



## **BOARD OF TRUSTEES**

### **Fiscal and Legal Affairs Committee (FLAC)**

Members: Trustee Macey Moore, Chair; Trustee Mel Baldwin; Trustee Brad Bonner;  
Trustee Dick Scarlett; Trustee David Fall

# **AGENDA**

Wednesday, May 13, 2020; 4:00-5:30 p.m.  
Via Video Conference

## **Call to Order – Trustee Moore**

Items for Discussion:

- **FY 2019 Audit Action Plan Tracker - David Jewell/Tim Keller** Page 2
- **Oracle Financials and HR Post Implementation Review – Laura Shevling** Pages 3-14
- **Internal Audit Activity Reports – Danika Salmans**
  - Summary Page 15
  - 2019 Football Attendance Pages 16-22
  - College of Health Sciences, Dean’s Office Change of Management Pages 23-33
  - Advising, Career, and Exploratory Studies Pages 34-41
  - Follow Up Report University Store Pages 42-44
  - Risk Assessment Pages 45-57
  - Internal Audit Schedule Page 58

## **Executive Session**

## **Adjourn**

**FY19 Audit Action Plan Tracker**

Reference #	Category	Subject	Department Responsible	Staff Responsible	Summary of Finding or Comments	Summary of Management Response	Completion Status
2019-001	MW	Restatement of Prior Year Financial Statements	Accounting Department	Tim Keller	Prior period adjustments were identified during the course of preparing for and conducting the audit. These prior period adjustments impacted the beginning net position of the financial statements by the following amounts; 1) Capital appropriation revenue of \$98.9 million, 2) Accounting for student loans related to medical and dental programs \$27.7 million, 3) CIP adjustments of \$5.6 million.	The Accounting department will review and identify the accounts that are most material to the University's financial statements. Based on this review, policies / guidelines will be developed to help ensure proper accounting treatment. As new accounting policies / guidelines are developed, these will be reviewed by several members of the UW Accounting staff, along with other impacted stakeholders or subject matter experts.	Ongoing - Target Date May 30, 2020
2019-002	MW	Financial Information Preparation	Accounting Department	Tim Keller	Various accounts / items were identified in the course of the audit that required adjusting journal entries or resulted in waived journal entries.	The Accounting department will review the Balance Sheet on a quarterly basis and reconcile accounts with quarterly activity. In addition, the University will review the procedures and documentation that are performed at year end and make needed updates based on this review. The University will also review all the adjusting journal entries made for FY 19, as well as presentation entries, and update the year end close checklist as needed.	Ongoing - Target Date June 30, 2020
2019-003	MW	Schedule of Expenditures of Federal Awards Preparation	Office of Sponsored Projects	Jerry Fife	The University's initial SEFA excluded \$12.2 million of federal expenditures. In addition, 18 federal awards were incorrectly classified under the wrong CFDA number (\$3 million).	The University of Wyoming will continue to review and analyze the report that produces the Schedule of Expenditures of Federal Awards (SEFA) to ensure that it captures all Federal awards. In addition, the Office of Sponsored Projects will review and provide training to staff on the correct assignment of CFDA number.	Complete
2019-004	SD	Procurement Programs	Procurement Department	Laura Shevling	The University updated its procurement policy to conform to Uniform Guidance on June 26, 2019. Therefore, the University's policies and procedures over procurement in effect during fiscal year 2019 did not conform to the requirements outlined by the Uniform Guidance.	The revised Bid Threshold Policy was released to campus on June 26, 2019. As this is considered to be a Standard Administrative Policy and Procedure, the document had to undergo an extensive review process involving campus constituents, before it could be made effective. Since being made effective on June 26, 2019, the policy has been enforced by Procurement and Payment Services. Thus, this should not be finding in FY20.	Complete
1-Grants	D	Grant Revenue & Expenditures	Accounting Department & Office of Sponsored Projects	Tim Keller & Jerry Fife	Revenue and expenses for grants are recorded in PPM (grants subsidiary ledger) by the expenditure item date, while the general ledger records these same revenue and expenses based on accounting date. In some cases these may result in the expenditure item date (PPM) and the accounting date (General Ledger) being recorded in different months. This may cause potential year end issues with properly recording grant related revenue and expenses in the correct period.	The Accounting department and Office of Sponsored projects will work together to analyze Project related expenditures comparing the GL date vs. Expenditure item data (PPM). Based on this review, they will determine the needed action, if any, going forward. As needed, the Accounting department and Office of Sponsored Projects will work with the Business Analyst to obtain and validate the needed data.	Ongoing - Target Date June 30, 2020

April 15, 2020

Board of Trustees  
Attn: David Jewell  
Associate Vice President – Financial Affairs  
University of Wyoming  
Old Main 202C  
1000 E. University Ave.  
Laramie, WY 82071

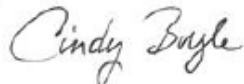
Dear Mr. Jewell:

Attached is the following Final Consulting Report of our observations and recommendations relating to our Oracle Financials and HR Post-Implementation SDLC and Patch Management Assessments, and Key Report Validation engagement for the University of Wyoming.

We appreciate and value you and the staff of the University as a BKD client. Thank you for all the help and cooperation received during the completion of this engagement.

Please do not hesitate to contact Rick Lucy at 303.837.2273 or rlucy@bkd.com should you have any questions or need anything.

