls are an important component of a system that helps ensure transactions are recorded timely and in the proper reporting period, thereby providing accurate financial data. Specifically, the University should have controls in place to ensure the University's grant receivables, revenue and unearned revenue are properly recorded in the proper period.

Condition:

- a) At June 30, 2017, the University improperly included amounts of approximately \$13.2 million in grants receivable, whereby these payments were received prior to year-end, but not properly applied against the outstanding receivable and therefore improperly included these amounts in grants receivable. Furthermore, grant revenue of approximately \$10.9 million was not recorded in the proper period whereby revenue that should have been recorded at June 30, 2017 was recorded in fiscal year 2018. These amounts were included in the restatement of the prior year financial statements (see 2018-001).
- b) Several adjustments were proposed during the audit process. This included adjustments of approximately \$18.8 million of proposed adjustments to accrue invoices to grants receivable and revenue at June 30, 2018. This adjustment was made by management in order to keep receivables and revenue from being materially misstated.
- c) Furthermore, an adjustment of approximately \$602,000 to grants receivable, several adjustments totaling approximately \$7 million to revenue and \$2.5 million to unearned revenue were waived by management and not recorded.

Effect: The beginning net position was restated to properly state grant receivables at July 1, 2018, and grants receivable and revenue were adjusted by \$18.8 million in order to properly state these balances.

Cause: Cut-off was incorrectly applied in both the prior year and the current year. At the beginning of fiscal year 2018, the University implemented a new accounting system, WyoCloud. During the conversion process from the previous system, the grants receivable balance at June 30, 2017 was converted into WyoCloud, prior to management adjusting for cash collections, thereby overstating the receivable balance. Furthermore, the WyoCloud system was not set up as expected and was not accruing grant revenue as management expected, causing current year invoices not to be recorded.

Recommendation: We recommend the University thoroughly examine how WyoCloud is set up and ensure that all grants management personnel understand this set up and how WyoCloud is recognizing receivables and revenue at year-end. Furthermore, we recommend that management more timely reconcile the grant receivable accounts and develop a grant "rollforward" schedule. This schedule serves as a strong control to help ensure the receivable balances are accurate and complete and begins with the current year's ending balance, adds expenditures, subtracts receipts and "rolls" to an ending balance at the subsequent year-end.

Views of Responsible Officials: The University agrees with the finding. See separate auditee document for planned corrective actions.

University of Wyoming
(A Component Unit of the State of Wyoming)
Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2018

**Reference
Number**

Finding

2018-003 Finding: Cash Reconciliations

Criteria or Specific Requirement: Sound internal controls dictate that cash accounts be reconciled on a timely and monthly basis.

Condition: Cash was not being reconciled in a timely manner or on a regular basis throughout fiscal year 2018. As a result, we noted several large reconciling differences on the cash reconciliations. The majority of these reconciling items were related to unapplied payment on the grants receivable, but this reconciling item was not investigated and resolved until the audit process.

Effect: In addition to the reconciling differences that needed to be resolved during the audit process, untimely or irregular reconciliations increase the risks of fraud and error and could lead to material misstatements to the financial statements.

Cause: As mentioned, the University implemented the new accounting system called WyoCloud. The conversion process increased the workload on the accounting staff leading to staff falling behind on the reconciliations.

Recommendation: Reconciliations are a vital control over cash accounts and as such, we recommend that the reconciliations be consistently performed monthly and performed as soon as possible past month-end.

Views of Responsible Officials: The University agrees with the finding. See separate report for planned corrective actions.

University of Wyoming
(A Component Unit of the State of Wyoming)
Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2018

**Reference
Number**

Finding

2018-004 **Finding:** Information Systems Change Management Segregation of Duties

Criteria or Specific Requirement: *Government Auditing Standard* Section 8.63a identifies that information systems general controls include segregation of duties. In the information technology environment, these duties are generally defined both organizationally and logically as different individuals within the organization performing the following duties: request and approve program development or program changes, program the development or change, move programs in and out of production, and monitor program development and changes

Condition: During the Information Technology General Control (ITGC) review, we noted that a lack of segregation of incompatible duties exists within the manage change environment for the Banner and PeopleSoft Human Resources Management System (HRMS) applications. Individuals have the access rights that enable them to both program the development or change in the development environment, and move programs in and out of the production environment.

Effect: This may result in the risk that an unauthorized or unapproved program or data change is promoted to the production environment, or key financial data/programs are intentionally or unintentionally modified, and avoid detection.

Cause: The cause appears to be a result of the University of Wyoming's (UW) IT organizational structure. UW addressed the 2017 Compliance Audit Significant Deficiency by reducing the number of Database Administrators (DBAs) granted access to both the development and production environments. Based upon inquiry, there is one DBA Quality Assurance backup for Banner and one for PeopleSoft HRMS. Previously there were approximately seven DBA backups.

Recommendation: Where possible, management should eliminate the segregation of duties conflicts by removing developer access to production systems housing the Banner and People Soft HRMS application code files. Developers should not have the ability to move code to production unless a compensating control is designed to detect when the other change management ITGC controls in place have been circumvented because of the segregation of incompatible duties issues.

Compensating controls to segregation of duties can include: Change log review to determine that only approved changes were moved into production, while confirming the change log is complete and/or change control meetings that discuss and follow-up on recent changes that have been moved into production, while monitoring for unauthorized changes.

Views of Responsible Officials: The University agrees with the finding. See separate report for planned corrective actions.

University of Wyoming
(A Component Unit of the State of Wyoming)
Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2018

Section III – Federal Award Findings and Questioned Costs

Reference Number	Finding
2018-005	<p>Finding: Allowable Costs and Activities</p> <p>Program: Research & Development Cluster</p> <p>CFDA Number: Various</p> <p>Sponsoring Agency: All Research and Development</p> <p>Sponsor Award Number: Various</p> <p>Award Period: Various</p> <p>Criteria: OMB Circular A-21 states "fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as for annual leave, sick leave, military leave, and the like, are allowable, provided such costs are distributed to all institutional activities in proportion to the relative amount of time or effort actually devoted by the employees". In addition 2 CFR 200.431(b) states "The cost of fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as for annual leave, family-related leave, sick leave, holidays, court leave, military leave, administrative leave, and other similar benefits, are allowable if all of the following criteria are met:</p> <ul style="list-style-type: none"> a. They are provided under established written leave policies; b. The costs are equitably allocated to all related activities, including Federal awards; and, c. The accounting basis (cash or accrual) selected for costing each type of leave is consistently followed by the non-Federal entity or specified grouping of employees". <p>Condition: We noted in our testing that fringe benefits, such as vacation and sick leave paid to employees, are being charged to grants based upon a determination made by each department rather than being allocated to all related activities and funding sources as required by the federal regulations.</p> <p>Questioned Costs: \$1,368.12. Questioned costs were determined by calculating the amount of leave that should have been charged to the grant based upon the employees effort reporting for the time period tested. Questioned costs apply to the following grants:</p> <ul style="list-style-type: none"> \$ 114.96 - CFDA 10.500 - award 2014-41100-05100 \$ 74.52 - CFDA 10.561- award 101616JJ01 \$1,178.64 - CFDA 81.89 - award DE-FE0029302 <p>Context: Federal expenditures for the R&D cluster totaled \$42,131,416. We selected a total of 10 grants that comprised a population of 2,412 transactions and totaled \$6,363,265 to utilize in testing. We selected a sample of 25 expenditures totaling \$43,631. A non-statistical sampling methodology was used to select the sample.</p> <p>Effect: Grants were overcharged salary and fringe benefits</p> <p>Cause: The University has allowed departments to make the determination as to how the vacation/sick leave is to be recorded rather than systematically adjusting the vacation/sick leave based upon the effort for the time period.</p> <p>Identification as a repeat finding: Not applicable.</p> <p>Recommendation: We recommend that the University review its policies and procedures for recording fringe benefits and update them to be in accordance with the federal regulations noted above. We also recommend that the University review its time and effort reporting and coding within the system to help ensure that any fringe benefits charged during the period are equitably allocated across all related activities. If the system cannot be changed to accommodate the allocation of fringe benefits, policies and procedures should be established to ensure salary expenditure corrections are performed for all fringe benefits charged across multiple funding sources.</p> <p>Views of responsible officials: The University agrees with the finding. See separate report for planned corrective actions.</p>

University of Wyoming
(A Component Unit of the State of Wyoming)
Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2018

Reference Number	Finding
2018-006	<p>Finding: Equipment Management</p> <p>Program: Research & Development Cluster</p> <p>CFDA Number: Various</p> <p>Sponsoring Agency: All Research and Development</p> <p>Sponsor Award Number: Various</p> <p>Award Period: Various</p> <p>Criteria: OMB Circular A-110 and 2 CFR 200.313 (c) through (e) require equipment records be maintained, a physical inventory of equipment shall be taken at least once every two years and reconciled to the equipment records, an appropriate control system shall be used to safeguard equipment, and equipment shall be adequately maintained.</p> <p>Condition: We noted the following conditions in our testing of equipment management:</p> <ul style="list-style-type: none">a.) An inventory of capital assets has not been performed by the University within the last two years.b.) We were unable to observe 6 pieces of equipment selected for testing as they had been improperly disposed and had not been removed from the University asset management system.c.) One asset selected for testing had not been tagged in accordance with University policies and for one other asset the tag number did not agree between the tag on the equipment and the tag in the asset management system.d.) A comprehensive listing of all assets purchased with federal dollars could not be produced from the University's WyoCloud system. <p>Questioned Costs: None.</p> <p>Context: Total capital assets maintained by the University relating to this program are approximately \$30.6 million. We selected 40 assets out of a population of 2,401 assets to observe and noted the issues described above. A non-statistical sampling methodology was used to select the sample.</p> <p>Effect: Not being able to produce a comprehensive listing of assets purchased with federal funds, not properly tagging assets and not completing the required inventory of assets increase the risk of loss of assets purchased with federal funds and prevents them from being adequately safeguarded and maintained. In addition, the potential of noncompliance with the rules and regulations surrounding disposition of assets increases if the assets have been improperly disposed.</p> <p>Cause: The University has been understaffed in the asset management department which has prohibited the ability to complete a campus-wide asset inventory. In addition, while policies and procedures exist relating to disposition of assets, it appears they are not being followed. Furthermore, the University recently implemented the WyoCloud system and is still in the process of setting up required information and developing all necessary reports.</p> <p>Identification as a repeat finding: Not applicable.</p> <p>Recommendation: We recommend the University complete a campus-wide inventory as soon as possible and reconcile any differences noted with the University's asset management system, including correcting any tagging errors. We also recommend that University-wide training be held to train individuals receiving grants in the requirements associated with equipment management and University policy and procedures. Lastly, the University should review the WyoCloud system to ensure all required information for tracking assets purchased with federal funds is located within the system and reports be developed that can produce a comprehensive listing of all federal assets held by the University.</p> <p>Views of responsible officials: The University agrees with the finding. See separate report for planned corrective actions.</p>

University of Wyoming
(A Component Unit of the State of Wyoming)
Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2018

Reference Number	Finding
2018-007	<p>Finding: Procurement</p> <p>Program: Research & Development Cluster</p> <p>CFDA Number: Various</p> <p>Sponsoring Agency: All Research and Development</p> <p>Sponsor Award Number: Various</p> <p>Award Period: Various</p> <p>Criteria: General procurement standards outlined in 2 CFR 200.318(a) state that a non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified by the Uniform Guidance (sections 200.318 - 200.326). The Uniform Guidance outlines requirements over the proper oversight of contractors, having written standards of conduct for employees involved in contracting, awarding contracts to responsible contractors, maintaining records documenting the history of procurements including cost price analysis, conducting all transactions in a manner which provides full and open competition, utilizing the methods of procurement outlined in the Uniform Guidance, and ensuring every purchase order or contract includes the applicable provisions in Appendix II.</p> <p>Condition: The University's policies and procedures over procurement do not conform to the requirements outlined by the Uniform Guidance as several required policies and procedures are not included. In addition, the Uniform Guidance establishes methods of procurements to be utilized which relate to the acquisition of both goods and services. While the University has specific guidance for the purchase of goods that comply with the methods of procurement, it does not have specific guidance for the purchases of services as it relates to the small purchase threshold and as a result, four purchases of services did not receive quotes from an adequate number of sources.</p> <p>Questioned Costs: None.</p> <p>Context: We compared the University's policies and procedures to the applicable sections of the Uniform Guidance. In addition, we selected a total of 10 grants within the R&D cluster that comprised a population of 86 transactions qualifying for the procurement of goods and services and selected 14 of the transactions for testing. A non-statistical sampling methodology was used to select the sample.</p> <p>Effect: Not procuring goods and services in accordance with requirements outlined by the Uniform Guidance increases the risk that federal expenditures are not being used properly.</p> <p>Cause: The University's policies were not compared to Uniform Guidance to ensure all elements were incorporated prior to adoption.</p> <p>Identification as a repeat finding: Not applicable.</p> <p>Recommendation: We recommend the University revise its policies and procedures to conform to the requirements of Uniform Guidance as soon as possible. In addition, employees should be trained on these new policies and procedures and periodic reviews should be performed by the procurement office to ensure that policies are being followed.</p> <p>Views of responsible officials: The University agrees with the finding. See separate report for planned corrective actions.</p>

University of Wyoming
(A Component Unit of the State of Wyoming)
Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2018

Reference Number	Finding
2018-008	<p>Finding: Reporting</p> <p>Program: Research & Development Cluster</p> <p>CFDA Number: 81.049</p> <p>Sponsoring Agency: Department of Energy</p> <p>Sponsor Award Number: DE-SC0012671</p> <p>Award Period: August 15, 2014 through October 14, 2019</p> <p>Criteria: Per 2 CFR 200.237 recipients must use the standard financial reporting forms when reporting to the Federal awarding agency. Each recipient must report program outlays and program income on a cash or accrual basis, as prescribed by the Federal awarding agency. This information must be collected with the frequency required by the terms and conditions of the Federal award, but no less frequently than annually nor more frequently than quarterly</p> <p>Condition: The University was unable to provide an electronic copy or the submission of the quarterly report for the period ended June 30, 2018 for the grant noted above.</p> <p>Questioned Costs: None.</p> <p>Context: We selected 10 R&D grants for testing. We tested a total of six quarterly reports out of a population of 12 quarterly reports required to be submitted. A non-statistical sampling methodology was used to select the sample. In addition, we tested the one annual financial report required to be submitted.</p> <p>Effect: It is unknown if the required report was submitted timely to the sponsor.</p> <p>Cause: The University had temporary staff assisting with grants management, and the supporting documentation was not saved. The University re-filed the report in January 2019.</p> <p>Identification as a repeat finding: Not applicable.</p> <p>Recommendation: We recommend the University establish policies and procedures to ensure all copies of reports and supporting documentation are maintained within the University's InfoEd system. Furthermore, the InfoEd system tracks due dates for deliverables, and we recommend policies and procedures be implemented to review the InfoEd System for delinquent reports on a regular basis.</p> <p>Views of responsible officials: The University agrees with the finding. See separate report for planned corrective actions.</p>

University of Wyoming
(A Component Unit of the State of Wyoming)
Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2018

Reference Number	Finding
2018-009	<p>Finding: Subrecipient Monitoring</p> <p>Program: Research & Development Cluster</p> <p>CFDA Number: 47.074</p> <p>Sponsoring Agency: National Science Foundation</p> <p>Sponsor Award Number: 1547796</p> <p>Award Period: September 1, 2016 through August 31, 2021</p> <p>Criteria: Criteria: In accordance with 2 CFR Section 200.331(d) the pass-through entity monitoring must include:</p> <ul style="list-style-type: none"> a. Reviewing financial and programmatic reports required by the pass-through entity. b. Following-up and ensuring that the sub recipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means. c. Issuing a management decision for audit findings pertaining to the Federal award provided to the subrecipient from the pass-through entity as required by §200.521 Management decision, which is within 6 months of acceptance of the audit report by the Federal Audit Clearinghouse (FAC). <p>In addition per 2 CFR section 200.331 (f) pass-through entities must verify that every subrecipient is audited as required by Subpart F — Audit Requirements of this part when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in §200.501 Audit requirements.</p> <p>Condition: One of the subrecipients tested had findings related to University projects and a management decision was not issued within the timeframe outlined by §200.521. In addition, we noted two other instances in which audit reports were obtained and reviewed more than 6 months after they were accepted by the FAC.</p> <p>Questioned Costs: None.</p> <p>Context: The University had 37 projects in which monies were passed through to subrecipients. We tested all the subrecipients involved in 4 of the projects. There were a total of 10 subrecipients involved in those 4 projects. A non-statistical sampling methodology was used to select the sample.</p> <p>Effect: Failure to conduct timely reviews of audit reports and take appropriate corrective action could result in non-compliance by the subrecipient continuing for an inappropriate length of time.</p> <p>Cause: The University does not have proper policies and procedures in place to monitor and track subrecipient audit reports on a timely basis. The University also relies on subrecipients to turn in audit certifications; however, those certifications are often not being completed or are completed with a substantial delay from when the subrecipients audits were completed.</p> <p>Identification as a repeat finding: Not applicable.</p> <p>Recommendation: We recommend the University establish formalized policies and procedures over subrecipient monitoring, which should include the means (<i>i.e.</i> review of FAC website or audit certification letters) and frequency of monitoring the completion of subrecipient audits to help ensure the monitoring occurs within the timelines outlined by federal regulations. In addition, the timing of the review, the results of the review, and the issuance of management decisions and communications with subrecipients should be documented and maintained by the University.</p> <p>Views of responsible officials: The University agrees with the finding. See separate report for planned corrective actions.</p>

UNIVERSITY OF WYOMING

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Summary Schedule of Prior Audit Findings Year Ended June 30, 2018

Reference Number	Summary of Finding	Status
2017-001	During the Information Systems General Controls Review, we noted several individuals have been granted powerful rights that could enable them to function in both development and production environments. Although the University has created separate environments for access to develop and move application code and to administer accounts and system security into production, there are employees who have account privileges in both areas.	Partially implemented - see current year recommendation 2018-004
2017-002	We recommend that the University continue to revise, as necessary, and document the internal control system in place over the preparation of the SEFA. We also recommend that the Hatch and Smith Lever funding be brought under the same internal control system as the University's other Federal funding, and that the OSP implement additional reconciliation procedures between the SEFAs and the University's general ledger.	Implemented
2016-005	We recommend that the Office of Sponsored Programs, the SNAP Program Manager, and the Agricultural Business Office work together collectively to ensure that all parties responsible for grant administration are aware of all grant requirements. The Program Manager should clarify close-out provisions with DFS and implement additional controls to ensure that expenditures are incurred within the period of availability requirements, and that all draw requests filed with DFS are properly supported by the University's general ledger and are filed timely. In addition, the Office of Sponsored Programs should continue with its implementation of controls to monitor and limit the number of expenditure corrections that occur.	Implemented

UNIVERSITY OF WYOMING

Vice President, Division of Administration
1000 E. University Avenue, Department 3982 • Room 202H, Old Main • Laramie, WY 82071
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Single Audit Corrective Action Plan Year Ended June 30, 2018

Finding 2018-001: Restatement of Prior Year Financial Statements

Department's Response: We Concur

Views of Responsible Officials and Corrective Action:

The Division of Financial Affairs has implemented and documented controls to ensure new accounting standards are properly adopted and transactions are recorded in accordance with applicable accounting standards/guidance.