Sincerely,



Cindy Boyle, CPA, CIA, CITP, CISA  
Partner, IT Risk Services

CHB: edm  
Enclosure



## Oracle Financials and HR Consulting Report

- Post-implementation SDLC Assessment
- Patch Management Assessment
- Key Report Validation

As of March 27, 2020

University of Wyoming



[bkd.com](http://bkd.com)



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## University of Wyoming

### Oracle Financials and HR Consulting Report Post-implementation SDLC Assessment Patch Management Assessment Key Report Validation

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## Report Letter

Board of Trustees  
University of Wyoming  
Laramie, WY

Our review of processes surrounding the implementation and ongoing management of the Oracle Fusion Financials and HR modules as well as the validation of a set of key reports selected by management was performed in accordance with our agreement dated December 12, 2019 and is subject to the terms and conditions included therein. The management of the University of Wyoming is responsible for their IT operations and ensuring that all relevant cybersecurity risk factors are adequately addressed.

Our procedures were intended to assist the University in assisting in performing Oracle Financials and HR Post-Implementation SDLC and Patch Management Assessments, and Key Report Validation. The specific procedures that we performed were designed to meet the objectives specified in our agreement and were approved by University management.

Neither our services nor our reports shall in any way guarantee that the University will not have a data breach, identity theft, network hacking, ransomware, etc. While our services and reports may contain observations and recommendations, the management of the University is responsible for the overall operations and security of the University's IT applications and infrastructure. Had we performed additional procedures, other observations of significance may have been reported to you. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described in this report for the purpose for which this report has been requested or for any other purpose.

The observations and recommendations, in connection with the procedures performed, are in Section III. Observations and Recommendations.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the operational effectiveness of internal control systems management has in place.

Accordingly, we do not express such an opinion. Our report is intended for use only by the management and trustees of the University solely for reporting observations with respect to the procedures performed by us. This report is not intended to be, and should not be, used by anyone other than these specified parties.

We wish to take this opportunity to thank the University's management and staff members who contributed positively to our efforts. We would be pleased to further discuss any of the items in this report at your convenience.

BKD, LLP



March 27, 2020

## II. Executive Summary

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### Background

In June 2016, the Board of Trustees approved negotiations with Oracle Corp. to centralize and replace outdated systems across the University, including those handling human resources, financial management, budgeting and external grants. The system also will allow for integrated data reporting across all University systems.

The total cost of the project implementation over about three years was projected at \$30 million, funded by a legislative appropriation and internal University reallocations. This included consulting costs for system implementation, reporting setup, business and budget process redesign, and project and change management activities.

Oracle was selected through a competitive proposal process aided by Huron Consulting Group (the implementer), with which the University contracted in 2015 to evaluate the University's financial and reporting processes. A committee of University administrators and employees from across campus provided the recommendation to the University's Executive Council and President Laurie Nichols, and was approved by a committee of the Board of Trustees and later by the full board.

### Purpose

The University completed the implementation the Oracle managed and hosted Fusion Financials (2017) and HR (2019) solutions. The University engaged BKD Cyber (BKD) to assist in Oracle Financials and HR Post-Implementation SDLC and Patch Management Assessments, and Key Report Validation. This engagement is a point-in-time assessment. The University is responsible for continuously monitoring operational controls and cybersecurity risks and their IT systems.

### Engagement Scope

As detailed in section IV of this report, the assessments consisted of inspecting policies and procedures, evaluating processes, inspecting documentation and making inquiries. BKD conducted the following tasks:

- A. Assessed project management processes over the implementation of the cloud-based Oracle Financials and HR applications including:
  1. Systems Development Life Cycle Policies and Procedures (SDLC)
  2. Project Approvals
  3. Risk Monitoring
  4. Testing
  5. Access and Security
  6. Interfaces
  7. Master File Maintenance

## II. Executive Summary

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8. Data Conversion
  9. Go-Live and Fallback Plans
  10. Stakeholder Approval to Go-Live
- B. Reviewed the current processes for selecting, testing and deploying patches/upgrades to the Oracle Financials and HR applications.
- C. Evaluated the completeness and accuracy of up to five (5) key reports selected by management for the Oracle Financials and HR Systems.

Management has opted to forego including responses to the observations and recommendations in this report and is currently evaluating the alternatives in order to develop an action plan.

### III. Observations and Recommendations

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The following observations and recommendations were reviewed and accepted by management on April 1, 2020.

#### Phase 1a - Post-Implementation SDLC Assessment

##### Data Conversion

**OBSERVATION:** Although test cases were developed, testing was not consistently documented using tickets.

**RECOMMENDATION:** Management should document all testing showing what was tested, the results of all testing, and approvals/sign-off on each test step. These tickets should be easily traceable to the test plan/tracing tool.

##### Stakeholder Approvals

**OBSERVATION:** Documentation showing formal executive approval to go-live was not readily available.

**RECOMMENDATION:** Final approval to go-live should be more explicit and should be documented in Steering Committee Minutes or by a documented sign-off from the Project Executive/Champion.

#### Phase 1.b Patch Management Assessment

##### Correlation of JIRA Tickets to the Tracker Worksheet

**OBSERVATION:** Ticket numbers were not included in the Tracker worksheet for each release.

**RECOMMENDATION:** Traceability would be facilitated if correlated ticket numbers were identified in the Tracker spreadsheets alongside the associated test step.

##### Documentation of Testing Outcomes

**OBSERVATION:** The final testing results (success/failure) of features to be deployed with each release were not always documented in the JIRA tickets.

**RECOMMENDATION:** It would be beneficial to see a statement in the notes that summarizes the outcome of testing. The final outcome of testing should also be added to the Tracker.

### III. Observations and Recommendations

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#### **Documentation of Decisions not to Enable Optional Features**

**OBSERVATION:** The documentation of the decision to not enable a feature after it was selected to be enabled was not always documented.

**RECOMMENDATION:** It would be beneficial to see a statement in the ticket comments that clearly reflects if the feature was not enabled.

#### **Phase 2 - Key Report Validation**

##### **Account Analysis Report**

**OBSERVATION:** The macro in the Account Analysis Report template used by all Departments was not secured and could be changed by any users who have access to the website where the report is published.

**RECOMMENDATION:** We recommend management secure the Account Analysis report macro to prevent intentional or unintentional changes being made that could affect the reliability of the report information.



## IV. Detailed Scope

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### Phase 1a: Oracle Financials and HR – Post-Implementation SDLC Assessment

The University requested BKD assist the University in assessing the project management of its implementation of its Oracle Financials and HR applications using the following control objectives:

#### Control Objectives

1. **Systems Development Life Cycle Policies and Procedures (SDLC):** Management had published a comprehensive set of SDLC or related policies, procedures and guidelines to guide project management activities and identify documentation and control requirements for the system implementation.
2. **Project Approvals:** Management had documented initial project requirements and acquired appropriate approvals from the business sponsor.
3. **Risk Monitoring:** Management had implemented a program management process that monitors project and organizational risks and focuses on rapidly identifying, controlling and minimizing project implementation risks.
4. **Testing:** Management had published test plans covering all major build components and has sufficiently documented testing in accordance with its plans. All testing is accepted by the business sponsor prior to go-live.
5. **Access and Security:** Management had designed a role-based access model for assigning privileges to application users based upon the principle of least privilege and to minimize the potential for segregation of duties issues. Additionally, management has verified the security of all inbound and outbound network traffic to and from the service provider.
6. **Interfaces:** Management has implemented a testing plan to ensure the completeness and accuracy of any interfaces to/from the new application.
7. **Master File Maintenance:** Management had implemented a process for documenting and acquiring necessary approvals for changes to master files, workflows/work queues, and General Ledger (GL) mapping in the new applications as well coordinating and verifying the changes in the affected ancillary systems.
8. **Data Conversion:** Management had designed a process to ensure that key data from the old system is completely and accurately transferred into the new system immediately prior to go-live.
9. **Go-Live and Fallback Plans:** Management had an approved implementation cutover plan as well as a fallback and/or back-out plan and has reviewed the plans with all relevant parties prior to go-live.
10. **Stakeholder Approval to Go-Live:** Key stakeholders had evaluated the outcome of the testing process and have formally agreed to migration of the application into the production environment.

## IV. Detailed Scope

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### Phase 1b: Oracle Financials and HR – Patch Management Assessment

The University requested BKD assist in assessing its post-implementation patch (upgrade) management process for its implementations of Oracle Financials and HR applications.

The University utilizes an outsourced and managed service provided by Oracle Cloud Services. Therefore, the University does not have access to the source code and cannot make changes to the hardware or software supporting the Oracle Fusion Financials or Oracle HR modules which was identified to us upon starting fieldwork. Controls over Oracle Public Cloud Services are reviewed annually and a Service and Organization Controls (SOC) Report is provided by Oracle. Therefore, BKD's assessment was limited to reviewing the University's testing of quarterly releases prior to their deployment into the managed environment by Oracle.

## IV. Detailed Scope

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### Phase 2: Oracle Financials and HR - Key Report Validation

The University requested BKD assist in assessing the completeness and accuracy of up to five (5) key reports from the newly implemented Oracle Financials and HR Systems selected by management. BKD reviewed selected reports and agreed them to their underlying source production data.

Report validation focuses on the reliability of a report by assessing its data accuracy and completeness.

- Accuracy focuses on whether the source data is correctly presented in the report
- Completeness focuses on whether the intended data is included in the report

To meet the objective of our assessment, BKD performed the following procedures:

- Inquired of management and documented the data owner, end-user, and how the report is used in business processes, obtained an understanding of management's process to assess the information is reliable and sufficient for its intended purpose.
- Assessed reliability of the report
  - Observed management generate the report and obtained the screenshots of the report path and parameters used to run the report.
  - Assessed the completeness of the report by one of below procedures based on the report type, complexity and available resources:
    - a. Agreeing the report to its underlying source production data if the source data can be directly generated from the system.
    - b. Run the original report, input a test item through the system and re-run the report with the same parameters. Investigate if the test item is included in the report after it is input into the system database.
  - Assessed the accuracy of the report by agreeing randomly selected individual line items to the correlating information directly generated from the system through another module.
  - Documented above testing procedures and the last modification date of the report.

The scope of our procedures did not extend to ongoing evaluation of information technology general controls or change management.

## IV. Detailed Scope

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University management selected the following five key reports:

- **Payroll Expenditures without Fringe**  
This report summarizes employee salaries charged to each unit for the specified time period. The report is usually used by the end-users at each unit to validate if correct employees are charged to each unit and to ensure budget-to-actual accuracy.
- **Payroll Costing**  
This report integrates components required to accurately report labor costs, including employee information such as employee assignment, entity, organization and expenditure class. This report is used by the end-users at each unit to validate cost accuracy.
- **Account Analysis**  
This report runs a built-in macro (a series of tasks recorded in Excel that will run automatically) to combine and summarize the budget and actual amounts by natural accounts, the source data are the two Oracle standard reports (the Budget Account Report and Account Analysis Report). It is intended to be used by the end-users at each department to create a consolidated report summarizing the budget-to-actual amount for a certain period of time.
- **Time Card Report**  
This report provides a detailed breakdown of the hours that employees have worked during the specified date range. It is used by end-users to examine the hours entered by non-benefited employees periodically.
- **HCM Freeze File**  
This report combines information such as employee personal information, assignment flag, worker category, person number, etc. from several Oracle standard reports to provide wholistic data in one report. It is used by the Institutional Analysis Manager annually to perform analysis of employee information and institutional reporting.