Name of Responsible Person: Ashlie Reese, Director, Treasury & Financial Reporting

Name of Department Contact: Ashlie Reese, Director, Treasury & Financial Reporting

Projected Completion Date: Completed August 2018

Finding 2018-002: Accounting for Grant Receivable and Revenue

Department's Response: We Concur

Views of Responsible Officials and Corrective Action:

The University of Wyoming has contracted with Point Consulting to conduct a review of the policies and procedures of the Office of Research Services and the Office of Sponsored Programs. Accounting for grants receivable and revenue is included in their work plan. The Office of Sponsored Programs will conduct a thorough review of the configuration of University's financial management system, prepare documentation and provide training to staff. The Office of Sponsored Programs will also create a process to reconcile accounts receivable on a monthly basis and develop reporting tools to aid in the analysis of accounts receivable.

Name of Responsible Person: Jonnie M. Jenkins, Manager, Office of Sponsored Programs

Name of Department Contact: Jonnie M. Jenkins, Manager, Office of Sponsored Programs

Projected Completion Date: June 30, 2019

Finding 2018-003: Cash Reconciliations

Department's Response: We Concur

Views of Responsible Officials and Corrective Action:

Cash account activity is being reconciled within the University's financial cash management module on a daily basis. In addition, cash reconciliations to the external bank statements will be performed and documented when system month end close is completed.

Name of Responsible Person: Cid Walck, Assistant Manager, Accounting Office

Name of Department Contact: Cid Walck, Assistant Manager, Accounting Office

Projected Completion Date: Completed December 31, 2018

Finding 2018-004: Information Systems Change Management Segregation of Duties

Department's Response: We Concur

Views of Responsible Officials and Corrective Action:

UWIT generally supports and maintains a strong, best-practices, segmentation of duties. However, IT's Quality Assurance (QA), functions are managed by 1 FTE. This individual needs to have access to our QA development instances as well as production to move software code between the development and production environments. We have also assigned backup responsibilities for the QA functions to 1 DBA per application, to ensure adequate coverage is maintainable. Due to resource constraints and our need to maximize our resources, we feel this is an acceptable, low security risk. To ensure security, UWIT will implement additional auditing controls, with periodic review of those controls, to safeguard that no issues or unauthorized changes have occurred.

Name of Responsible Person: Jennifer Chavez, Director, Enterprise IT Infrastructure & Security
Matt Kelly, Manager, Network Security

Name of Department Contact: Jennifer Chavez, Director, Enterprise IT Infrastructure & Security
Matt Kelly, Manager, Network Security

Projected Completion Date: Additional auditing controls and procedures for periodic review will be in place by February 1, 2019.

Finding 2018-005: Allowable Costs and Activities

Program: Research & Development Cluster

CFDA Number: Various

Sponsoring Agency: All Research and Development

Sponsor Award Number: Various

Department's Response: We Concur

Views of Responsible Officials and Corrective Action:

The University of Wyoming will update its policies and procedures to ensure that time and effort reporting guidance is accurate and in compliance with the Uniform Guidance. The Office of Sponsored Programs will communicate the updated procedure to departments instructing them that paid leave (vacation and sick leave) must be allocated proportionately across

all funding sources in a given month. This communication will be distributed campus-wide by January 31, 2019 electronically and provide in person training.

For the period of July 1-December31, 2018, the Office of Sponsored Programs will work with the Payroll department to develop a report that will generate a list of all time and effort reports for FY19 where vacation and/or sick leave was paid. This report will be used to instruct users that the personnel effort reports will need to be revised in compliance with the updated guidance.

Name of Responsible Person: Jonnie M. Jenkins, Manager, Office of Sponsored Programs
Name of Department Contact: Jonnie M. Jenkins, Manager, Office of Sponsored Programs
Projected Completion Date: January 31, 2019 – Campus Communication
June 30, 2019 – Revision of PARs for FY19 (July 1 – December 31, 2018)

Finding 2018-006: Equipment Management
Program: Research & Development Cluster
CFDA Number: Various
Sponsoring Agency: All Research and Development
Sponsor Award Number: Various

Department’s Response: We Concur

Views of Responsible Officials and Corrective Action:

The University of Wyoming Asset Management team has already initiated the process to complete a campus-wide inventory and anticipate completion by June 30, 2019. The Asset Management team will work with the Office of Sponsored Program to develop university wide policy, procedures and provide training for campus. In addition, the Asset Management team will develop reports using the University’s financial management system to ensure all assets can be appropriately tracked and monitored as well as an ability to report specifically on federal assets.

Name of Responsible Person: Cid Walck, Assistant Manager, Accounting Office
Name of Department Contact: Cid Walck, Assistant Manager, Accounting Office
Projected Completion Date: June 30, 2019

Finding 2018-007: Procurement

Department’s Response: We Concur

Views of Responsible Officials and Corrective Action:

The University of Wyoming has contracted with Point Consulting to conduct a review of the policies and procedures of the Office of Research Services and the Office of Sponsored Programs. Procurement policies in regard to the compliance with federal funding is included in their work plan. University Procurement Services will work with the Office of Sponsored Programs and Point Consulting to review and update procurement policies, procedures and provide training to the University of Wyoming to ensure compliance with the Uniform Guidance.

Name of Responsible Person: Martha J. Miller, Manager, University Procurement Services

Name of Department Contact: Martha J. Miller, Manager, University Procurement Services

Projected Completion Date: June 30, 2019

Finding 2018-008: Reporting

Program: Research & Development Cluster

CFDA Number: 81.049

Sponsoring Agency: Department of Energy

Sponsor Award Number: DE-SC0012671

Department's Response: We Concur

Views of Responsible Officials and Corrective Action:

The Office of Sponsored Programs submitted the SF-425 on January 4, 2019 to ensure compliance with reporting requirements.

Name of Responsible Person: Jonnie M. Jenkins, Manager, Office of Sponsored Programs

Name of Department Contact: Jonnie M. Jenkins, Manager, Office of Sponsored Programs

Projected Completion Date: Completed January 4, 2019

Finding 2018-009: Subrecipient Monitoring

Program: Research & Development Cluster

CFDA Number: 47.074

Sponsoring Agency: National Science Foundation

Sponsor Award Number: 1547796

Award Period: September 1, 2016 through August 2021

Department's Response: We Concur

Views of Responsible Officials and Corrective Action:

The University of Wyoming will conduct a thorough review of the subrecipient requirements, draft policies, procedures and provide training to ensure compliance with the Uniform Guidance. The University of Wyoming has contracted with Point Consulting to conduct a review of the policies and procedures of the Office of Research Services and the Office of Sponsored Programs. Subrecipient monitoring is included in their work plan. Once policies and procedures are finalized, we will also conduct review of current subrecipient contracts to apply the changes in policy and procedures for monitoring.

Name of Responsible Person: Diana Hulme, Associate VP, Research & Development Office

Name of Department Contact: Diana Hulme, Associate VP, Research & Development Office

Projected Completion Date: June 30, 2019

Board of Trustees, Finance, and Legal and
Affairs Committee and Management
University of Wyoming
Laramie, Wyoming

As part of our audit of the financial statements and compliance of the University of Wyoming (the University) as of and for the year ended June 30, 2018, we wish to communicate the following to you.

AUDIT SCOPE AND RESULTS

Auditor's Responsibility Under Auditing Standards Generally Accepted in the United States of America and the Standards Applicable to Financial Audits Contained in Government Auditing Standards Issued by the Comptroller General of the United States and U.S. Office of Management and Budget (OMB) Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)

An audit performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and U.S. Office of Management and Budget (OMB), *Uniform Guidance* is designed to obtain reasonable, rather than absolute, assurance about the financial statements and about whether noncompliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on a major federal program occurred. In performing auditing procedures, we establish scopes of audit tests in relation to the financial statements taken as a whole. Our engagement does not include a detailed audit of every transaction. Our engagement letter more specifically describes our responsibilities.

These standards require communication of significant matters related to the financial statement and compliance audits that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. Such matters are communicated in the remainder of this letter or have previously been communicated during other phases of the audit. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.

Audits of the financial statements and compliance do not relieve management or those charged with governance of their responsibilities. Our engagement letter more specifically describes your responsibilities.

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Qualitative Aspects of Significant Accounting Policies and Practices

Significant Accounting Policies

The University's significant accounting policies are described in Note 1 of the audited financial statements.

Alternative Accounting Treatments

We had discussions with management regarding alternative accounting treatments within accounting principles generally accepted in the United States of America for policies and practices for material items, including recognition, measurement and disclosure considerations related to the accounting for specific transactions as well as general accounting policies, as follows:

- No matters are reportable

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. The following areas involve significant areas of such estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of those estimates:

- Allowance on student accounts and loans receivables
- Useful lives of capital assets
- Net pension and other postemployment (OPEB) liabilities
- Service concession arrangement

Financial Statement Disclosures

The following areas involve particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures:

- Restatement of prior year financial statements
- Pension plans
- Other postemployment benefit plans

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Audit Adjustments

During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments which, in its judgment, are required to prevent the financial statements from being materially misstated. Some adjustments proposed were not recorded because their aggregate effect is not currently material; however, they involve areas in which adjustments in the future could be material, individually or in the aggregate.

Areas in which adjustments were proposed include:

Proposed Audit Adjustments Recorded

- Grants receivable and revenue (including adjustments relating to restatement of prior year financial statements)
- Net other postemployment benefit liability (including adjustments relating to restatement of prior year financial statements)
- Net pension liability
- Reclassify gift revenues from operating and nonoperating revenues

Proposed Audit Adjustments Not Recorded

- Attached is a summary of uncorrected misstatements we aggregated during the current engagement and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements as a whole

Auditor's Judgments About the Quality of the University's Accounting Principles

During the course of the audit, we made the following observations regarding the University's application of accounting principles:

- During fiscal year 2018, the University adopted Governmental Accounting Standards Board Statement (GASB) 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*

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Disagreements with Management

The following matters involved disagreements which if not satisfactorily resolved would have caused a modified auditor's opinion on the financial statements:

- No matters are reportable

Consultation with Other Accountants

During our audit we became aware that management had consulted with other accountants about the following auditing or accounting matters:

- The financial report of the University of Wyoming Foundation, a discretely presented component unit, is included in the University's financial statements and we place reliance on the audit performed by the other auditors for the year ended June 30, 2018

Significant Issues Discussed with Management

Prior to Retention

During our discussion with management prior to our engagement, the following issues regarding application of accounting principles or auditing standards were discussed:

- No matters are reportable

During the Audit Process

During the audit process, the following issues were discussed or were the subject of correspondence with management:

- Recognition of the Direct Loan program inflows and outflows in the financial statements
- Proper presentation of Pell grants in the financial statements
- Accounting for the net pension liability
- Accounting for the net OPEB liability
- Service concession arrangement
- Need for separate audit and financial statements for bond funds
- Accounting for grants receivable
- Accounting for agency fund transactions

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Difficulties Encountered in Performing the Audit

Our audit requires cooperative effort between management and the audit team. During our audit, we found significant difficulties in working effectively on the following matters:

- During the fiscal year ended June 30, 2018, the University implemented a new enterprise resource planning (ERP) system. ERP implementations are significant undertakings at all organizations. Given the newness of the system, the University had to obtain appropriate reporting and analysis for certain audit documentation, various accounts and financial statement line items differently than they had using the prior system. This is a normal part of the system transition process and is not anticipated to have an effect on next year's audit.

Other Material Communications

Listed below are other material communications between management and us related to the audit:

- Management representation letter (attached)

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements of the University of Wyoming (the University) as of and for the year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, we considered the University's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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A deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements of the University's financial statements on a timely basis. A deficiency in design exists when a control necessary to meet a control objective is missing or an existing control is not properly designed so that, even if the control operates as designed, a control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the University's financial statements will not be prevented or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We observed the following matters that we consider to be deficiencies, significant deficiencies or material weaknesses.

Material Weaknesses

Refer to the Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* – Independent Auditor's Report.

Significant Deficiencies

Refer to the Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* – Independent Auditor's Report.

Deficiencies

Capital Assets

Various issues were noted during testing of capital assets including:

- a) The University does not routinely reconcile the construction-in-progress (CIP) subledger to the general ledger. The subledger is on the cash basis, while the general ledger is on the accrual basis. Therefore, significant reconciling items exist. While this was eventually reconciled, it took considerable time during the audit process.
- b) Approximately \$673,000 of capital assets were improperly excluded from accounts payable and the CIP account at year-end. An entry was proposed for this amount, but not recorded by management.
- c) Approximately \$3.9 million of capital assets were included in the asset clearing accounts at year-end. These assets had been purchased before year-end, but not yet “tagged” and therefore not identified as depreciable assets. As such, depreciation had not been calculated on these assets. While not material, management recorded an adjustment for the depreciation but would not have identified these assets as depreciable if not brought to their attention.
- d) Several buildings were purchased along with the land where the new science building is being constructed. These buildings were razed as part of the project. Generally accepted accounting principles state that the cost of the buildings and the costs to raze the buildings should be capitalized and included in the cost of the constructed assets. However, management determined that the buildings were impaired and therefore the costs were expensed.
- e) The University is not removing fully depreciated library materials from the general ledger, once they are no longer being used. While the net effect of this is zero, this does cause gross capital assets and accumulated depreciation to be inflated.
- f) The University improperly depreciated leased equipment as part of a building. Therefore, the equipment was improperly depreciated over a 50-year life instead of an 11-year life. This resulted in a proposed adjustment of \$728,000 which management choose not to record.
- g) We noted a building improvement addition that was below the University’s \$50,000 threshold that was capitalized.

While none of these items are material, either individually or in the aggregate, given the magnitude of capital assets at the University, it is possible that material errors could result if controls are not strengthened. Therefore, we recommend the University implement a more robust reconciliation and review process over capital assets and strengthen internal controls over the capital asset process as determined necessary.

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Management's Response:

The Division of Financial Affairs is developing a university-wide asset management policy and procedure for the comprehensive accounting, tracking and management of university assets that will leverage the financial management system. Specifically this asset management policy will address the deficiencies listed. Responses to these deficiencies follow:

- a) The Accounting office is working with UW Operations to leverage the financial management system to improve the method of reconciling the CIP subledger to the general ledger.
- b) The University will implement additional controls in fiscal year 2019 to increase the probability of detecting amounts that should be included in CIP and accounts payable.
- c) Asset Management is formulating a change in procedure that will timely capture the appropriate information and expedite the placing of assets into the asset inventory system.
- d) Costs of buildings and costs to raze buildings will be capitalized and included in the cost of constructed assets in the future.
- e) In future fiscal years, only costs and accumulated depreciation for library materials not fully depreciated will be included in the general ledger.
- f) Asset Management is reviewing this item and will make the appropriate adjustments necessary to the useful life of the equipment.
- g) Asset Management has implemented controls to prevent items under the threshold from being capitalized.