# Internal Audit Activity Report

May, 2020

INTERNAL AUDIT ACTIVITY CONDUCTED IN ACCORDANCE  
WITH THE AUDIT PLAN FOR THE PERIOD  
September 2019 – August 2020

## AUDITS:

2019 NCAA Football Tickets  
College of Health Sciences Change of Management Audit  
Advising  
Executive Session - Report

## FOLLOW-UP REPORTS:

Bookstore

## ADDITIONAL REPORTS

Risk Assessment Survey  
Internal Audit Plan 2020-2021

## AUDITS IN PROGRESS:

American Heritage Center Change of Management Audit  
Center of Innovation for Flow through Porous Media



UNIVERSITY OF WYOMING

**Internal Audit**

# **2019 Football Attendance**

January 31, 2020

Auditor:

Danika Salmans MBA, CIA



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January 31, 2020

**University of Wyoming Board of Trustees:**

Internal Audit has completed the examination of Football Paid Ticket Attendance. This audit is required by the NCAA on an annual basis.

The primary audit objective was to verify the paid attendance totals to ensure compliance with the NCAA Football Attendance Requirement.

**NCAA Bylaw 20.9.9.3 Football Attendance Requirements.**

*Once every two years on a rolling basis, the institution shall average at least 15,000 in actual or paid attendance for all home football games. (Revised: 4/25/02 effective 8/1/04, 4/28/05 effective 8/1/05)*

Because of significant season tickets sales, the University of Wyoming uses the count of paid tickets to calculate attendance. During the review, an analysis was performed to remove tickets that do not meet NCAA requirements.

**NCAA Bylaw 20.9.9.3.1 Counting Attendance.**

*For purposes of computing paid attendance figures, tickets must be sold for at least one-third of the highest regular established ticket price as established prior to the season, regardless of whether they are used for admission. Tickets sold at less than one-third of the highest regular established price may be counted as paid attendance only if they are used for admission.*

**NCAA 20.9.9.3.1.2.1.1 Non-counted Students.**

*Student-athletes and cheerleaders scheduled by the institution to be at the game and students performing services at the stadium... shall not be counted toward meeting the attendance requirements. (Adopted: 4/28/05 effective 8/1/05)*

Tickets cannot be included in the count if they were sold for less than 1/3 the highest cost of a regular ticket unless they are used for admission. An analysis was done for all tickets to ensure that those counted met this requirement. In addition, football team members, cheerleaders, and marching band members do not use their student ID cards to obtain admittance to the games. However, these students might give their card to a friend or family member so that they can attend for free. An analysis was performed to identify if any of these student's IDs were used to obtain admittance to the game. These tickets were then removed from the total.

**This year the average game attendance was 17,523 which exceeded the required 15,000 paid tickets.** In 2018, the ticket count was 14,717. Based on the NCAA regulation, the University is compliant with the NCAA rules.



I would like to thank Joe Verschueren, Associate Athletic Director for Ticketing and Sales, and Peter Prigge, Assistant Athletics Director, for the assistance I received on this audit.

Sincerely,

A handwritten signature in purple ink that reads "Danika Salmans".

Danika Salmans MBA, CIA  
Senior Auditor, Internal Audit

## Audit Scope, Procedures, and Outcomes

The following steps represent the extent of work completed to achieve the audit’s objectives. The scope of this audit was limited to a review and verification of the total average of paid tickets for each of the home football games in the 2019 season. Ticket information was obtained directly from Paciolan, the third party ticket sales vendor for the University. This information was used to verify the ticket count produced by the University Athletics Ticket Office. IDEA analytic software was used to perform the analysis.

Area Audited	Test Work Performed	Status	Sample Size	Summary of Findings/Recommendations
Attendance Count	Reconciliation	<b>Acceptable</b>	100% 134,631	Paciolan files were reconciled with ticket sales as reported by UW Athletics. No issues were noted.
	Ticket Pricing Review	<b>Issue</b>	100%	Amounts paid for each type of ticket were reviewed to identify tickets that were sold for less than 1/3 the highest ticket price. For those identified, attendance was verified. This analysis reduced the number of counted tickets by 72.
	Student review	<b>Issue</b>	100%	Analysis was performed to identify if the student ID of a football, cheerleader, or band member was given to another individual to enter the game. All identified occurrences were researched. The analysis identified 136 instances. These were removed from the ticket count.

**Internal Audit Department**  
**Audit of 2019 Football Attendance**

An audit of paid attendance of the 2019 Football Season in accordance with NCAA Bylaw 20.9.9.3 Football Attendance Requirements was performed.