Segregation of Duties Over Payroll

The payroll manager, assistant payroll manager and payroll specialist all have the ability to enter termination dates into the system, and change pay rates and direct deposit information. The University does have controls in place for departments to review their respective payroll information, but the risk exists that an employee could omit the termination date from the system and alter direct deposit information.

We recommend that the University reevaluate whether it is necessary for these employees to maintain these duties within the system.

Management's Response:

The University will evaluate the necessity of these security roles. Implementation of the University's new Human Capital Management will resolve some of these concerns.

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Reconciliation of Purchase Card Clearing Account

The clearing account used for purchase cards (P-cards) was not reconciled at year-end. This reconciliation is important to ensure purchases are properly reported and to help investigate questionable purchases. Therefore, we recommend the clearing account reconciliation be performed on a monthly basis.

Management's Response:

The Accounting Office will work to update WyoCloud reports that will assist with monitoring P-card activity and the monthly reconciliation of the P-card clearing account.

Accounting for Agency Transactions

Agency fund transactions should be treated as assets and liabilities on the statement of net position without any impact to revenue and expense accounts. However, the University is recording the activity of the agency transactions through revenue and expenses and adjusting the net impact of the activity for financial reporting purposes to a liability account at year-end. The effect of this treatment ultimately prevents net position from properly rolling forward from the beginning balance to the ending balance and may not reflect the true liability owed.

We recommend that the University reconsider how it is recording the various agency transactions through revenues and expenses in order to properly present these agency transactions.

Management's Response:

The Division of Financial Affairs is implementing necessary changes to the University's chart of account structure to allow for the proper reporting of agency transactions.

Documentation of Year-end Accounting Processes

Opportunities exist to improve internal controls by enhancing the documentation over certain year-end accounting processes. Specifically, we noted that the documentation over the following processes either did not exist or was lacking:

- a) **Year-end closing process:** The University does have documented procedures for the year-end close process, but the University's management noted during our planning procedures that this document still needs refinement, especially with the conversion to WyoCloud, and may not contain all processes.

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- b) **Capitalization thresholds and useful life of assets policies:** We noted that the University does not have a formal policy for capitalization thresholds and useful lives of capital assets. While the capitalization threshold used by the University is \$5,000 and the useful lives contained in the capital asset records are reasonable, we did not find this contained in the Property Control Procedures Manual with other capital asset related policies, or contained in other formal policies.

We recommend the University expand and enhance the documented year-end closing process to include all processes and update these procedures as necessary under the WyoCloud system. We also recommend the University incorporate a formal capitalization threshold and documented useful lives for capital assets into the Property Control Procedures Manual or other document.

Management's Responses:

Fiscal year 2018 was the first year the University closed its books in the new financial management system, accordingly this process involved learning how to translate old year-end close procedures into procedures that would work in the new financial management environment.

- a) The year-end document is being updated by Financial Affairs and is constantly reviewed and revised as the financial management system is upgraded on a quarterly basis. Quarterly upgrades to the financial management system can have impacts on year-end close procedures.
- b) The Division of Financial Affairs will draft a comprehensive asset management policy and procedure that will include a capitalization threshold, useful lives and other pertinent information.

Banner Fee Assessment Review Process

In order to verify proper tuition and fees are being charged, each semester the University performs a fee assessment review process in which an "audit trail" report is run from the Banner system. As part of our control testing we asked to review the reports generated by Banner, but discovered that the University is not maintaining the audit trail reports. These reports document the verification of the inputs for tuition and fees in the Banner system. We were only able to view one of the two audit trail reports we selected in our control testing. In addition, we noted a high number of individuals (14) who have access to change the tuition and fee rates within the Banner system.

Although we were able to determine that the review process is being performed through other procedures, we recommend the University maintain the audit trail reports to provide formal

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documentation that this process is being performed and consider limiting access to change tuition and fee rates to two or three individuals.

Management's Response:

The University has implemented internal controls requiring the audit trail documentation to be retained electronically on a server maintained by UW Information Technology, which is backed-up daily. The University has also accessed the number and roles of the individuals that had access to change the tuition and fee rates within the Banner system and have reduced this number of individuals from fourteen (14) to six (6). Four (4) of these individuals are within the Office of the Registrar and two (2) individuals are within the Financial Services Business Office.

University Ancillary Systems

The University has numerous ancillary accounting systems within various departments throughout campus that are not directly interfaced with the WyoCloud system. For example, Athletics uses a system called Great Plains for their accounting. All cash transactions are recorded into WyoCloud through the cashier's office receipting or disbursement process, but this recognition must then be manually entered into the Great Plains system. A reconciliation is performed at year-end between the systems and differences are investigated. Furthermore, we noted all departments have revenue and expense information recorded in WyoCloud, but there are not sufficient asset or liability accounts sufficient to track various transaction of the departments included in the WyoCloud system.

We recommend the University investigate moving all departments into the WyoCloud system, including asset and liability accounts. If this is impractical or a business reason exists to maintain an ancillary system, we recommend a regular (monthly or quarterly) reconciliation process is implemented. We further suggest that even in this instance, the asset and liability accounts be established in WyoCloud and those accounts be maintained in the WyoCloud system throughout the year. Finally, a comprehensive list of ancillary systems should be compiled and maintained.

Management's Response:

A goal of the new financial management system implementation was to decrease the number of ancillary (shadow) systems in use throughout campus. The Division of Financial Affairs will continue to work with units across campus to phase out these systems and solely use the University's financial management system.

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Information Technology General Controls

Periodic User Access Reviews

A formal, documented periodic review of user access for appropriateness review was not performed at least annually for the financially significant applications, operating systems and databases for the following systems:

- Windows AD privileged users (Domain, Enterprise, and Schema Administrators)
- Red Hat Enterprise Linux (RHEL) Operating System (OS)
- Windows servers
- Oracle Database (DB)
- Banner
- PeopleSoft (HRMS)
- TouchNet
- Pulse Secure VPN remote access
- Commvault backup tool
- Banner JAMS Job Scheduler software
- PeopleSoft HRMS job scheduling tool
- Red Hat Enterprise Linux Cron job scheduler

Additionally, a formal, documented periodic review of Application Security Roles (Classes) for appropriateness is not performed for the following:

- Banner
- PeopleSoft (HRMS)
- TouchNet

This increases the risk of users inappropriately having access to applicable logical access layers and/or key financial data/programs being intentionally or unintentionally modified. This deficiency was also noted in prior years by the predecessor auditor.

We recommend user access appropriateness reviews of system access (OS, DB, network, applications, etc.) be performed on a periodic basis, at least annually, and more frequently for sensitive accounts, or systems.

Management's Response:

UWIT in the fall of 2018 conducted a review of all user access outlined above and found that the appropriate access was granted in each area. We are implementing a formalized procedure in our

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TeamDynamix (TD) Service Management System, which will be conducted annually and require Director, Manager, and/or Data Manager approval. Any changes will be documented in the service ticket. We plan to conduct this review again in the spring of 2019 following our formalized procedure.

With each upgrade or major change within an application, UWIT does review security roles to ensure the proper functionality/security is correctly achieved on the business/functional side of the application. We are implementing a formalized procedure in our TeamDynamix (TD) Service Management System of the Application Security Roles, which will be conducted annually and require Data Manager approval. Any changes will be documented in the service ticket.

Password Parameters

We noted the following password configuration settings do not meet leading practice for the following technologies:

Windows Active Directory (AD) operating system:

- Password complexity was turned off for the Faculty/Staff & Student domains
- Passwords are not configured to expire. Therefore, a user could keep the same password indefinitely for the Faculty/Staff & Student and IT Employee domains. The leading practice is to retain passwords for 90 days or less.
- The account lockout duration has been configured for 15 minutes for all AD domain user types. Lockout duration leading practice indicates the duration should be set to permanent, requiring the System Administrator or logical access security staff to unlock the account. Locked out users should be positively identified before the account is reactivated.

Red Hat Enterprise Linux (RHEL) operating system:

- Passwords are not configured to expire. Therefore, a user could keep the same password indefinitely. The leading practice is to retain passwords for 90 days or less.
- Password reuse has not been configured, meaning that a user can reuse the same password indefinitely. The leading practice value is that passwords should be reused only four times.
- The account lock-out threshold has not been configured, meaning that a user will not be locked out after repeated unsuccessful log on attempts. The leading practice value is that lockout should occur after five attempts or less.

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- The account lockout duration has not been configured. The lockout duration leading practice value should be set to permanent, requiring the System Administrator or logical access security staff to unlock the account; locked out users should be positively identified before the account is reactivated.
- Initial log-on with a one-time password has not been enabled.
- Idle session timeout has not been configured. Idle session time out leading practice value is that idle sessions should be timed-out after 60 minutes use.

TouchNet application:

- The minimum password length is configured for seven characters. Minimum password length leading practice is eight characters or higher.

Weak password parameters increases the risk that security and password configurations are not optimized to prevent unauthorized access or unauthorized access attempts are not detected and resolved by management.

We recommend that management enhance current password configuration settings and policy requirements to meet or exceed the generally accepted leading practice requirements as recommended above.

Management’s Response:

The following table summarizes UWIT’s current password configurations:

Account Type	Minimum Password Length	Password History	Password Complexity Required	Password Expiration	Lockout Attempts	VPN Two Factor
Faculty/Staff	8	24	No	No	5	Yes
Students	8	24	No	No	5	No
HR Admin Accounts	10	20	Yes	90 days	5	Yes
Student Health Accounts	8	7	Yes	90 days	5	Yes
IT Employees	8	20	Yes	No	10	Yes

As of November 2018, all UW employees are required to use multi-factor authentication from off-network. This significantly increases account security. IT is in the process of conducting a full review of our password security procedures and will be implementing changes in the spring of 2019. These changes will be based on the National Institute of Standards and Technology (NIST) cybersecurity standards outlined in the special publication 800-63B (Digital Identity Guidelines, Authentication and Lifecycle Management).

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As of October 29, 2018, the minimum password length for the TouchNet application has been changed to eight characters, which is the recommended setting by NIST.

Physical Security – Key Card Access

An informal process is in place to remove users' key card access. In addition, the removal of users' key card access is not documented. For three of five key card access users identified as inappropriate during our periodic access review, access had not been removed from the key card access listing following this review. This increases the risk of unauthorized personnel having access to computer hardware and the technology infrastructure.

We recommend the University implement a formal, documented process over the administration of users' key card access. This would include documenting any modifications and removal of users' key card access.

Management's Response:

Removal of key card access is documented within the IT Business Services office. Removal of user access is done through notification to Business Services. Once they receive the request, they go into the P2000 software application and remove the access. Business Services then emails the application security office to notify them that the access has been removed. Business Services then updates the UWIT Key/Proximity card form that access was removed. This form is retained in a file in the Business Services Office. UWIT has begun populating a field within the P2000 system that will document the date the access was removed, so that this information can be better maintained electronically.

Data Restoration Testing

A formal periodic data restoration encompassing the Banner and PeopleSoft Human Resources Management System (HRMS) applications is not performed. This increases the risk that financial data cannot be recovered/restored or accessed in a timely manner when there is a loss of data.

We recommend backup data restores be documented and reviewed by management regularly, to confirm backups are being performed and can be restored in a timely manner. Management should schedule a data restore test at least annually to test the recoverability of data in the instance of corruption or disaster. This deficiency was also noted in prior audits by the predecessor auditor.

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Management's Response:

In December of 2018, IT put in place the Data Restoration Testing Procedure, which outlines how IT will handle data restoration testing on an annual basis. We are currently testing the Banner restoration for FY19 and plan to have this test completed by the end of January. UWIT, in conjunction with HR, are in the process of decommissioning PeopleSoft HRMS as we transition to Oracle's cloud-based Fusion HCM.

User Access Accounts – Computer Operations

Two user accounts were identified as inappropriate to the PeopleSoft HRMS scheduler production environment (TSTCBA1, TSTCBA2). The user accounts are assigned to non-IT users (Business Analysts), of whom access is needed in the development environment for testing versus in the production environment. Based upon inquiry, the accounts are locked in the production environment and are password protected, with access restricted to the Application Security Office (ASO). The user accounts were created in the production environment so that they would not have to be recreated on every refresh of the development environment, due to the fact the development environment is a copy of the user accounts in production.

This increases the risk of unauthorized users being granted access to key systems, users inappropriately having access to applicable logical access layers, and/or key financial data/programs being intentionally or unintentionally modified.

We recommend user accounts not required in the production environment be removed.

Management's Response:

Our Application Security Office set up these accounts to significantly simplify the necessary refresh steps between the production and development environments. These accounts are needed by the business analyst in the development environments and have never been used in production. The users' accounts are LOCKED in production, and controlled by the Application Security Office. This presents very minimal risk and ensures that these accounts always have the correct access and roles assigned to them in development without the need for staff to recreate them on each refresh request.

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We also observed matters that we consider to be deficiencies that we communicated to management orally.

INTERNAL CONTROL OVER COMPLIANCE

In planning and performing our audit, we considered the University of Wyoming (the University's) internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with *OMB Uniform Guidance*, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis.

A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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We observed the following matters that we consider to be deficiencies, significant deficiencies or material weaknesses.

Material Weaknesses

Refer to the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance.

Significant Deficiencies

Refer to the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance.

Deficiencies

Schedule of Expenditures of Federal Awards (SEFA) Preparation

During our testing of the SEFA, we noted instances in which grants were misclassified between programs, particularly relating to the Research & Development Cluster, or were not reported under the proper CFDA number. This is primarily caused by accepting grant awards with incomplete documentation of required information necessary to facilitate proper classification and SEFA reporting. We also noted that the report prepared by management to assist in the drafting of the SEFA included nonfederal project accounts such as matching and program income accounts. We recommend that management implement policies and procedures that would require PI's to ensure all required information is obtained prior to project set up and tracked within the grants management system. We also recommend that proper identification of federal versus nonfederal grants be input into the system and all system generated reports be tested to ensure proper information is being captured.

Management's Response:

During the fiscal year ended June 30, 2018, the University implemented a new enterprise financial management system. These implementations are significant undertakings at all organizations and this was the first implementation in 20 years. Given the newness of the system and depth of changes made to the University of Wyoming's financial processes, this deficiency was directly related to the conversion of data to the system as well as the learning curve of the

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new system. Management of the Office of Sponsored Programs (OSP) will continue work with and train staff to mitigate these types of deficiencies and strive for accurate data.

The Office of Sponsored Programs will conduct a detailed review of the all grant accounts, ensuring the accuracy of the funding classification in WyoCloud for SEFA reporting.

Policies and Procedures

The University lacks comprehensive formalized policies and procedures over grants. The Uniform Guidance requires entities to have policies and procedures in place. While a draft policy is currently under review by management, we recommend the University formalize policies and procedures over this area as soon as possible. These policies and procedures should incorporate all required policies and procedures outlined in the Uniform Guidance.

Management's Response:

In December 2017, the Office of Sponsored Programs (OSP) researched and drafted policies and procedures that are in full compliance with the Uniform Guidance. During this same period of time, the University was working on the implementation of the new financial management system and began a comprehensive review of policies campus-wide. The University experienced the retirement of the VP of Research and turnover in the Assoc. VP of Research position. This transition of staffing spurred a reorganization of the Office of Sponsored Programs from the Division of Research to the Division of Administration. The reorganization requires the policy to be revised reporting lines that need to be vetted. The policies and procedures will be sent through the appropriate review process with implementation effective July 1, 2019.

Subrecipient Monitoring – During-the-Award Monitoring

During our testing it was noted that while it appears during-the-award monitoring is occurring as required by the Uniform Guidance, the monitoring performed and the results of the monitoring are not well documented. We recommend that documentation be improved in the following areas:

- A risk assessment of each subrecipient is performed and documented; however, the planned monitoring approach based on this risk assessment should also be documented. Monitoring tools suggested by the Uniform Guidance include reviewing financial and performance reports, providing training and technical assistance, or performing on-site reviews of the subrecipient's program operations.
- Principal Investigators (PIs) are responsible for reviewing and approving subrecipient invoices. The review performed by the PIs should be clearly documented.

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- PIs interact in various ways with subrecipients, including receiving and reviewing required reports and holding various meetings. These interactions should be documented and maintained in the InfoEd system.

Management's Response:

The University of Wyoming has contracted with Point Consulting to conduct a review of the policies and procedures of the Office of Research Services. Subrecipient monitoring is included in the work plan of Point Consulting. We will utilize the results of Point Consulting and use their recommendations to ensure that our subrecipient monitoring is in full compliance with the Uniform Guidance. We anticipate completion of this deficient issue by June 30, 2019.

Procurement – P-Card Expenditure Review

The Uniform Guidance dictates the methods of procurements to be followed. Procurements by micro-purchase is the acquisition of supplies or services in which the aggregate dollar amount does not exceed the micro-purchase threshold. Micro-purchases may be awarded without soliciting competitive quotations if the price is considered reasonable. P-Card expenditures are often utilized in micro-purchases; however, as the expenditures to vendors are based on aggregate expenditures, there is an increased risk that P-Card purchases with various vendors may exceed the micro-purchase threshold and other methods of procurements would need to be followed. Currently, there is no review performed by management to ensure P-Card purchases in aggregate are not exceeding micro-purchase thresholds. We recommend management implement a review over P-Card expenditures to look for vendors in which thresholds may be exceeded on grant related projects to ensure proper methods of procurement are being followed in accordance with the Uniform Guidance and University policies.

Management's Response:

The Procurement Office will work with the Office of Sponsored Programs to complete a detailed review of current policies and procedures and compare against the requirements of the Uniform Guidance. The results of this review will inform the group as to the necessary changes in policy for compliance. The University will also leverage the relationship and experience with Point Consulting analyze procurement procedures in regard to purchases with federal grants. We anticipate completion of this deficient issue by June 30, 2019.

component units; and any other party with which the entity may deal if it can significantly influence, or be influenced by, the management or operating policies of the other. The term affiliate refers to a party that directly or indirectly controls, or is controlled by, or is under common control with us.

13. Except as reflected in the financial statements, there are no:
 - (a) Plans or intentions that may materially affect carrying values or classifications of assets and liabilities.
 - (b) Material transactions omitted or improperly recorded in the financial statements.
 - (c) Material gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.
 - (d) Events occurring subsequent to the balance sheet date through the date of this letter requiring adjustment or disclosure in the financial statements.
 - (e) Agreements to purchase assets previously sold.
 - (f) Restrictions on cash balances or compensating balance agreements.
 - (g) Guarantees, whether written or oral, under which the University is contingently liable.
14. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
15. Adequate provisions have been accrued for potential penalties or payments due under the Employer Shared Responsibility Provisions of the Patient Protection and Affordable Care Act.
16. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.
17. Adequate provisions and allowances have been accrued for any material losses from:
 - (a) Uncollectible receivables.
 - (b) Reducing obsolete or excess inventories to estimated net realizable value.
 - (c) Sales commitments, including those unable to be fulfilled.
 - (d) Purchase commitments in excess of normal requirements or above prevailing market prices.

18. Except as disclosed in the financial statements, we have:
 - (a) Satisfactory title to all recorded assets, and they are not subject to any liens, pledges or other encumbrances.
 - (b) Complied with all aspects of contractual and grant agreements, for which noncompliance would materially affect the financial statements.
19. We have not been designated as a potentially responsible party (PRP or equivalent status) by the Environmental Protection Agency (EPA) or other cognizant regulatory agency with authority to enforce environmental laws and regulations.
20. We have notified you of any instances of noncompliance with applicable disclosure requirements of the SEC Rule 15c2-12 and applicable state laws.
21. With regard to deposit and investment activities:
 - (a) All deposit, repurchase and reverse repurchase agreements and investment transactions have been made in accordance with legal and contractual requirements.
 - (b) Disclosures of deposit and investment balances and risks in the financial statements are consistent with our understanding of the applicable laws regarding enforceability of any pledges of collateral.
 - (c) We understand that your audit does not represent an opinion regarding the enforceability of any collateral pledges.
22. We have evaluated all bond issuances for arbitrage and confirm no issuances required a calculation.
23. With respect to any nonattest services you have provided us during the year, including preparation of the financial statements:
 - (a) We have designated a qualified management-level individual to be responsible and accountable for overseeing the nonattest services.
 - (b) We have established and monitored the performance of the nonattest services to ensure that they meet our objectives.
 - (c) We have made any and all decisions involving management functions with respect to the nonattest services and accept full responsibility for such decisions.
 - (d) We have evaluated the adequacy of the services performed and any findings that resulted.
24. We acknowledge that we are responsible for compliance with applicable laws, regulations and provisions of contracts and grant agreements.

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OTHER MATTERS

Although not considered material weaknesses, significant deficiencies or deficiencies in internal control over financial reporting or internal control over compliance, we observed the following matters and offer these comments and suggestions with respect to matters which came to our attention during the course of the audit of the financial statements. Our audit procedures are designed primarily to enable us to form an opinion on the financial statements and, therefore, may not bring to light all weaknesses in policies and procedures that may exist. However, these matters are offered as constructive suggestions for the consideration of management as part of the ongoing process of modifying and improving financial and administrative practices and procedures. We can discuss these matters further at your convenience and may provide implementation assistance for changes or improvements.

Single Audit

Subrecipient Monitoring – Suspension and Debarment

The University has several multi-year subawards, and while suspension and debarment checks are performed prior to entering into contracts, it is a best practice to perform those checks on an annual basis for multi-year subawards. This will help the University ensure it is not conducting business with entities that are not allowed to receive federal funds.

Management's Response:

The University of Wyoming has contracted with Point Consulting to conduct a review of the policies and procedures of the Office of Research Services. Subrecipient monitoring is included in the work plan of Point Consulting. We will utilize the results of Point Consulting work and use their recommendations to ensure that our subrecipient monitoring is in full compliance with the Uniform Guidance. We anticipate completion of this deficient issue by June 30, 2019.

Matching

With the implementation of the WyoCloud system, companion project accounts were set up in order to better support and track the matching requirements of each project. During testing we noted that these companion accounts have not been utilized as designed and the majority of support used to track these requirements in Fiscal Year 2018 has been done manually. This increases the risk of these resources being double counted and used as match on multiple projects and/or the risk that the match will not be met if it is not tracked properly. We recommend the

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University review its processes and procedures around these companion accounts and start utilizing the system to track all matching requirements.

Management's Response:

The implementation of the University's financial management system and the Project Portfolio Management (PPM) module provided grants management a unique opportunity to create an effective means for PI's, department accountants and OSP staff to monitor the cost share requirement for sponsored programs. During implementation the financial management system experienced significant changes to our chart of accounts, budgeting policies and practices, etc. The combination of all the changes resulted in the underutilization of the cost share companion account functionality. Departments manually tracked cost share expenditures and documentation which was neither effective nor efficient for compliance with grant requirements.

OSP will continue to work with the Budget office and the Associate VP for Financial Affairs to finishing implementing the cost share accounts with proper funding. This is a priority and we anticipate resolution and completed implementation by June 30, 2019.

New Accounting Pronouncements

Fiduciary Activities

GASB Statement No. 84, *Fiduciary Activities* (GASB 84): GASB 84 establishes criteria for identifying fiduciary activities. It presents separate criteria for evaluating component units, pension and other postemployment benefit arrangements, and other fiduciary activities. The focus is on a government controlling the assets of the fiduciary activity and identification of the beneficiaries of those assets. Fiduciary activities are reported in one of four types of funds: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, or custodial funds. Custodial funds are used to report fiduciary activities that are not held in a trust. The agency fund designation will no longer be used. GASB 84 also provides guidance on fiduciary fund statements and timing of recognition of a liability to beneficiaries.

GASB 84 is effective for financial statements for fiscal years beginning after December 15, 2018. Earlier application is encouraged.

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Leases

GASB Statement No. 87, *Leases* (GASB 87): GASB 87 provides a new framework for accounting for leases under the principle that leases are financings. No longer will leases be classified between capital and operating. Lessees will recognize an intangible asset and a corresponding liability. The liability will be based on the payments expected to be paid over the lease term, which includes an evaluation of the likelihood of exercising renewal or termination options in the lease. Lessors will recognize a lease receivable and related deferred inflow of resources. Lessors will not derecognize the underlying asset. An exception to the general model is provided for short-term leases that cannot last more than 12 months. Contracts that contain lease and nonlease components will need to be separated so each component is accounted for accordingly.

GASB 87 is effective for financial statements for fiscal years beginning after December 15, 2019. Earlier application is encouraged. Governments will be allowed to transition using the facts and circumstances in place at the time of adoption, rather than retroactive to the time each lease was begun.

Cybersecurity and Privacy Challenges for Higher Education Institutions

Higher education institutions are currently experiencing elevated cyber threat levels never seen before. The rapid increase in the number of cyber-attacks, business email compromises and ransomware upon colleges and universities alarms trustees, administrators, faculty and students alike.

In response to these attacks, regulators are stepping up their efforts to protect the public by increasing enforcement of current compliance requirements. New regulations, *e.g.* the EU General Data Protection Regulation (GDPR) and the California Consumer Privacy Act (CCPA), are aimed at limiting the amount of personal information that organizations can collect and providing students, faculty, alumni and others the ability to access and correct this data, or even to deny certain processing activities.

As a first step to improving their cyber-readiness, higher education institutions must identify the personal data that they have collected, assess the current state of their cybersecurity processes, controls and technology. Performing a cybersecurity risk assessment will help identify potential vulnerabilities and allow them to focus resources on areas of greatest risk.

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In addition, institutions must monitor their IT systems to detect the occurrence of an attack and put in place a strong incident response plan so that management can move quickly to limit disruption and recover quickly.

This climate of increased cyber-threats is expected to continue into the future. Colleges and universities must take strong steps now to protect the personal data that they hold and the IT systems on which they rely.

Understanding Program Costs and Margins

Administrative Issues: Organizational and Governance Structure

Although the traditional residential undergraduate college experience has been proven to be very effective, the cost of providing live instruction, advising, and related education continues to rise. Due to increased competition and declining demographics in many places, net tuition and other funding sources are flat or in decline.

As a result, many institutions are implementing key strategies designed to identify ways to improve financial sustainability. An essential step in this process is understanding the costs and revenues associated with existing academic programs at the course and program level. Identifying which programs provide the greatest contribution margin to the institution and which programs are lagging financially is critical in the information gathering process needed to make good decisions regarding academic offerings, enrollment strategies and resource allocation. Many institutions have done several rounds of cost reduction, but have not yet worked on academic programs. This is likely due to a lack of good information.

BKD has developed a sophisticated modeling tool to assist institutions with understanding program revenues, costs and financial contribution margins. Our interactive margin analysis tool provides a visual analysis of the financial contribution and margin at various levels of detail for the University. If you are interested in learning more about this service, please contact your BKD Advisor.

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Management's written response to the deficiencies identified in our audit has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

This communication is intended solely for the information and use of Management, the Board of Trustees, Finance, and Legal and Affairs Committee and others within the University, and is not intended to be and should not be used by anyone other than these specified parties.

November 15, 2018, except for the Internal
Control Over Compliance Section and Single
Audit items in the Other Matters section for
which the date is _____

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University of Wyoming
ATTACHMENT

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflects the effects on the financial statements if the uncorrected misstatements identified were corrected.

University of Wyoming

QUANTITATIVE ANALYSIS

	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Current Assets	373,656,575	985,250	374,641,825	0.26%
Non-Current Assets & Deferred Outflows	1,278,691,252	20,251,279	1,298,942,531	1.58%
Current Liabilities	(94,681,201)	(3,173,153)	(97,854,354)	3.35%
Non-Current Liabilities & Deferred Inflows	(426,519,330)		(426,519,330)	
Current Ratio	3.946		3.829	-2.97%
Total Assets & Deferred Outflows	1,652,347,827	21,236,529	1,673,584,356	1.29%
Total Liabilities & Deferred Inflows	(521,200,531)	(3,173,153)	(524,373,684)	0.61%
Total Net Position	(1,131,147,296)	(18,063,376)	(1,149,210,672)	1.60%
Operating Revenues	(261,718,251)	6,401,489	(255,316,762)	-2.45%
Operating Expenses	523,517,695	215,413	523,733,108	0.04%
Nonoperating (Revenues) Exp	(261,521,756)	(383,034)	(261,904,790)	0.15%
Change in Net Position	(91,533,197)	6,233,868	(85,299,329)	-6.81%

University of Wyoming
 SCHEDULE OF UNCORRECTED MISSTATEMENTS (ADJUSTMENTS PASSED)

Description	Financial Statement Line Item	Factual (F), Judgmental (J), Projected (P)	Assets & Deferred Outflows				Liabilities & Deferred Inflows				Change in Net Position								
			Current		Non-Current		Current		Non-Current		Operating Revenues		Operating Expenses		Nonoperating (Revenues) Exp		Net Position		
			DR	CR	DR	CR	DR	CR	DR	CR	DR	CR	DR	CR	DR	CR	DR	CR	
To reverse client entry that improperly impaired buildings.	Impairment Expense Construction in Progress	F	0	1,168,985	0	0	0	0	0	0	(1,168,985)	(1,168,985)	0	0	0	0	0	0	
To reverse prior year passed entry for the overstatement of the fringe benefit accrual	Expense Beginning net position	F	0	0	0	0	0	0	0	0	1,227,181	1,227,181	0	0	0	0	0	0	
To record amortization on equipment lease	Beginning Net Position Accumulated Depreciation Depreciation Expense	F	0	(727,905)	0	0	0	0	0	0	363,953	363,953	0	0	363,952	363,952	363,953	(363,953)	
To record Construction in progress recorded in accounts payable	Construction in Progress Accounts Payable	F	0	673,153	673,153	0	0	0	0	0	0	0	0	0	0	0	0	0	0
To adjust cash per State corrected confirmation	Cash Investment income	F	383,034	0	0	0	0	0	0	0	0	0	0	0	0	0	383,034	(383,034)	
To show the impact of the building on the service concession arrangement not being amortized over the useful life of buildings. It is currently being amortized over 30 years rather than 50 years.	Depreciation Expense Accumulated Depreciation Beginning Net Position	F	0	1,137,046	0	0	0	0	0	0	(206,736)	(206,736)	0	0	0	0	0	0	
To record unrecorded receivables and related revenue at year end	Grants receivable Grant revenue	F	602,216	0	0	0	0	0	0	0	0	0	0	0	0	0	602,216	(602,216)	
To correct recognition of unearned revenue on line of credit and cost reimbursable grants, recorded in the prior year. These grants would rarely have unearned revenue due to their nature	Grant revenue Beginning net position	J	0	0	0	0	0	0	0	5,220,074	0	0	0	0	0	0	5,220,074	(5,220,074)	

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To record estimated unearned revenue on fixed price grants in the current year and amount that should have been recorded in the prior year	J	0	0	(2,500,000)	0	1,000,000	0	1,500,000	0
Grant revenue						1,000,000			
Beginning net position								1,500,000	
Unearned revenue				(2,500,000)					
To correct cut off of known grant revenue recorded in the incorrect period and record projected amount	F	0	0	0	0	100,000	0	(100,000)	0
Grant revenue						100,000			
Beginning net position								(100,000)	
To correct cut off of projected grant revenue recorded in the incorrect period (relates to proposed adjustment above)	P	0	0	0	0	663,631	0	(663,631)	0
Grant revenue						663,631			
Beginning net position								(663,631)	
To record prior year effect of capitalized interest	J	0	18,000,000	0	0	0	0	(18,000,000)	0
Capital Assets									
Net investment in capital assets			18,000,000					(18,000,000)	
Total passed adjustments		986,250	20,251,279	(3,173,153)	0	6,401,459	215,413	(363,034)	1,349,203
Impact on Change in Net Position									6,233,668
Impact on Net Position									(18,063,376)

UNIVERSITY OF WYOMING

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November 15, 2018

BKD, LLP
Certified Public Accountants
1801 California Street, Suite 2900
Denver, Colorado 80202

We are providing this letter in connection with your audit of our financial statements as of and for the year ended June 30, 2018 and your audit of our compliance with requirements applicable to each of our major federal awards programs as of and for the year ended June 30, 2018. We confirm that we are responsible for the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control over financial reporting, operations and compliance, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following:

1. We have fulfilled our responsibilities, as set out in the terms of our engagement letter dated May 15, 2018, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
2. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
4. We have evaluated all potential component units and related organizations described in the financial statements and believe the classification of component units and related organizations are correct.
5. We have reviewed and approved a draft of the financial statements and related notes referred to above, which you prepared in connection with your audit of our financial statements. We

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acknowledge that we are responsible for the fair presentation of the financial statements and related notes.