A summary of audited paid attendance by game will be reported by the Athletic Department and to the NCAA. The 2019 Football Paid Attendance Summary follows:

<b>Total Average Paid Attendance</b>	<b>17,523</b>
<b>Team</b>	<b>Paid Attendance</b>
Missouri	19,558.00
Idaho	19,970.00
UNLV	17,928.00
New Mexico	18,291.00
Nevada	12,494.00
Colarado State	16,897.00
Total Paid Attendance	<u>105,138.00</u>
Average Paid Attendance for 2019	17,523
Average Paid Attendance for 2018	14,717
Average Paid Attendance for 2017	17,190

## **Distribution List**

Neil Theobald, Acting President of the University of Wyoming

Thomas Burman, Director of Athletics

Matthew Whisenant, Deputy Athletic Director Intercollegiate Athletics

Bill Sparks, Senior Associate Athletic Director of Business Operations

Randy Welniak, Senior Associate Athletic Director Development and Revenue Enhancement,  
Cowboy Joe Club

Joe Verschueren, Associate AD for Ticketing and Sales





UNIVERSITY OF WYOMING

**Internal Audit**

**College of Health Sciences, Dean's  
Office  
Change of Management**

March 13, 2020

Auditor:

Danika Salmans MBA, CIA

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March 13, 2020

**University of Wyoming Board of Trustees:**

Internal Audit has completed a review of the College of Health Sciences, Dean's Office. This audit was selected because of a recent change of management within the Dean's Office. Dean Jones became the dean in July 2019 after serving as the interim for two years.

The objectives of the audit were to ascertain the effectiveness of operational, and financial controls related to the office and ensure compliance with relevant federal and state regulations; Trustee policy; Presidential directives; and campus procedures.

Based upon the results of the work performed within the scope of the audit, the following observations were noted along with an associated evaluation of risk. The risk measure noted below is the risk to achieving objectives and is a measure of likelihood and impact or consequences to the department and/or to the University.

- **Observation #1:** (moderate risk) UW sister accounts related to Foundation funds are overdrawn
- **Observation #2:** (moderate risk) Personal Amazon and PayPal accounts are being used to make UW-related purchases

The attached report discusses the observations and recommendations for areas in which controls should be improved. The report also includes the verbatim responses from the dean's office or specific personnel noted in the audit.

I would like to thank David Jones, Dean of the College of Health Sciences, and Jill Jensen, Assistant Director of the Medical Education Administration Division, and many others for the assistance I received on this audit.

As is customary, a follow-up review will be performed 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 I will provide another report.

Sincerely,



Danika Salmans MBA, CIA  
Interim Director

## **Background**

The University of Wyoming's College of Health Sciences offers undergraduate, graduate and doctoral degrees in most programs of study including Communication Disorders, Kinesiology and Health, Nursing, Pharmacy, Social Work, Medical Laboratory Sciences, and Dental Hygiene. The College also offers a minor in disability studies that complement degrees in the health professions and other areas such as business, education, agriculture, and psychology. The College also is part of WWAMI, a regional medical education program in conjunction with the University of Washington School of Medicine. The College also supports Family Medicine Residency programs in Casper and Cheyenne.

In addition to preparing students to meet the workforce demand in the areas of health and wellness, the College of Health Sciences strives to collaborate with community and state agencies to address the healthcare challenges facing the citizens of Wyoming and the surrounding region. We serve as a resource for clinicians, practitioners, and teachers who seek information regarding best practices, and we are developing innovative solutions to improve the quality of life and access to health care via research and entrepreneurship.

The College's Strategic Plan can be found on the following link:  
[https://www.uwyo.edu/hs/\\_files/docs/strategicplan-healthsciences-final.pdf](https://www.uwyo.edu/hs/_files/docs/strategicplan-healthsciences-final.pdf)

## Audit Scope, Procedures, and Outcomes

The following steps represent the extent of work needed to achieve the audit’s objectives. The scope of this audit focused on Fiscal Year 2019 and 2020 and the audited areas are summarized below. The audit steps included:

Area Audited	Test Work Performed	Status	Sample Size	Summary of Findings/Recommendations
Physical Controls	Asset Management	<b>Acceptable</b>	100%	All assets were identified. The Dean’s office is completing a regular verification of all equipment to verify continued existence.
	Computer Labs	<b>Acceptable</b>	100%	The dean’s office is responsible for computer labs that are available to students. The labs are managed by IT and the computers are maintained. Processes were reviewed. No issues were noted.
	Access to Building (Keys & electronic access)	<b>Acceptable</b>	100%	Procedures regarding the distribution of keys and updating of Blackboard were reviewed. No issues were noted.
	Expenditures: Purchase Orders, Expense Reports and IDTs	<b>Issue</b>	<b>Data Analysis</b> 100% 5,255/5,255  <b>Testing</b> 36% 107/296	All transactional data from the department was analyzed using data analytics software to identify potential duplicate transactions, potentially fraudulent transactions, questionable vendors, and/or other suspicious transactions. A sample of identified transactions was tested to ensure proper documentation was present. It was noted that UW pcards are used frequently to purchase through Amazon and occasionally PayPal. The corporate Amazon account was not used. (see Observation #2)

Financial and Accounting Controls	Scholarships	<b>Acceptable</b>	100% 20/20	All scholarships were reviewed for compliance with criteria. No issues were found. The Dean's office has recently improved its distribution of scholarships and reviewed the criteria in Academic Works to ensure that it is consistent with Foundation records. No issues were noted.
	Foundation Accounts	<b>Issue</b>	100% 32/32	All foundation accounts that processed expenditures were reviewed. Spending appeared to be within the stated criteria. The balance held in UW sister accounts was reviewed. Accounts were identified with outstanding balances that had no associated Foundation funds. (see Observation #1)
	Financial Reporting and Monitoring	<b>Acceptable</b>	N/A	Financial monitoring is achieved through obtaining data from the general ledger and then organizing it into reports for management. The accuracy of this report should be validated monthly back to system-generated totals. This addition to the procedure was discussed with the department. The totals in the management reports tested to be accurate.
	Student Fees	<b>Acceptable</b>	100% 1/1	The nature of transactions assigned to student fees was reviewed. All transactions appear to be related to course delivery. In FY 19 the student fee collected \$218,121. The account ended with a balance of \$20,000. These funds will be utilized in FY 20 to further course delivery. No issues were noted.