6. We have provided you with:
 - (a) Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters.
 - (b) Additional information that you have requested from us for the purpose of the audit.
 - (c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - (d) All minutes of meetings of the governing body held through the date of this letter.
 - (e) All significant contracts and grants.
7. All transactions have been recorded in the accounting records and are reflected in the financial statements.
8. We have informed you of all current risks of a material amount that are not adequately prevented or detected by entity procedures with respect to:
 - (a) Misappropriation of assets.
 - (b) Misrepresented or misstated assets, liabilities or net position.
9. We believe the effects of the uncorrected financial statement misstatements summarized in the attached schedule are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.
10. We have no knowledge of any known or suspected:
 - (a) Fraudulent financial reporting or misappropriation of assets involving management or employees who have significant roles in internal control.
 - (b) Fraudulent financial reporting or misappropriation of assets involving others that could have a material effect on the financial statements.
11. We have no knowledge of any allegations of fraud or suspected fraud affecting the University received in communications from employees, customers, regulators, suppliers or others.
12. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America. We understand that the term related party refers to an affiliate; management, and members of their immediate families,

25. We have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that have a direct and material effect on the determination of amounts in our financial statements or other financial data significant to the audit objectives.
26. We have identified and disclosed to you any violations or possible violations of laws, regulations and provisions of contracts and grant agreements whose effects should be considered for recognition and/or disclosure in the financial statements or for your reporting on noncompliance.
27. We have taken or will take timely and appropriate steps to remedy any fraud, abuse, illegal acts or violations of provisions of contracts or grant agreements that you or other auditors report.
28. We have a process to track the status of audit findings and recommendations.
29. We have identified to you any previous financial audits, attestation engagements, performance audits or other studies related to the objectives of your audit and the corrective actions taken to address any significant findings and recommendations made in such audits, attestation engagements or other studies.
30. We have provided our views on any findings, conclusions and recommendations, as well as our planned corrective actions with respect thereto, to you for inclusion in the findings and recommendations referred to in your report on internal control over financial reporting and on compliance and other matters based on your audit of the financial statements performed in accordance with *Government Auditing Standards*.
31. With regard to federal awards programs:
 - (a) We have identified in the schedule of expenditures of federal awards all assistance provided (either directly or passed through other entities) by federal agencies in the form of grants, contracts, loans, loan guarantees, property, cooperative agreements, interest subsidies, commodities, insurance, direct appropriations or in any other form.
 - (b) We have identified the types of compliance requirements described in the U.S. Office of Management and Budget (OMB), *Compliance Supplement* regarding activities allowed or unallowed; allowable costs/cost principles; cash management; eligibility; equipment and real property management; matching, level of effort, earmarking; period of performance of federal funds; procurement and suspension and debarment; program income; reporting; subrecipient monitoring; and special tests and provisions that are applicable to each of our federal awards programs. We have identified to you our interpretation of any applicable compliance requirements subject to varying interpretations.
 - (c) We are responsible for complying, and have complied, with the requirements of Uniform Guidance.
 - (d) We are responsible to understand and comply with the requirements of federal statutes, regulations and the terms and conditions of federal awards related to each of our federal awards programs and have disclosed to you any and all instances of noncompliance with

those requirements occurring during the period of your audit or subsequent thereto to the date of this letter of which we are aware. Except for any instances of noncompliance we have disclosed to you, we believe the University has complied with all applicable compliance requirements.

- (e) We are responsible for establishing and maintaining effective internal control over compliance to provide reasonable assurance we have administered each of our federal awards programs in compliance with federal statutes, regulations and the terms and conditions of the federal awards.
- (f) We have made available to you all federal awards including any amendments and any other correspondence or documentation relevant to each of our federal awards programs and to our compliance with applicable requirements of those programs.
- (g) The information presented in federal awards program financial reports and claims for advances and reimbursements is supported by the books and records from which our financial statements have been prepared.
- (h) The costs charged to federal awards are in accordance with applicable cost principles.
- (i) The reports provided to you related to federal awards programs are true copies of reports submitted or electronically transmitted to the federal awarding agency, the applicable payment system or pass-through entity in the case of a subrecipient.
- (j) Amounts claimed or used for matching were determined in accordance with Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* regarding cost principles.
- (k) We have monitored any subrecipients to determine that they have expended federal awards in accordance with federal statutes, regulations and the terms and conditions of the subaward and have met the audit and other requirements of the Uniform Guidance.
- (l) We have taken appropriate corrective action on a timely basis after receipt of any subrecipient's auditor's report that identified findings and questioned costs pertaining to federal awards programs passed through to the subrecipient by us.
- (m) We have considered the results of any subrecipient's audits received and made any necessary adjustments to our books and records.
- (n) We have disclosed to you any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the applicable compliance requirements for each of our federal awards programs, including any communications received from the end of the period of your audit through the date of this letter.

- (o) We have identified to you any previous compliance audits, attestation engagements and internal or external monitoring related to the objectives of your compliance audit, including findings received and corrective actions taken to address any significant findings and recommendations made in such audits, attestation engagements or other monitoring.
 - (p) Except as described in the schedule of findings and questioned costs, we are in agreement with the findings contained therein and our views regarding any disagreements with such findings are consistent, as of the date of this letter, with the description thereof in that schedule.
 - (q) We are responsible for taking corrective action on any audit findings and have developed a corrective action plan that meets the requirements of Uniform Guidance.
 - (r) The summary schedule of prior audit findings correctly states the status of all audit findings of the prior audit's schedule of findings and questioned costs and any uncorrected open findings included in the prior audit's summary schedule of prior audit findings as of the date of this letter.
 - (s) The reporting package does not contain any protected personally identifiable information.
32. The financial statements disclose all significant estimates and material concentrations known to us. Significant estimates are estimates at the balance sheet date which could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur which would significantly disrupt normal finances within the next year. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
33. We have reviewed the actuarial assumptions applied to the University's pension and other post-employment benefits (OPEB) plans in calculating the net pension and total OPEB liability, related expense and other components and have determined that those assumptions are reasonable.
34. The University has evaluated its operations under GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, and does not believe there are matters for which accruals are required under this standard, except as recorded and disclosed in the financial statements.
35. The University has restated the 2017 financial statements. Management has provided you with all relevant information regarding the restatement. We are not aware of any other known matters that require correction in the financial statements.
36. The fair values of financial and nonfinancial assets and liabilities, if any, recognized in the financial statements or disclosed in the notes thereto are reasonable estimates based on the methods and assumptions used. The methods and significant assumptions used result in measurements of fair value appropriate for financial statement recognition and disclosure purposes and have been applied consistently from period to period, taking into account any

changes in circumstances. The significant assumptions appropriately reflect market participant assumptions.

37. The supplementary information required by the Governmental Accounting Standards Board, consisting of management's discussion and analysis, and pension and OPEB information, has been prepared and is measured and presented in conformity with the applicable GASB pronouncements, and we acknowledge our responsibility for the information. The information contained therein is based on all facts, decisions and conditions currently known to us and is measured using the same methods and assumptions as were used in the preparation of the financial statements. We believe the significant assumptions underlying the measurement and/or presentation of the information are reasonable and appropriate. There has been no change from the preceding period in the methods of measurement and presentation.
38. With regard to supplementary information:
- (a) We acknowledge our responsibility for the presentation of the supplementary information in accordance with the applicable criteria.
 - (b) We believe the supplementary information is fairly presented, both in form and content, in accordance with the applicable criteria.
 - (c) The methods of measurement and presentation of the supplementary information are unchanged from those used in the prior period.
 - (d) We believe the significant assumptions or interpretations underlying the measurement and/or presentation of the supplementary information are reasonable and appropriate.
 - (e) If the supplementary information is not presented with the audited financial statements, we acknowledge we will make the audited financial statements readily available to intended users of the supplementary information no later than the date such information and the related auditor's report are issued.



Dr. Laurie Nichols
President



David N. Jewell
Associate Vice President for Financial
Affairs



Ronald Douglas Ravel
Senior Director Financial Administration
and Compliance



Ashlie Reese
Director, Treasury and Financial Reporting

Internal Audit Activity Report

January 20, 2019

INTERNAL AUDIT ACTIVITY CONDUCTED IN ACCORDANCE
WITH THE AUDIT PLAN FOR THE PERIOD
November 2018 to January 2019

AUDITS:

4-H
Rodeo Club

FOLLOW UP REVIEWS:

Family Residency Program at Casper –340 B Program
Time and Effort Reporting for the Center of Biomedical Research
Excellence

AUDITS IN PROGRESS

The following audits and related activities are in progress:

- Policy on Minors Participating in University-Sponsored and University-Approved Programs
- Dean of Business Change of Management Audit
- Cashiering
- Football Attendance

THE FOLLOWING AUDITS WERE REVIEWED IN THE LAST FLAC MEETING WILL BE SUBMITTED AT THE BOT MEETING THIS MONTH AS AN INFORMATION ITEM.

Alumni Relations

V.P. for Finance and Administration Change of Management Audit

State Funded Scholarship Follow Up

V.P. for Research Change of Management Audit Follow Up

Student Media Follow Up

OTHER AUDIT ACTIVITIES

Creating tests and implementing IDEA software to improve audit process and allow complete reviews of all transactions.



Internal Audit Department

Dedicated to Improving Operations and Accountability

Limited Examination of Wyoming State 4-H Foundation

November 21, 2018

Auditor:
Danika Salmans

Integrity □ Proficiency □ Objectivity



Internal Audit
1000 E. University Ave.
Laramie WY, 82071

November 21, 2018

Board of Trustees

University of Wyoming

The Wyoming State 4-H Foundation requested that Internal Audit perform a limited examination for the year ending September 30, 2018. The limited examination involved only those funds generated by Foundation activities (interest on investments, unrealized gains and losses, donations, as well as a review of distributions of funds to participating 4-H clubs), exclusive of any State of Wyoming funds. The following report outlines the limited examination procedures that were performed and the types of audit procedures that were performed.

We perform this annual review of the 4-H Foundation which involves interviewing key employees, reviewing limited financial processes, confirming assets and sampling expenditures. The attached report discusses our testing and observations.

Although this limited examination did not constitute a complete audit, the work done was in accordance with generally accepted auditing standards.

Some of the procedures that were not performed during the limited examination are as follows:

- The limited examination did not include a review of the system of internal control.
- The limited examination did not attempt to evaluate whether the financial statements presented fairly, in all material respects, the financial position of the Foundation as of September 30, 2018 and the changes in its fund balances and its revenues and expenditures for the year then ended in conformity with generally accepted accounting principles

We would like to thank Steve Mack, Development Coordinator with the UW Extension for 4-H Youth Programs for the assistance we received on this audit.

Sincerely,

Kathleen Miller
Director of Internal Audit

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Background

Wyoming State 4-H Foundation

The Wyoming 4-H Foundation is a non-profit corporation in Wyoming. Currently the foundation is a 501-C-3 organization, in good standing, with the IRS. The foundation is the one and only official state organization sanctioned to financially support 4-H programs and education in Wyoming. The foundation is a depository for all funds raised by the various clubs throughout the state. This allows them to participate in the investment pool and recognize a greater return on the fund raising efforts. The foundation is responsible to invest, track and distribute interest earning and dividends to each club proportionate to their contribution to the investment fund.

It has a volunteer board of directors with about 10 to 15 members. The board members are from many walks of life and are all interested in supporting youth education. The Wyoming 4-H Foundation has direct ties to the University of Wyoming through the College of Agriculture, Extension and the State 4-H Office.

The Wyoming 4-H Foundations office is responsible for providing incentives and recognition for 4-H members and leaders. It also assists in providing educational opportunities for 4-H members and leaders; creates favorable public relations for 4-H throughout the state; and provides support to the 4-H programs in all 23 Wyoming counties and the Wind River Reservation.

The Wyoming 4-H Foundation office operates through the contact with the private sector for funds and other resources to support the many needs of the Wyoming 4-H program. Wyoming State 4-H Foundation donors contribute through gifts of cash, stocks/bonds, real property and in kind donations. The Wyoming 4-H Foundation office uses two types of donor funds – program accounts, funds used to pay for the educational events, camps or contests (awards, trips, and program development), and endowments, interest earning accounts.

Mission Statement



The Wyoming State 4-H Foundation, in partnership with the University of Wyoming Extension, secures resources to develop 4-H youth programs that:

- TEACH life skills and INSURE 4-H values
- Target 4-H member, 4-H leaders and 4-H supporters of all ethnic, social and cultural backgrounds
- Prepare participants to address challenges of a changing society
- Market 4-H and the Wyoming State 4-H Foundation

Goals

- Secure resources to fund programs that fulfill our mission and enhance our partnership
- Direct funding to increase diversity in 4-H activities

- Market 4-H and the Wyoming State 4-H Foundation

Executive Summary

Internal Audit has completed a limited examination of the Wyoming State 4-H Foundation for the year ending September 30, 2018. The limited examination involved only those funds generated by Foundation activities, exclusive of any State of Wyoming funds. The following report outlines the limited examination procedures that were performed. The attached report discusses our testing and observations.

No issues were noted, and thus we make no recommendations.

Audit Standards, Scope, Procedures, and Outcomes

Applicable Audit Standards that guide Internal Audit activity as established by the Institute of Internal Auditors (IIA):

- **Mission of Internal Audit**

The mission of internal audit activity is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight.

- **Definition of Internal Auditing**

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

- **Code of Ethics**

Internal auditors are expected to apply and uphold the following principles:

- Integrity
- Objectivity
- Confidentiality
- Competency

The Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing (The Standards)* governed the procedures, methods and test work completed in the performance of this audit. Auditors are expected to use their best professional judgment in applying these standards. This includes the identification of areas of risk, regulations, and procedures that could impact the department and University.

- **Standard 1220 – Due Professional Care**

“Internal auditors must apply the care and skill expected of a reasonably prudent and competent internal auditor. Due professional care does not imply infallibility.”

Audit Scope and Procedures and Outcomes:

The following audit steps represent the extent of work needed to achieve the engagement’s objectives. The auditor’s professional judgment was used in sampling each area and reviewing for compliance. The scope of this audit is summarized below. The audit steps included:

Area Audited	Test Work Performed	Status	Sample Size	Summary of Findings/Recommendations
Review of Assets	A list of assets was obtained from the 4-H department and positive confirmations were sent out to verify account balances.	Acceptable	16/16 100%	Based on the Balance Sheet, the 4-H has assets totaling \$5,189,912.13. This includes cash accounts and investment. All confirmations were returned with no differences indicated. No issues were noted.
	Assets were reconciled to the balance sheet to verify accuracy.	Acceptable	16/16 100%	All assets were reconciled to the balance sheet with no exceptions
	Unrealized gain/loss liability, and market value of investments to fund cost was reconciled to verify accuracy.	Acceptable	16/16 100%	The adjustment of investments to market value is done at the end of the year. Minor variations in the values were noted which are due to rounding errors. The difference between current value and market value which is proportionately distributed between the liability accounts is acceptable and traceable to the statement.
Review of Liabilities	A list of liabilities (funds held for clubs) was obtained and account balances were verified by sending out positive confirmations to each club.	Acceptable	43/43 100%	Based on the Balance Sheet, 4-H has 43 liability accounts. These are funds that are held for clubs across the state. The total in the liability accounts is \$711,239.79. All confirmations were returned with no differences indicated. No issues were noted.
	Liabilities were reconciled to the balance sheet to verify accuracy.	Acceptable	43/43 100%	All liability accounts were reconciled to the balance sheet with no exceptions.
Interest Income	Interest income and dividends are tracked monthly and verified by statements.	Acceptable	100%	All interest and dividend records were verified by comparison to monthly bank statement. All interest was correctly and completely recorded. No issues were noted.

	The interest and dividends are assess a 5% management fee. Recalculations were performed to validate this distribution and traced to appropriate account.	Acceptable	100%	The 5% management fee was appropriately calculated and credited to the appropriate account. No issues were noted.
	After the 5% management fee is assess, the remainder of interest and dividend income is distributed to all interest earning accounts. These distributions were confirmed in the review of liabilities. The remainder is credited to the Foundation Operating account was traced and verified for accuracy.	Acceptable	100%	The interest and dividend income was distribution to the Foundation Operating account reconciled without any issues.
Other Income Distribution	Verify that donations through payroll deduction are accurately recorded.	Acceptable	3/12 months 25%	Three months of payroll deductions were traced to bank statements to verify donations were accurately recorded. All donations appeared to be appropriately accounted for and appropriately credited to proper accounts. No issues were noted.
	Verify that other donations and registration fees were accurately recorded.	Acceptable	100%	All donations and registrations fees are tracked on a spreadsheet. These were accurately recorded and traced to the proper account in the General Ledger. No issues were noted.
	Verify that the 5% management fee was appropriately assigned to all donations and registrations fees and the credited to the Foundation Operating account.	Acceptable	100%	The calculation of the 5% management fee was verified and the appropriate credit was made to the Foundation Operating account and traced to the General Ledger.

<p>Disbursement Testing</p>	<p>Determine if 4-H disbursements are properly authorized and appropriate by reviewing one month of expenditures and deposit receipts.</p>	<p>Acceptable</p>	<p>1/12 8%</p>	<p>The month with the highest level of activity (August 2018) was selected for testing. All checks were reviewed for signature. All expenditures were reviewed for allowability and whether proper documentation and authorization was present. In addition all receipts of donations were attached to a pre-numbered receipt with no breaks in the receipt numbers. There were no issues noted.</p>
<p>Review of Process Manual</p>	<p>Verify that the Process Manual is being updated as needed and is a complete record of the processes involved in managing, recording and distributing funds appropriately.</p>	<p>Acceptable</p>	<p>N/A</p>	<p>We found that the manual was complete and would be an adequate resource in the event of turnover. It documents all process steps, responsibilities and calculations involved in managing, recording and distributing funds.</p>

Observations, Recommendations, and Responses

There are no issues or recommendations as a result of this audit. Steve Mack continues to update a manual detailing the financial management processes including the operation of the financial system and all associated spreadsheets. This document was reviewed and found to be very thorough and a good representation of the work that is done to manage the finances of the 4-H financial activity.

Distribution List

Laurie Nichols, President of the University of Wyoming
Bret Hess, Interim Dean - College of Agriculture
Mary Kay Wardlaw – Associate Director of Wyoming Extension
Kelly Crane – Associate Director of Wyoming Extension
Steven Mack, Director - Wyoming State 4-H Foundation



Internal Audit Department

Dedicated to Improving Operations and Accountability

Rodeo Team Audit

October 23, 2018

Auditors:

Kathleen Miller

Danika Salmans

Integrity ♦ Proficiency ♦ Objectivity



Internal Audit
1000 E. University Ave.
Laramie WY, 82071

November 15, 2018

Board of Trustees
University of Wyoming

Internal Audit has completed a review of the Rodeo Team. The President requested this audit. We performed a complete audit of the Rodeo club including interviewing key employees and reviewing all financial processes and sampling expenditures.