Personnel Controls	Payroll/Benefit	<b>Acceptable</b>	100% 284/284	Payroll documentation of all employees to ensure that only valid employees are being paid. An analysis of approvals was completed to ensure proper supervision and segregation of duties.
	Supplemental Pay, Stipends, and Honorariums	<b>Acceptable</b>	100% 3/3	Two honorariums and one transaction of supplemental pay were identified and reviewed. All documentation was present. No issues were noted.
	Vacation and Sick Leave	<b>Acceptable</b>	100%	Vacation and sick leave balances, accruals and transactions were reviewed. Each employee is recording the time taken and is approved by the appropriate individual. No issues were noted.
Federal/State Grant	Expenditure Review	<b>Acceptable</b>	100% 5/5	A review of expenditures related to all grants was performed. The nature of the expenditures was reviewed for whether it was reasonable, allocable, and allowable.
	Grant Balances	<b>Issue</b>	100% 5/5	A review of grant balances revealed that an account was overdrawn by \$21,000. There was a plan in place to cover these expenditures, however, the transfer had not been made. The department is encouraged to monitor the situation to ensure that the transfer is made.

## Observations, Recommendations, and Responses

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### Observation #1:

#### UW sister accounts related to Foundation funds are overdrawn

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#### Criteria (control framework or policy that establishes the standard)

Foundation sister accounts held by UW should be maintained at \$0 or have funds available at the foundation to cover expenses.

#### Condition (the current state based on testing)

Numerous sister accounts are overdrawn with no funds in the foundation to cover expenses charged against those accounts. (see Attachment 1) As of December 31, 2019, \$87,901.90 had been charged against Foundation accounts that currently do not have funds to cover these expenditures. Many of the accounts have expenditures that occurred in FY 20.

#### Cause (the reason for the difference)

Various situations caused these accounts to be overdrawn. Many of these accounts are overdrawn because spending was done in advance of gifts being received. In other accounts, scholarships were rounded up that put the account over the available funds. These negative balances need to be resolved by transferring funds from other foundation accounts of similar criteria to cover the balance.

#### Consequence (high risk)

If there are no funds in the Foundation to cover these expenses, then the University has to find other resources to cover these expenditures. It is important to identify the proper fund source before expending to ensure there are funds available to cover the expenditure.

#### Conclusion (action plans that address the condition, recommendations)

##### Recommendation:

It is recommended that the College of Health Sciences make the necessary arrangements to cover negative balances in depleted foundation sister accounts held by UW.

In addition, spending against these funds needs to be suspended until funds are replenished in those respective Foundation accounts.

##### Response:

The College of Health Sciences has researched these accounts and has plans to address these balances. Many of these accounts will be covered when new scholarship funds are

released. However, other accounts still need to have the expenditures moved to other funding sources.

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**Observation #2:**  
**Personal Amazon and PayPal accounts are being used to make UW-related purchases**

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**Criteria** (control framework or policy that establishes the standard)

The University of Wyoming Procurement Card program establishes allowable and unallowable purchases. It also establishes spending limits. These parameters are established to reduce the risk associated with procurement card usage.

**Condition** (the current state based on testing)

Personal Amazon and PayPal accounts are being used to make UW-related purchases. This would require the UW pcard to be loaded into a personal account, and a sales tax would be paid on the order.

**Cause** (the reason for the difference)

It is believed that the cause of these observations is due to a lack of adherence by staff to UW procurement rules.

**Consequence** (risk or effect)

Procurement practices that are inconsistent with the UW Procurement policy put the University and the card-holder at risk of unauthorized expenditures.

**Conclusion** (action plans that address the condition, recommendations)

**Recommendation:**

The practice of utilizing personal Amazon and/or PayPal accounts for UW purchases should be ended and registration with UW corporate Amazon account should be performed. The utilization of UW's preferred providers should be highly encouraged.

**Response:**

The Office of the Dean will disseminate the following policy statement to the units in the College of Health Sciences:

“Effective April 2020, employees of the College of Health Sciences can no longer a) use PayPal for any payments, or b) make purchases from personal Amazon accounts. All purchases through Amazon must be completed using a business account through the respective Division's/School's financial staff.”

## **Distribution List**

Neil Theobald, Acting President of the University of Wyoming

David Jewell, Associate Vice President for Budget and Institutional Planning

Kate Miller, Provost and VP for Academic Affairs

David Jones, Dean of the College of Health Sciences

## Attachments

### Overspent Foundation Accounts with no associated Foundation Funds

Name	Fund Source	UW Fund Balance After Appropriations
Babson & Associates Primary Care WWAMI Scholarship	550033	(24,010.78)
King, Theo & Dorothy Pharm Fund	670045	(22,469.02)
Pieper, John and Patty Fund for Leadership in Pharmacy	600501	(19,888.25)
Craig Estate	500111	(13,511.82)
Babson & Associates Primary Care Nursing Scholarship	530289	(4,000.00)
Health Clinic for Honduras	500002	(1,182.74)
Larsen Family Scholarship	530121	(951.69)
McDonald, Margie & Lyman Kinesiology & Health Graduate Award	550017	(635.00)
Tice, Chris & Carmel Family Scholarship-Pharmacy	530216	(500.00)
Stephens, James Robert III Scholarship for Pharmacy Students	630372	(463.68)
Julian, Edward A. Memorial Scholarship Fund	630407	(208.16)
Weber, Alan E. & Sharon J. Family Memorial Scholarship	660700	(65.73)
Mogard Emerson, Jeanne Scholarship in Nursing	530103	(11.45)
Nightingale Center Gift Account	500288	(2.32)
Nursing Restricted Gifts	500289	(1.08)
BRAND (Nursing Degree) Program Fund	500061	(0.18)
		<b>(87,901.90)</b>