Please find the executive summary and audit report immediately following the table of contents. The primary audit objective was to perform a regular audit of financial and program processes to ensure adequate internal controls.

The attached report discusses our observations and recommendations for areas in which controls should be improved. The report also includes the verbatim audit responses from units/departments or specific personnel noted in the audit.

We would like to thank Beau Clark, Coach of the Rodeo Team, Sofia Garcia, Accountant for Animal Science, and the other staff members for the assistance we received on this audit.

As is customary, we plan to conduct a follow-up review in approximately six months to determine what actions have been taken in response to the audit recommendations. This audit will remain open until completion of the follow-up review, at which time we will provide another report.

Sincerely,

Kathleen Miller
Director of Internal Audit

Rodeo Team
Audit

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Background

Rodeo Team

The University of Wyoming Rodeo team competes in the Central Rocky Mountain Region of the National Intercollegiate Rodeo Association. There are 48 student athletes that participate in UW Rodeo. Most of the student-athletes receive a small scholarship. They are responsible to provide their own horses. They are also responsible for arranging transportation for their animals to the various rodeos. 12 of the 48 students receive a small amount of travel money which does not cover all of the travel costs.

The University of Wyoming rodeo program has a number of issues that need to be addressed in order to become a competitive program that meets the standards and expectations for excellence at the University of Wyoming. The vision for the future of UW rodeo includes the effort to acquire the resources needed to become an annually competitive program on a regional and national level.

Resources needed for consistent competitiveness at the University of Wyoming

Creative Fundraising strategies that target individuals, business, and companies who are passionate about UW success, student success, and college rodeo. This may include creating a position for fundraising purposes.

Increased Assistant rodeo coach salary. (currently \$10,000)

Additional assistant rodeo coach

Increased scholarship budget that allows the University of Wyoming to compete with the community colleges in the state of Wyoming and all elite rodeo programs on a national level.

Increased Travel Budget (we need planning for 2019 CNFR)

Additional practice equipment – Bucking machine \$7,500, 4-wheeler \$7,000, Roping Dummies \$5,000

Facilities

Student Horse Boarding Facilities – capacity of 100+ horses

Rodeo livestock housing facilities – Feedlot design and pasture grazing

Outdoor Arena (project in process)

indoor arena

Executive Summary

We performed a full audit comprised of a review of departmental policies and procedures, financial and accounting controls, and compliance with personnel policies. The Rodeo Team is a relatively small operation so we were able to review most of their transactions.

The following observations were noted in the audit:

1. **Rodeo's Budget should be Reviewed to Establish Better Procedures**
2. **Use of the Allocation from the State Budget Request for Rodeo should be Reviewed**
3. **Cash Handling Procedures should be Developed for the UW Rodeo**
4. **Cash Advance Processes should be Improved**
5. **Applicable Contracts should be Attached to Requisitions**
6. **Equipment Inventory List should be Created, Reviewed and Updated**

The details for each of the observations are contained in the following report.

Audit Standards, Scope, Procedures, and Outcomes

Applicable Institute of Internal Auditing Standards:

- **Institute of Internal Audit**

The audit standards of the Institute of Internal Audit governed the procedures, methods and test work completed in the performance of this audit. Auditors are expected to use their best professional judgment in applying these standards. This includes the identification of areas of risk, regulations, and procedures that could impact the department and University.

Standard 1220 – Due Professional Care

“Internal auditors must apply the care and skill expected of a reasonably prudent and competent internal auditor. Due professional care does not imply infallibility.”

- Presidential Directive 3-1993-1-- Receipt and Handling of University Funds states:
“1. General Information. All funds of the University of Wyoming are public funds, intended to help accomplish the mission of the University and its units. 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.

2. Purpose. The policy and procedures, along with their attachments, are intended to assist University employees and others in the discharge of their fiscal responsibilities. The Policy and Procedures for Receipt and Handling of University Funds shall be administered by the Vice President of Administration or designee.”

Because Rodeo sells tickets at their annual rodeo, this policy applies to them in particular. The policy addresses acceptance of cash, checks and credit cards, managing working funds and other financial procedures.

Audit Scope and Procedures and Outcomes:

The following audit steps represent the extent of work needed to achieve the engagement’s objectives. The auditor’s professional judgment was used in sampling each area and reviewing for compliance.

The scope of this audit covered our basic audit plan and also included a review of the special request topics. The audit steps included:

Area Audited	Test Work Performed	Status	Sample Size	Summary of Findings/Recommendations
Financial and Accounting Controls	Expenditures: Purchase Orders, Expense Reports and IDTs	Minor Issue	84/159 52%	We noticed requisitions and invoices without contracts attached. Since WyoCloud does not connect a requisition with a contract, it is necessary to attach it manually. See Observation #5.
	Foundation Accounts	Acceptable	100%	We tested foundation expenditures for compliance with donor restrictions. All transactions were compliant.
	Scholarships	Acceptable	100%	Rodeo receives \$200,000 for scholarships from state funding. We reviewed the 26 scholarships and found no exceptions.
	Asset Management	Minor Issue	100%	The office needs to track items less the \$5,000. See Observation #6.
	Financial Reporting and Monitoring	Issue	N/A	We noted that the expenditures and resources for the Rodeo Team are spread through several other departments including Athletics and Agriculture Experiment Station. We recommend considering consolidating the expenditures and resources into the Rodeo account. See Observation #1 & 2
	Computer and Office Access	Acceptable	N/A	We reviewed access to information stored on computers as well as access to offices. We found no issues.
Cash Handling	Issue	N/A	We reviewed the procedures for selling tickets at the UW Rodeo. We reviewed the records from last year’s Rodeo. We found no written procedures or policies and no records of reconciliations. See Observation # 3.	

	Cash Advances	Issue	N/A	We reviewed the procedures for cash advances identified in the expenditure sample. We noted the current process mixes personal funds with University funds. See Observation #4.
Personnel Policies	Payroll	Acceptable	33%	We reviewed three months of payroll and found no issues.
	Supplemental Pay, Stipends and Honorariums	Acceptable	100%	We reviewed all employees for supplemental pay transactions. There were no supplemental pay transaction. We therefore have no issues.
	Overtime	Acceptable	100%	We reviewed all employees for overtime. We found overtime paid.
	Benefit Usage	Acceptable	100%	We reviewed documentation for sick leave, vacation, tuition benefits and the mobile communication device stipends for all salaried employees . We found no issues.
	Graduate Assistants	Acceptable	2/2 100%	We reviewed Graduate assistants to ensure their tasks and hours worked were in compliance with federal rules and University policy.

Observations, Recommendations, and Responses

Observation 1: Rodeo's Budget should be Reviewed to Establish Better Procedures

Rodeo now has a separate account in WyoCloud. However, there are several other accounts that either manage Rodeo funds or provide funding for Rodeo. The following accounts are used:

1. Rodeo account—main account for expenditures
2. Athletics Rodeo account—The State provide \$100,000 for the Rodeo Team each biennium. This funding, although designated for Rodeo, goes to Athletics who hire and supervise two graduate assistants for \$20,000 a year each. They then pay the Assistant Rodeo coach \$10,000 a year.
3. State Fund designated for Rodeo Scholarships—\$200,000 is allocated from state funding to provide scholarships for Rodeo. This funding runs through the Financial Aid office who award recipients chosen by the Rodeo Coach.
4. Foundation Account—The Rodeo Scholarship Account is \$30,000. Rodeo can award scholarships based on the interest earned by that money.
5. Agriculture Experiment Stations (AES)—AES Station has paid for some of the Rodeo expenses, such as feed for the animals, vet services, and cattle leases.

Since both the coach and the accountant are new, they had not identified all of these sources of funding. Some of these could be combined to provide a more complete view of the Rodeo's financial status.

Recommendation:

We recommend that Rodeo accounts be analyzed and determine how best to review, expend and account for the funding for the Rodeo. In order to easily track all of the expenses related to Rodeo, consideration should be given to paying for all expenses out of the Rodeo account instead of having AES purchase items for them. However if there are economies of scale that can be obtain through combining needs and purchasing them in conjunction with AES then a written document itemizing and explaining the need for and value in combining those purchases should be created and kept on file.

Also consideration should be given to placing the state funding in the Rodeo account instead of the Athletics Rodeo account. This would give Rodeo the maximum ability to manage their funds.

Response:

For FY20 we will setup an activity code under AES organization specifically to Rodeo in order to be able to track all associated expenses.

Observation 2: Use of the Allocation from the State Budget Request for Rodeo should be Reviewed

We noted that \$100,000 is identified in the budget biennium request to the state to fund the Rodeo Team. In our review we noted that these funds are directly allocated to the Athletic Department. The funding is used to provide two graduate assistants (GAs) to the Rodeo team who also work for the Athletics' department. These GAs are hired by athletics and their schedule is set by athletics. The benefits Rodeo receives from these GAs appears to be very limited. It was reported by the GA that works in the training room that he works with Rodeo team members about 5 hours out of his 20 hour work week. The other GA that works in Sports Medicine reported as having never worked with Rodeo team members as her main emphasis is with the track and field team. Yet their entire stipend, tuition and insurance is paid through the funding identified for Rodeo support. However, the Rodeo team does use the training room and has guidance and supervision from the GA during their scheduled sessions. Currently the Rodeo Team does not pay any user-fee for the use of the training room which is a customary charge when other teams have requested time.

It is incumbent on the Rodeo Coach to ensure that these funds are used in the best manner to support the Rodeo Team as stated in the budget request.

In our review the Rodeo Coach knew very little about how these funds are used. He has no responsibility over the GAs that his funding supports, he has no say in their schedule or their job duties. He has an assistant coach who is key to the adequate support of the Rodeo team but whose salary is limited to the \$10,000 per year provided through the budget request.

Recommendation:

It is recommended that a utilization evaluation be completed to ensure that all of the funding identified for Rodeo in the budget request is being used toward the achievement of goals and objectives of the Rodeo Team.

Response:

Rodeo will have a discussion with athletics regarding the GAs. The Rodeo Coach will evaluate the value of having two GAs.

Observation 3: Cash Handling Procedures should be Developed for the UW Rodeo

Each year the Rodeo Team hosts a rodeo in Laramie. Tickets in the past have been sold at the gate for this event. There have been no processes or systems set up to monitor cash and reconcile ticket sales.

We reviewed the following basic procedures with them regarding ticket sales:

1. To obtain a 'working fund' (which is the money used at the gate to make change) the department must prepare a memo requesting the specific amount of money needed and when it will be returned. The memo must be signed by the Supervisor.

2. Some process should be identified to keep an accurate count of attendees (roll of tickets could be used) and then reconcile that to the amount of money collected.
3. A reconciliation of the attendees compared to the gate collection must be completed.
4. A deposit advice should be created and deposited.
5. The 'working fund' must then but be returned to the Cashier's Office.

Recommendation:

We recommend that the Rodeo Team establish written procedures regarding cash handling.

Response:

We will make sure to have numbered tickets as well as have two people reconcile cash in hand with tickets sold and deposit the money the next day.

Observation 4: Cash Advance Processes should be Improved

The Rodeo Team like the athletic teams, provide cash to student athletes for their travel expenses.

The WyoCloud system is designed to handle cash advances the same as a reimbursement and will either deposit the amount through direct deposit into the employee's personal bank account or provide a check made out to the employee. The cash is then either distributed to each athlete or is used to provide team meals or other team expenses that may require the use of cash rather than credit cards.

Currently in Rodeo, the cash advance is deposited into the Coach's personal account. Mixing University funds with personal funds in this way is a weak internal control and can cause problems in tracking and monitoring the University's cash and how it is spent.

The Athletic Department has addressed this issue by designating in WyoCloud an employee to receive reimbursements only by check. This employee is always the person requesting cash advances for team travel. This employee cashes the checks and distributes the money. This process while not ideal helps prevent the mixing of UW funds and personal funds.

Recommendation:

We recommend that Rodeo improve this process. This could be accomplish in a number of ways including:

- Replicating the procedures used in Athletics, and designating an employee to receive checks rather than direct deposit. This person would then be responsible to cash the check and appropriately distribute the funds.
- Providing student-athletes with debit cards provided through UW Procurement.

We also recommend that procedures to track and record the distribution of the funds be established to ensure adequate segregation of duties and appropriate safeguarding of assets.

Response:

Rodeo will evaluate options for cash advances and select the one that will most effectively meet their needs and also improve the process.

Observation 5: Applicable Contracts should be Attached to Requisitions

We reviewed all contracts and noted that they were not always attached to the requisition. Since the Contract module in WyoCloud does not automatically connect to applicable requisitions, it is important to attach the contract manually to each requisition.

Recommendation:

We recommend that the contract be attached to each requisition so that terms can be reviewed and verified.

Response:

Accountant has attached contract to latest requisitions (PO)s paid.

Observation 6: Equipment Inventory List should be Created, Reviewed and Updated

Currently, the department has not reviewed their inventory which is maintained in the Asset Management database in a long time. While the listing is small, they are encouraged to review and verify the items listed and update Asset Management with any changes. In addition, there is no process to track the small inventory items valued under \$5,000. Since the University Office of Asset Management no longer tracks equipment valued at less than \$5,000, the department should maintain an inventory list of their computers and other equipment necessary the function of the department that is under this capitalization limit.

Recommendation:

We recommend a method for tracking other equipment not tracked through the University Asset Management system be developed. These items might include things like computers, copiers or other items that they may want the insurance to cover in case of disaster or loss. This document would need to be continually updated as equipment is purchased and put out of service. It would also need to be reviewed on a regular basis to verify that items can still be located.

We also recommend that the paperwork for the old computer and the server be completed in order to remove them from the list.

Response:

We will create an excel spreadsheet with Rodeo's inventory under \$5000 as well as keep pictures of items.

Distribution List

Laurie Nichols, President of the University of Wyoming
Kate Miller, Provost and Vice President for Academic Affairs
Bret Hess, Interim Dean, College of Agriculture and Natural Resources
Beau Clark, Rodeo Coach



Internal Audit Department

Family Medical Residency Program at Casper Follow Up

Date: January 8, 2019

Kathleen Miller, Internal Auditor
Internal Audit Department
Department 3314
1000 E. University Avenue
Laramie, Wyoming 82071
(307) 766-2385

University of Wyoming Board of Trustees:

The follow up review Family Medical Residency Program at Casper has been completed. The following is a report of the current status of the outstanding issues in the audit.

Observation	Status
1. <u>Savings From the 340b Program Have Not Been Used</u>	In progress, proposed legislation has been created.
2. <u>Policies Regarding 340b Processes should be Written and Approved</u>	Completed
3. <u>304B Programs are Required to have Auditable Records</u>	In progress, changes in the pharmacy ownership will help complete this step.
4. <u>The Casper FMRP should Implement a Self-Audit</u>	Partially implemented. Change in pharmacy ownership will provide opportunities to completely implement this recommendation.
5. <u>Reconciliation Processes Should Be Improved</u>	Completed
6. <u>An External Audit should be Scheduled</u>	In progress, plans are in place for a 2019 audit.

The initial audit with the detailed status update from the department can be found in the following pages.



Internal Audit Department

Family Medical Residency Program at Casper

Date: November 2, 2017

Kathleen Miller, Internal Auditor
Internal Audit Department
Department 3314
1000 E. University Avenue
Laramie, Wyoming 82071
(307) 766-2385

To the Board of Trustees
University of Wyoming

We conducted a review of the business process for the Casper Family Medical Residency Program (Casper FMRP). The review consisted of interviewing staff members and analyzing all business processes.

We would like to thank Dr. Beth Robitaille and Dave Svoboda and the rest of the staff for their assistance on this review.

Background

The University of Wyoming has, within the last two years, reorganized the Family Medical Residency Programs under one Federally Qualified Health Center (FQHC). This has allowed the Residency Programs to be 'Covered Entities' and thus allows them to offer special programs to their patients. One of these programs falls under the Public Health Service Act, Section 340b (commonly known as the 340b program). Drugs provided under this program allow the 'Covered Entity' to purchase drugs at a price much lower than retail prices.

The regulation was designed so that patients benefit directly by lower priced prescriptions, or indirectly by increased, improved, or additional programs, such as medicine assistance programs.

A patient can still be qualified as a 340b patient if they have insurance, in these cases, the savings go to the 'Covered Entity' and are to be used to expand their services. The Casper FMRP received their status as an eligible 'Covered Entity' in February 2015 and implemented the 340b program in April of 2015.

1) Observation: Savings From the 340b Program Have Not Been Used.

In our review we noted that as of June 30, 2017 there was \$1.1 million in 340b savings which had not been used. Since the program started in 2015 only one budget item was allowed which was to replace the medicine. All other savings were placed in this account and have not been used largely because the approval process involves so many different bodies with varying degrees of understanding. These funds are in the 167 budget and therefore the spending must have line item approval from the legislature or the Governor's Office through the B-11 process. This process has a significant impact on Casper FMRP's ability to make the best use of these funds. A similar problem exists with clinic income which at the end of June 2017 was over \$ 3.4 million. The residency has submitted many proposals for spending these funds, however, only small equipment items and payments to the billing company have been approved. Larger requests to spend these funds to improve faculty compensation and to add clinic staffing have not been approved. This has led to staff and faculty departures which has compromised the ability of the clinic to provide additional service to the Wyoming community. In the 2019-2020 Budget proposal, the program has submitted a budget based on two years of historical financial data that will utilize a majority of revenue funds collected in FY19 & FY20.