**Internal Audit**

**Investigation of loss of assets in Advising, Career, and Exploratory Studies**

February 6, 2020

Auditor:

Danika Salmans MBA, CIA



**TO:** Wyoming Board of Trustees (FLAC)  
Neil Theobald, Acting President  
Kate Miller, Provost and Academic Vice President  
Anne Alexander, Associate Vice Provost  
David Jewell, Associate Vice President for Financial Affairs  
Tara Evans, General Counsel  
Jo Chytka, Director Advising, and Career Services

**FROM:** Danika Salmans, Internal Audit

**DATE:** February 13, 2020

**RE:** Investigation of alleged theft of UW assets and falsifying time records

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### **Background**

Internal Audit received a report alleging the theft of UW assets in the Advising, Career and Exploratory Studies Center and falsification of time records.

The complaint alleged that:

1. A UW employee has been ordering items using UW resources that never arrive at UW locations
2. The individual takes assets home for personal use
3. The individual falsifies reported time and is not present for a full 40 hours per week

The objectives of this investigation were to ascertain the validity of the complaints.

**Interviews with a sample of the staff** members were performed to assess the probability of the allegations listed above. Six individuals from the advising office were interviewed and questions regarding the nature and acquisition of supplies, controls over assets, and the witnessing of theft were asked. All individuals interviewed denied the knowledge of this occurrence.

- Jo Chytka – Director of Advising and Career Services
- Richard Miller – Associate Director of Advising and Career Services
- Michelle Harris – Senior Office Associate
- Tami Browning – Coordinator of Student Advising
- Chrissie Renfro – Manager of Academic Advising
- Elise Verley – Career Services Coordinator

In addition, the supervisor was questioned regarding the possibility of falsification of time records. She reported that the staff member takes frequent sick days, takes advantage of release time, and time off for classes. While these frequent requests make the management of tasks difficult, the supervisor did not feel that there was evidence of falsification of time worked.

### **Investigation – review of expenditures**

Internal Audit reviewed a sample of expense reports, invoices, and IDTs that were processed between 12/1/2018 – 12/31/2019. The person mentioned in the allegation does not have a p-card, nor was she the requester on any invoices. However, testing was done on these purchases to isolate the nature of items that were purchased, establish an understanding of processes, and identify any issues.

The interview process and review of expenditures did not reveal anything to support the allegations of theft or fraudulently entering time worked. However, weaknesses in departmental processes were identified.

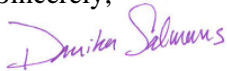
The following observations were made and are discussed in the following report:

- **Observation #1:** Management of expenditures needs to be improved
- **Observation #2:** Utilization of advising fees was not consistent with approved documentation

It is important that expenditure guidelines are followed and that student fees are appropriately utilized. Addressing these issues will require an effort from various departments due to the dispersed nature of advising and career services.

A follow-up review will be performed in approximately six months to determine what actions have been taken in response to the observations. This investigation will remain open until completion of the follow-up review, at which time I will provide another report.

Sincerely,



Danika Salmans MBA, CIA  
Internal Audit



# Observations, and Recommendations

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## Observation #1: Management of expenditures needs to be improved

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### Criteria (control framework or policy that establishes the standard)

The University of Wyoming Procurement Card program establishes allowable and unallowable purchases. It also establishes spending limits. These parameters are established to reduce the risk associated with procurement card usage.

### Condition (the current state based on testing)

All expenditures for Advising and Career Exploratory Studies (ACES) office are processed through the cost center approver in Academic Affairs. Due to the unfamiliarity with program requirements, all expenditures are delegated to the Associate Director of ACES for review and approval.

The Advising and Career centers are located across campus and managed by their respective colleges. There are advising locations in A&S, Business, Engineering, Agriculture, and other areas to provide convenient access to services for students in various degree areas. Each of these centers can charge items against the advising program fee which is managed by the ACES office.

During the review of expenditures, the following issues were noted:

1. Personal Amazon accounts are used to make purchases. This would require the UW pcard to be loaded into a personal account. A sales tax would be paid on the order
2. A pcard that was loaded onto a personal Amazon.com account was inadvertently used to purchase personal items. They were refunded.
3. Some items purchased for UW Advising and ordered through Amazon.com were delivered to an employee's residence
4. A group of employees split a \$5,300 purchase to avoid pcard spending limits
5. Assigned natural accounts are not consistent with the items purchased.
6. Gifts were purchased for student-workers and guest speakers using a p-card
7. Itemized receipts are not consistently attached

### Cause (the reason for the difference)

It is believed that the cause of these observations is due to a lack of adherence by staff to UW procurement rules.

### Consequence (risk or effect)

Procurement practices that are inconsistent with the UW Procurement policy put the University and the card-holder at risk of unauthorized expenditures.

## Conclusion (action plans that address the condition, recommendations)

### Recommendation:

It is recommended that the management of expenditures be improved through a better review of submitted expenditures. Those expenditures that do not meet required elements or are not consistent with procurement program standards should be returned to the submitter or rejected with the reason given so that corrections can be made.

In addition, the practice of utilizing personal Amazon accounts for UW purchases should be ended and registration with UW corporate Amazon account our utilization of UW's preferred providers should be highly encouraged.