If the proposed 2019-2020 Budget is not approved, this could become an audit issue during a federal review since use of the savings is supposed to go to somehow improve the program or offer new services.

Recommendation:

We understand that there is an effort to propose a different budget mechanism be used that would allow the Residencies to use savings from this program more easily. This would ensure that they meet the objectives of the Public Health Services Act and also have a bigger and more positive impact on the residents of Wyoming.

It is especially critical that the 340b funds be used expediently to benefit the program in order to be in compliance with the federal regulations. Since HRSA has the authority to terminate individual contract pharmacy sites, clinical sites, and entire organizations from the 340b program based on audit findings, we recommend that significant attention be given to this matter so that the Clinic can continue the 340b program.

Response:

We agree and look forward to seeing progress in this area.

CURRENT STATUS

A legislative committee was appointed during the 2018 legislative session to investigate and make recommendations to the Legislature regarding the organizational governance and authority. That committee held several meetings during 2018, and drafted proposed legislation to address this issue. The Joint Appropriations Committee reviewed the draft and forwarded their recommendations for legislative review in the 2019 session. The proposed statute includes several solutions to the issues raised.

From December, 2017 through November, 2018, an additional \$887,193 in net revenue was generated. Spending from the 340B savings has been limited to \$188,659 from December, 2017

through November, 2018, all on pharmaceutical inventory purchases. At this time there has been no substantive change in the UW process required to obtain spending authority for 340B program savings. Financial assistance for patients who cannot afford necessary medications continues to be provided through private donations to the medication assistance fund. Patient access to that assistance fund is restricted in order to equitably distribute the small amount of funds available.

2) Observation: Policies Regarding 340b Processes should be Written and Approved

We noted that although the Casper FMRP has prepared a draft of proposed policies and procedures, they have not been reviewed or approved. These documents become more critical when a contract pharmacy is involved and when the 340b program is relatively new. In the “Sample 340b Program and Policy & Procedures Manual” it states:

Policies and procedures (1) promote compliance with regulations and statute requirements; (2) reduce variation in practice; (3) standardize practice throughout the organization; and (4) serve as a resource for new team members. In addition, policies and procedures allow covered entities to establish and educate staff on key expectations for practice and procedures.

There are typically three parts of a P&P manual: policies, purpose, and procedures.

1. Policies: guidelines (or rules) to be followed under a given set of circumstances.
2. Purpose: a high-level statement that indicates what an entity plans to do (i.e., the objective of the policy).
3. Procedures: step-by-step instructions to assist the entity in completing a task in a consistent manner to ensure an appropriate result (or outcome). Procedures outline:
 - a. When the activity or task is triggered
 - b. What steps are performed
 - c. Who performs each step
 - d. When each step is performed
 - e. How the steps are performed

The key elements of a P&P manual include policies, purpose, procedures, definitions, references, subject/title, effective date, original date of issue, date last reviewed, and date last revised. In addition, appropriate policy approvals are evident and legible on the documented policy, including the date of the approval and the signature, title, and department of the responsible person.

Recommendation:

We recommend that policies and procedures regarding the 340b be created, reviewed, approved and implemented.

Response:

We agree and will implement the recommendations.

CURRENT STATUS

Policies and Procedures are written, approved by the Board of Directors, and are implemented. Attached is a copy of the document.

3) Observation: 304B Programs are Required to have Auditable Records

We noted that an Federally Qualified Health Center (FQHC) must maintain records demonstrating compliance with all 340b Program requirements for itself, any child site, and any contract pharmacy. These supporting records must be made available to HRSA at any time and to certain manufacturers if requested in an audit. While HRSA has not clearly defined “auditable records”, at a minimum these records should include:

- Policies and Procedures (do not throw away old Policy and Procedures manuals after updating),
- copies of self-audits,
- copies of external 340b audits,
- contracts related to contract pharmacy 340b operations (e.g., contracts with the pharmacy itself; PBM contracts; virtual inventory tracking systems.) Note: do not throw away expired contracts
- pharmacy service agreements,
- vendor contracts
- patient records,
- invoices for 340b drugs purchased,
- reports of 340b drugs dispensed, and
- inventory reconciliations.

We noted that the Casper FMRP does not have many of these documents.

Recommendation: We recommend that Casper FMRP ensure that they can produce auditable records for all of the categories noted. These records should be kept for at least five years.

Response:

We agree. The requirements from HRSA have increased dramatically since we started. I would say our processes are sound but we need to paperwork to back it all up. Has been on our “To Do” list but this has helped us move it up the list. Our goal is to have this all in place by our HRSA visit next May.

CURRENT STATUS

We do have auditable records, including paper documents and electronic files, for all of the areas identified above except external audit and inventory reconciliations. Those two areas are discussed in more detail below.

4) Observation: The Casper FMRP should Implement a Self-Audit

Since the Affordable Care Act was instituted, the number of ‘Covered Entities’ has expanded dramatically. In response to this growth, the Health Resources and Services Administration (HRSA) began conducting audits regarding compliance with diversion of drugs and duplicate discount rules. Audits are designed to assess that a covered entity has not sold or diverted 340b covered drugs to ineligible patients, has the proper controls in place to prevent and detect instances of diversion and duplicate discounts, is eligible to participate in the 340b program, and maintains

auditable records. One of the recommended ways to address compliance on a regular basis is a self-audit.

The National Association of Community Health Centers (NACHC) 340b Manual states:

FQHCs are well advised to perform some type of self-assessment each month, and more often if possible. These audits are done on a sample basis. In general two samples of approximately 25 transactions each are recommended: a. Sample #1: 3–5 high-cost drugs b. Sample #2: sliding scale transactions

1. The prescription or referral was from an eligible doctor.
2. The patient was qualified when he received the prescription.
3. The patient received health care service from a covered entity
4. A Medicaid patient did not received the 340b drugs as well as the Medicaid discount.
5. All drugs are accounted for from the starting inventory balance at the beginning of the sample timeframe to the end of the timeframe.

We noted that although the Casper RFMP has plans to begin self-audits, they have not yet been implemented.

We also noted that inventory reviews have not been done in the past. The inventory reconciliation process would require a beginning balance for a specific drug on a specific date, all the drugs purchased and all the drugs dispensed up to a specific end date. The total from the review should match the total number of pills on the shelf. Given that the Pharmacy only tracks inventory on a very manual basis, setting up an inventory review could require extensive changes in inventory procedures.

Recommendation:

We recommend that self-audits be implemented and that adequate procedures be identified and explicitly described so complete and adequate audits can be regularly performed. We also recommend that a method for auditing inventory be developed and implemented as soon as possible.

It is possible that these additional self-audit steps will over burden the current staff. We recommend that work load be reviewed and additional staff be requested if necessary.

Response:

We agree and will implement the recommendations.

CURRENT STATUS

We have performed some level of self-audit each month beginning in August 2017. With the assistance of UW technical experts we greatly improved our processes. Our process now covers items 1-4 in the above list. Physical inventory continues to be a difficult issue to address, due to lack of data available from the contract pharmacy. The relationship with that pharmacy was terminated effective December 31, 2018. A new, UW-owned pharmacy will begin operations on January 4. Newly hired UW pharmacy staff completed an exact physical inventory of all 340B drugs on the shelf on January 2, and we will implement routine monthly physical audits starting in February. The information needed (but not made available from the contract pharmacy) falls into two categories. First, the

pharmacy did not regularly make physical count inventories available to Casper FMRP, even for a small sample of medications. Secondly, many prescriptions are not picked up by patients and are returned to stock, and no data is available to identify those medications.

5) Observation: Reconciliation Processes Should Be Improved

Reconciliations are currently being done each month at Casper FMRP to verify that each patient on the sliding scale whose prescription was filled with a 340b priced drug is a qualified patient. However, we noted that it is only done for the sliding scale patients. Casper FMRP provides a sliding scale for low income families so that they can be offered services at a lower cost. However, patients can also qualify for the 340b program and have their prescription filled with 340b priced drugs who are covered by insurance and not on the sliding scale. These patient's records are not reconciled to the pharmacy records to ensure that they are qualified patients at the time of service. Another piece of the reconciliation should include a verification that the prescribing physician is also qualified under 340b.

Recommendation:

We recommend that the reconciliation process be expanded to cover all patients whose prescriptions were filled with 340b priced drugs and include a process to verify the prescribing physician is also qualified. We recommend that this process be automated and performed more frequently than monthly. Many FQHCs perform this type of review daily.

Response:

We agree and will implement the recommendations.

CURRENT STATUS

We performed a self-audit to this level since December 2017, shortly after the release of this report. One hundred percent (100%) of all 340B prescriptions dispensed are verified with both patient and prescriber eligibility. The average accuracy rate for both elements combined was 99.67 percent for 2018, and there was no single month where the error rate even reached 1 percent (1%), well under the policy guideline of 5 percent (5%). The report from the contract pharmacy needed to perform the reconciliation was only available on a monthly basis.

Of note, circumstances will be different for the new, UW pharmacy moving forward. All pharmacy staff will be UW employees and therefore Casper FMRP administration can assign responsibilities that align with compliance monitoring. In addition, Casper FMRP retained a company providing third party administration of patient and prescriber compliance for the new pharmacy. This company will verify eligibility of both prescriber and patient prior to prescription dispensing, rather than after the fact. Compliance reports will be available as needed.

6) Observation: An External Audit should be Scheduled

We noted that the Casper FMRP has not had an external audit of their 340b program. Although not explicitly required by statute, **HRSA currently expects all covered entities – including FQHCs - to conduct annual independent audits of each contract pharmacy location.** It is important to note that the covered entity remains responsible for the 340b drugs it purchases and dispenses through a contract pharmacy. All covered entities are required to maintain auditable records and provide oversight of their contract pharmacy arrangements. HRSA expects that covered entities will utilize independent audits as part of fulfilling their ongoing obligation of ensuring 340b Program compliance.

Recommendation:

We recommend that Casper FMRP begin scheduling external audits of the 340b program.

Response:

We agree and propose that we should receive spending authority from our 340b income to pay for the audits.

CURRENT STATUS

Casper FMRP has not performed an external audit. An audit will be performed in 2019. If the pending legislation does not achieve the spending flexibility needed, a B11 request will be prepared and spending authority requested to perform the audit.

Kathleen Miller,
Internal Auditor

cc: Laurie Nichols, President University of Wyoming
Kate Miller, Provost
David Jones, Interim Dean Health Sciences



Internal Audit Department

Dedicated to Improving Operations and Accountability

**Follow Up Report
for
Time and Effort Reporting for the Center of Biomedical Research Excellence**

January 11, 2019

Auditors:

Kathleen Miller

Danika Salmans

Integrity ♦ Proficiency ♦ Objectivity



Internal Audit
1000 E. University Ave.
Laramie WY, 82071

January 11, 2019

Board of Trustees
University of Wyoming

Internal Audit has completed the Follow Up review of Time and Effort Reporting for the Center of Biomedical Research Excellence. In our review we found that all the responses from the audit have been implemented. In those cases that occur less frequently, policies and procedures have been put in place to address those issues as they arise.

In this report you will find:

- A summary of the status for each observation
- The original report with current status details

We would like to thank Dr. Qian-Quan Sun, Principle Investigator for the COBRE grant and the other staff members for the assistance we received on this audit.

Sincerely,

Kathleen Miller
Director of Internal Audit

Follow Up for
Time and Effort Reporting for the Center of Biomedical Research Excellence
(COBRE)

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Summary of Recommendation and Current Status

Observations	Summary of Findings/Recommendations	Current Status
<u>Personnel Activity Reports (PARs) should Reflect Actual Effort</u>	Departments alter their current process in order to ensure actual effort is reported and not the estimated percentage found in the grant documents.	Complete
<u>Appropriate Personnel should Sign PARs</u>	Whomever signs the PAR works closely enough to the project to know who worked on it and how long they worked and thus ensure strong controls and comply with federal regulations.	Complete
<u>Processes to Address Nepotism Situations should be Documented</u>	Processes in nepotism situations should be documented and adequately communicated.	Complete
<u>Time Reporting Processes should be Improved</u>	Procedures for timesheets should be improved and that the time-entered report from HRMS be signed by the employee and the supervisor.	Complete

Attachment 1—Original Report with Current Status



Internal Audit Department

Dedicated to Improving Operations and Accountability

**Audit of
Time and Effort Reporting for the Center of Biomedical Research Excellence
(COBRE)**

May 23, 2018

Auditors:

Kathleen Miller

Danika Salmans

Integrity ♦ Proficiency ♦ Objectivity



Internal Audit
1000 E. University Ave.
Laramie WY, 82071

May 23, 2018

Board of Trustees
University of Wyoming

Internal Audit has completed a review of Wyoming Sensory Biology Center of Biomedical Research Excellence (COBRE). Please find the executive summary and audit report immediately following the table of contents.

The primary audit objective was to determine if reporting of timesheets as well as time and effort reporting in the COBRE operations complies with the Office of Management and Budget's Uniform Guidance regulations and the University's policies regarding the reporting of time for hourly employees.

The attached report discusses our observations and recommendations for areas in which controls should be improved. The report also includes the verbatim audit responses from units/departments or specific personnel noted in the audit.

We would like to thank Dr. Qian-Quan Sun, Principle Investigator for the COBRE grant, and Kara Dugan, Project Coordinator for the COBRE grant, and the other staff members for the assistance we received on this audit.

As is customary, we plan to conduct a follow-up review in approximately six months to determine what actions have been taken in response to the audit recommendations. This audit will remain open until completion of the follow-up review, at which time we will provide another report.

Sincerely,

Kathleen Miller
Director

of

Internal

Audit

Audit of
Wyoming Sensory Biology Center of Biomedical Research Excellence (COBRE)

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Background

Wyoming Sensory Biology Center of Biomedical Research Excellence (COBRE)

Established in September, 2017, the Sensory Biology Center (SBC) is a phase I center of the 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.

As part of the [Institutional Development Award \(IDeA\) program](#), NIGMS provides approximately \$10 Million of research funding over five years (2017 to 2022) to the University of Wyoming to support research activities associated with SBC.

[Dr. Qian-Quan Sun](#), professor of [Zoology and Physiology](#), and [UW Neuroscience Program](#), is the principle investigator (PI) and director of the SBC. The SBC is comprised of Administration Core (AC), Integrated Microscopy Core (IMcore) and four interrelated research projects. As a whole, the SBC supports four new junior investigators and four future faculty hires that are committed to the SBC, during the five years of the COBRE funding.

The five-year goals of the SBC are:

1. Establish a multi-disciplinary center that brings together investigators with expertise in diverse areas of sensory neuroscience and experimental methodology, and fosters collaborations to address key issues in sensory system function and dysfunction.
2. Support projects of junior investigators by providing strong mentoring and guidance to help them obtain independent funding and professional success. In addition to research, investigators will be mentored on other metrics that are evaluated in Tenure and Promotion.
3. Grow the SBC in both size and scope through the recruitment of new faculty, and fostering multi-disciplinary research among current UW faculty, respectively.
4. Build the required research infrastructure by expanding the Microscopy Core Facility.
5. Advance our understanding of the development and function of sensory systems and their dysfunctions.

Executive Summary

We reviewed only the timesheet processes for hourly employees and the reporting of grant related effort on the Personnel Activity Report (PAR).

Reporting of Hours Worked:

Hourly employees must track the hours they work for the department. These hours must be recorded and then entered into the Human Resource Management System (HRMS). The timesheet must be approved and signed by the supervisor and the employee.

Reporting Time and Effort:

This process differs from the timesheet process in both mechanics and purpose. The purpose of the time and effort reporting is to track time spent on a specific grant and ensure appropriate account adjustments are made. This procedure monitors and verifies the salaries and wages applied to the grant. The method used to capture this information is found on the Personal Activity Report (PAR). This report must be completed and verified by an individual that has direct knowledge of the effort applied toward grant objectives.

We found the following issues:

- 1. Personnel Activity Reports (PARs) should Reflect Actual Effort**
- 2. Appropriate Personnel should Sign PARs**
- 3. Processes to Address Nepotism Situations should be Documented**
- 4. Time Reporting Processes should be Improved**

The details for each of the issues are contained in the following report.

Audit Standards, Scope, Procedures, and Outcomes

Applicable Institute of Internal Auditing Standards:

- **Institute of Internal Audit**

The audit standards of the Institute of Internal Audit govern the procedures, methods and test work completed in the performance of this audit. Auditors are expected to use their best professional judgement in applying these standards. This includes identification of areas risks, regulations and procedures that could impact the department and University.

Standard 1220 – Due Professional Care

“Internal auditors must apply the care and skill expected of a reasonably prudent and competent internal auditor. Due professional care does not imply infallibility.”

Policies and Regulations pertinent to the audit include:

- **Uniform Guidance Requirements: 2 CFR 200.430(i) Compensation – Personal Services, Standards for Documentation of Personnel Services**

Payroll systems must be based on records that accurately reflect the work performed and supported by a system of internal controls that provides reasonable assurances that charges are accurate; allowable and reasonable; and properly allocated.

The Uniform Guidance states that payroll distribution records must:

- Be incorporated into the official records
- Reasonably reflect the employee’s total activity
 - They cannot include time that an employee is not compensated for and cannot be compensated above 100%
- Encompass both Federally assisted and all other activities compensated on an integrated basis
- Comply with accounting policies and practices
- Support the distribution of salary or wages among specific activities or cost objectives if an employee works on more than one award or activity.

Because compensation must be based on actual hours worked, in an audit or monitoring review, federal auditors will be asking for documentation that supports the Time & Effort (T&E) recorded into the Institution’s accounting/T&E reporting systems. Documentation must be in a format that sufficiently provides reasonable assurance that charges to federal grants/programs are accurate, allowable and properly allocated. The burden of proof lies with the grantee.

- **From Employee Handbook Edition Effective 3/23/17- Section D-- University Policies # 9. NEPOTISM**

“University employees may not be immediate supervisors to their relatives. This category includes parents, spouses, children, siblings (or the previous as in-laws), domestic partners, grandparents, grandchildren, uncles/aunts, nephews/nieces, and first cousins. Employees who find themselves in a work situation that conflicts with the previous statement shall have the remainder of the fiscal year to work with UW Administration to find alternative solutions, which may involve changes in the lines of supervision for their relatives.”

#33. PAY PERIOD

“Salaried employees are paid on the last working day of each month. Hourly non-benefited employees are paid on the 15th day of each month and the last working day of each month. All full-time and part-time nonexempt employees are required to submit a signed Time and Leave Report each pay period. All exempt employees are required to submit a Leave Report each pay period. Failure of an employee to submit a report may delay the employee’s paycheck.”

Audit Scope and Procedures and Outcomes:

The following audit steps represent the extent of work needed to achieve the engagement’s objectives. The auditor’s professional judgement was used in sampling each area and reviewing for compliance.

The scope of this audit was limited to timesheet reporting processes and time and effort reporting processes. The audit steps included:

- **Personnel Activity Report (PAR) Review:**
The Principle Investigator and all junior investigators were interviewed and their processes were evaluated and a sample of PARs were reviewed. We found several concerns regarding the accurate reporting of effort, appropriate approvals of PARs, and nepotism. (see detail in Observations #1-3)
- **Timesheet Review:**
Because the population of employees is small, the total population was reviewed. Timesheet were compared to the data in the HRMS system and reviewed for timeliness, accuracy, supervisor approvals and employee signatures. Some issues were found. (see detail in Observation #4 in the following section)

Observations, Recommendations, and Responses

Observation 1: Personnel Activity Reports (PARs) should Reflect Actual Effort

The Uniform Guidance requires that time distribution records must be maintained for all employees whose salary is paid in whole or in part with federal funds or is used to meet a match or cost-share requirement for a grant. Payroll allocations among grant awards cannot be based on budgeted distributions alone. Rather, allocations of salaries and wages among grant programs need to be supported by actual hours worked. If budgeted numbers are used to allocate salaries and wages among grant programs, the entity's system of internal controls should include an after-the-fact review of the reported effort. If actual time worked differs from the budgeted allocations, adjustments should be made such that the final amount charged to each grant is accurate, allowable, and appropriately allocated.

The Personnel Activity Report (PAR) is the mechanism used at the University to record effort worked on a grant (This was built by the University and is very manual process). However, there is not an after the fact review of reported effort. Therefore the PAR is the sole internal control for time and effort reporting.

UW Process:

When a grant includes proposed budget for salary and wages, each month the department must run the PAR process in the system. This will provide the percentages of effort identified in the grant documents. However, since the Uniform Guidance regulations require that **actual percent of effort** is reported, the department or project coordinator must contact the Principle Investigator or supervisor to determine if effort was different than written in the grant for that month. If the effort was different the department or project coordinator must create an expenditure correction in the system to reflect the actual effort and then reprint the PAR and obtain the appropriate signatures.

We noted in our evaluation of processes and our review of PARs that currently some of the COBRE grants are not correcting the PAR to reflect actual effort and are instead only using the budgeted percentages.

Recommendation:

We recommend that the departments alter their current process in order to ensure actual effort is reported and not the estimated percentage found in the grant documents.

Response:

School of Pharmacy has been doing all the PARs and SBC project coordinator does not enter PARs, related to the observation 1. SBC has contacted School of Pharmacy and will

work with School of Pharmacy Dean's office and accounting personnel to ensure the PAR will reflect actual effort. SBC project coordinator will keep records of all Pars.

CURRENT STATUS

It has been a routine practice in the School of Pharmacy (SOP) that Dean Kem Kruger verifies that the PAR reflect actual effort. A copy of all signed Pars are on file with the SBC PC.

Observation 2: Appropriate Personnel should Sign PARs

The primary focus of the revised time and effort requirements of the Uniform Guidance is that strong internal controls must exist for the reporting of salaries and wages to ensure that the payroll charged to various grants match were actual time is spent. While the previous standards were more prescriptive in the documentation requirements (for example, the use of semi-annual certifications for those employees working full-time in a program or personnel activity reports for those employees working under multiple grants), the new standards provide more flexibility in the process, with the focus being on controls to ensure that time is charged to grants appropriately. Strong internal controls would indicate that the person signing the PAR and thus certifying the effort worked, should have personal knowledge of the work done.

The Personnel Activity Report (PAR) is the document used by the University to comply with the Uniform Guidance Regulation that controls federal grants. The PAR is to be completed monthly and signed by a person who can certify the work that was done on the project.

In our review we noted that often the PARs were not signed by someone who is in a position to certify the work done on the project. For example, in some areas the PAR is signed by the Associate Dean who may never see the person come to work or have knowledge of their schedule.

Recommendation:

We recommend that procedures be changed so that whomever signs the PAR works closely enough to the project to know who worked on it and how long they worked and thus ensure strong controls and comply with federal regulations.

Response:

While SBC does not enter PARs directly, we will work with the School of Pharmacy and other campus entities to make sure PARs are signed by someone who has the direct knowledge of the work. SBC will keep track of all paid employees, including hiring paper work, timecards and PARs.

CURRENT STATUS

PARs are now signed by the employee themselves who has the direct knowledge of the work they have performed in both Zoology and SOP. SBC keeps track of all paid employees, including hiring paper work, timecards and PARs.

Observation 3: Nepotism Solutions should be Documented

We noted that within the COBRE grant there are two husband/wife teams working on the same portion of the grant. In each case, the husband would ordinarily be the supervisor. There have been some processes implemented to address the conflict of interest in signing PARs and timesheets and general supervision. However, none of this was documented and in some cases the process is not clear to all involved.

Recommendation:

We recommend that processes in nepotism situations be documented and adequately communicated. This process should identify:

- Who will perform the supervisory role and how they will do that.
- Who will sign the timesheets and what information will they have to verify the hours worked.
- Who will sign the PARs and how will they receive adequate information to ensure that their certification of effort is valid.

Response:

We have identified two spousal situations in the School of Pharmacy and the Department of Zoology and Physiology, respectively.

In the School of Pharmacy, Dr. Padmamalini Baskaran (spouse of Dr. Baskaran Thyagarajan) is hired by Dr. Thyagarajan in his project as a part-time technician. Dr. Kem Krueger, the Dean of Pharmacy, (or his designee, such as the Associate Dean for Research) will play a supervisory role and will meet with Drs. Padmamalini Baskaran and Thyagarajan once a semester or more frequently as needed. Dr. Padmamalini Baskaran is paid a monthly lump sum and does not require submit a time sheet. Dr. Padmamalini will sign her own pars because she has the best knowledge of her work effort. In the department of Zoology, Dr. Qun Ren (spouse of Dr. Zhaojie Zhang) is working as an academic research scientist (75% efforts) under Dr. Zhaojie Zhang, the director of IMcore. Dr. Sun, the COBRE PI and director will play a supervisory role and he will do that by having monthly meetings with Drs. Ren and Zhang. Dr. Ren is hired as a benefitted academic professional; therefore she is not required to sign timesheet. Dr. Ren will sign her own Pars because she has the best knowledge of her work effort.

CURRENT STATUS

In the School of Pharmacy (SOP), Dean Krueger plays a supervisory role and meet with Drs. Padmamalini Baskaran and Thyagarajan at least once a semester. In Zoology, Dr. Ren signs her own PARS and she and the director of SBC, Dr. Sun meet weekly. Dr. Sun also meet monthly

with Drs. Zhang and Ren to discuss Dr. Ren's work. A copy of Dr. Ren's pars is saved in SBC project coordinator's file.

Observation 4: Time reporting Processes should be Improved

During the review of timesheets we noted:

- Occasionally a timesheet was submitted late.
- Time was entered into the system prior to the employee and supervisor verifying that time card was accurate.
- The employee did not sign some of the timesheets and other timesheets were not signed by the supervisor verifying the time worked.
- There was evidence of changes or corrections made with no indications of who made the changes.
- Time entered into HRMS was not always accurate.

Recommendation:

We recommend that procedures for timesheets be improved and that the time-entered report from HRMS be signed by the employee and the supervisor. We also recommend that procedures be written, approved and made available to all personnel.

Response:

Department of Zoology and Physiology and the SBC had worked to revise this system and process. Currently, the SBC project coordinator (PC) does not enter time without both of employee and supervisor's signatures. The PC also makes sure to have both the original timecard on file as well as an electronic copy of the file. Department of Zoology and Physiology has already shared the revised time-reporting procedure with School of Pharmacy (SOP). SBC will communicate with SOP and other campus units to ensure similar procedures are adopted.

CURRENT STATUS

Zoology department has revised their system, PC (or department accounting staff) will not enter time without both of employee and supervisor's signatures. The PC also makes sure to have both the original timecard on file as well as an electronic copy of the file. SOP does the same for their time-sheet process, as confirmed by Dean Kruger.

Distribution List

Laurie Nichols, President of the University of Wyoming

Edmond Synakowski, Vice President for Research and Economic Development

Kem Krueger, Dean, School of Pharmacy

Qian-Quan Sun, Principle Investigator for the COBRE grant



Internal Audit Department

Student Affairs Change of Management Follow Up

Date: January 14, 2019

Kathleen Miller, Internal Auditor
Internal Audit Department
Department 3314
1000 E. University Avenue
Laramie, Wyoming 82071
(307) 766-2385

University of Wyoming Board of Trustees:

The audit of the follow up review for the Student Affairs Change of Management Audit has been completed. The following is a report of the current status of the outstanding issues in the audit.

Observation	Status
<u>1. Payment Handling Procedures need to be Improved</u>	In Progress. Implementation was delayed due to turnover.
<u>2. Complete Documentation Should be Included for all Expenditures</u>	Complete
<u>3. Leave and Hourly Documentation Efforts Need to be Improved</u>	Complete
<u>4. One-Day Meals Should be Reported appropriately in WyoCloud</u>	Complete

The initial audit with the detailed status update from the department can be found in the following pages.



Internal Audit Department

Student Affairs Change of Management Audit

Date: April 30, 2018

Kathleen Miller, Director of Internal Audit
Internal Audit Department
Department 3314
1000 E. University Avenue
Laramie, Wyoming 82071
(307) 766-2835

University of Wyoming Board of Trustees:

We conducted an audit of Student Affairs, since the Vice President of Student Affairs retired. The audit consisted of interviewing staff members, reviewing financial data, and analyzing business processes.

We would like to thank Sean Blackburn, Vice President for Student Affairs, and Christina Millemon, Staff Assistant for the Student Affairs Office and the other staff members for the assistance we received on this audit.

Internal Audit will perform a follow up audit in six months and will report the status on the recommendations made in this audit.

Background

Student Affairs is a division of the University of Wyoming. Their mission:

The Office of the Vice President for Student Affairs is dedicated to serving students and enhancing their success at the University by coordinating programs, services, and operations of the Division of Student Affairs; representing the Division to the central administration, the UW community, and external publics; and providing information, counsel and direction to the units of the Division to assist them in carrying out their programs, services and operations.

They are responsible for multiple areas that are important to the students including:

- Associate Students of UW
- Campus Recreation
- Cowboy Parents
- Dean of Students
- University of Wyoming Alumni Association
- Residence Life and Dining Service
- Student Health Service
- University Counseling Center/AWARE
- Wyoming Union

Audit Results

We noted that Student Affairs has modified their organization and processes to better utilize the WyoCloud functions. They have created a new budget manager position for the division. They are making great strides in beginning to control expenditures and monitor budgets for their combined areas.

We did find the following minor issues:

- Procedures for receiving payments need to be Improved
- Complete Documentation Should be Included for all Expenditures
- Leave and Hourly Documentation Efforts Need to be Improved
- One-Day Meals Should be Reported appropriately in WyoCloud

The details for each of the issues are below.

Observation 1: Payment Handling Procedures need to be Improved

We noted that the procedures for receiving, depositing and tracking donations for Family Weekend and payments for items such as t-shirts are weak. Since money is collected only one time a year for the Family Weekend, the procedures have not been reviewed or strengthened. As a result there are very few controls in place and each aspect of the receipting process should be strengthened.

Recommendation:

We recommend the following processes be implemented immediately:

1. A pre-numbered cash receipt book should be used.

2. A receipt should be given to each person who donates or makes a purchase.
3. Checks should be immediately restrictively endorsed.
4. Deposits should be made as soon as possible at least weekly.
5. Cash and checks should be stored in a secured place that is locked and controlled by Student Affairs.
6. Receipts from the Cashier's Office should be compared to the receipt book to ensure accuracy.

Response:

We agree with the recommendations and will fully implement them prior to any new payments are handled.

CURRENT STATUS

The position overseeing this process was vacated right before donations were being collected for Family Weekend. The position is now filled and the new cash handling process will be implemented immediately.

Observation 2: Complete Documentation Should be Included for all Expenditures

We noted the following issues during our testing:

1. Many reimbursements for conferences did not have a conference agenda attached. Conference agenda's support travel times, and hotel stays, and provide justification for covered expenses. For example, according to UW policy, when registration fees are paid for conferences in which meals are included as a part of the registration fee, then per diem must be reduced for those meals.
2. Hosting form for meals were often not included in the documentation. The hosting form provides information regarding the purpose of the meal, the participants and their status, (student, faculty, other). This information provides assurance that the meal was an appropriate business expense.

Recommendation:

We recommend that all travel to conferences include the conference agenda, we also recommend that all meals and food purchases include a completed hosting form.

Response:

We agree with the recommendation and have begun implementation.

CURRENT STATUS

Attaching the conference schedule is required for reimbursement of per diem in WyoCloud, this procedure and recommendation is being followed.

Observation 3: Leave and Hourly Documentation Efforts Need to be Improved

We reviewed 4 employees out of 6 employees hourly employees. During this testing, the time cards and vacation/sick leave requests were reviewed and compared to the data in HRMS. Several time cards did not match the data that was entered into the system.

After the time is entered into the HRMS system, a time card report can be printed for the employee and the supervisor to review. This is not being done for any of the Hourly Non-Benefited.

Recommendation:

It is recommended that the Student Affairs evaluate their time keeping procedures to ensure that time is accurately entered into HRMS, and signed by the employee and supervisor on a monthly basis.

Response:

We agree with this recommendation and have begun implementation. Student Affairs will also print and file time sheets after they have been entered.

CURRENT STATUS

Time sheets are submitted to the Director, Student Affairs Business Operations. Time is entered weekly. HRMS timesheets have been printed for employees and VP Student Affairs to sign.

Observation 4: One-Day Meals Should be Reported appropriately in WyoCloud

Occasionally, Student Affairs employees are reimbursed for meals while traveling for day trips. The IRS has a distinction between “Away From Home” travel and one-day travel.

An employee is traveling away from home if:

- The duties require the employee to be away from the general area of the tax home substantially longer than an ordinary day's work
- And, the employee needs to obtain substantial sleep or rest to meet the demands of the work while away from home. *Publication 463, IRC §162(a)(2); RR 75-170; RR 75-432*

For tax purposes, over-night travel expenses are deductible on personal income taxes. Thus, when the University reimburses these expenses, they are not considered an added benefit to the employee.

On the other hand, one day travel expenses are not deductible. When the University reimburses these meal expenses, they are considered an added benefit and must be considered taxable income.

If Student Affairs chooses to reimburse their employees for one-day meals, it is considered an added benefit and thus the reimbursement needs to be added to the taxable income of that employee. When these expenses are entered into the WyoCloud expense report they need to be designated as a One Day Meal in the “Type” field.

Recommendation:

We recommend that Student Affairs utilize the WyoCloud system to report one-day travel meal reimbursements.

Response:

We agree with the recommendation and have already implemented utilization of the WyoCloud system to report one-day travel meal reimbursements.

CURRENT STATUS

This has been implemented through the WyoCloud System to report one-day travel meal reimbursements and is currently being followed.

Kathleen Miller
Director of Internal Audit

cc: Laurie Nichols, President of the University of Wyoming
Sean Blackburn, Vice President for Student Affairs