### Response:

We agree with the findings and recommendations. All Advising Managers will be required to attend trainings related to P-card purchases and best practices. All expenditures will be reviewed and any that are not in compliance will be rejected and returned to the responsible college/school advising center. The Associate Vice Provost for Undergraduate Education will send an email to the people listed on the Amazon report provided by Internal Audit notifying them that they must establish a Amazon business account and remove any p card information from their personal account.

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### Observation #2:

## Utilization of advising fee was not consistent with approved documentation

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## Criteria (control framework or policy that establishes the standard)

The revised Program Fee package was approved by the Board of Trustees during the November 2017 meeting.

The following statements were taken from the Program Fee Implementation Committee Proposal dated October 30, 2017, and from Senate Resolution #2577 where the revised Programmatic Fee implementation was approved.

- 51.WHEREAS, this committee also determined that each program fee should include a common advising fee of \$6 to cover significant resources necessary to support full implementation of a professional advising program/model and improvements in career development, placement, and success service efforts of campus that will benefit students

THEREFORE, be it further resolved, that the ASUW Student Government believes despite the increased financial strain upon many students, programmatic fees are necessary for UW to continue to maintain the level quality of education that is currently provided and support the Program Fee Proposal as seen in Addendum A

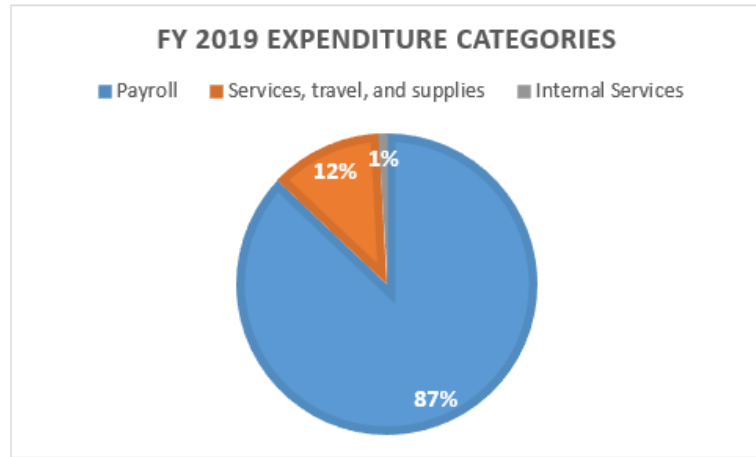
- Addendum A states: “**The proposed advising program fee is assessed in an amount necessary only to cover the salary cost required by additional personnel to implement the proposed student support programs.** The institution will reallocate funds appropriately and use other revenue streams to cover hiring, training, office space and facility provision, and management costs required to implement the proposed advising, student support, and career readiness program.

**Condition (the current state based on testing)**

A review of expenditures against this student fee appears that it is not following the approval of the fee and has afforded expenses beyond “*an amount necessary only to cover the salary cost required by additional personnel to implement the proposed student support programs.*”

For FY 19, the student fee revenue and expenditures are tabled below.

Category	Actual	Budget	Variance
Revenue	\$ (1,276,291.00)	\$ (1,607,789.00)	\$ (331,498.00)
Payroll	\$ 1,109,343.56	\$ 1,361,449.01	\$ 252,105.45
Services, travel, and supplies	\$ 153,546.39	\$ 192,074.99	\$ 38,528.60
Internal Services	\$ 10,692.75	\$ 12,000.00	\$ 1,307.25
<b>Total:</b>	<b>\$ (2,708.30)</b>	<b>\$ (42,265.01)</b>	<b>\$ (39,556.71)</b>



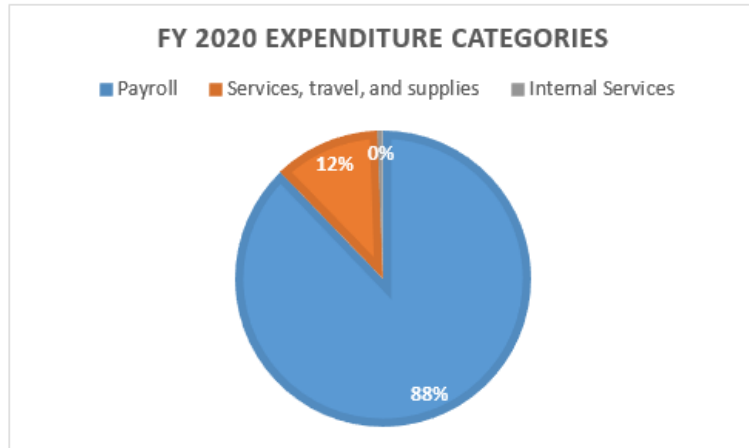
It was observed that the expenditures included in the “services, travel, and supplies” were for travel to professional development, career software, computers, equipment, office supplies, furniture and decor for the office. Other office supplies included the purchase of uniforms, the purchase of hosting equipment such as coffee pots and teapots, and consumables including tea, coffee, and candy for students. In addition, student fees were also allocated to purchase \$5,300 of promotional items for orientation such as sunglasses, hot/cold packs, USB drives, etc. These were also coded as “office supplies.”

ACES has reported to ASUW on a regular basis and provided information on how the student fees have been used. However, an area of concern is that many of these items were coded as “Office Supplies” which conceals the actual nature of the expense. More specific natural accounts could

have been used that would have been more transparent. For example, office uniforms were purchased for an entire group and were coded as “office supplies”. The coding of this expense as “Clothing and Other Apparel Expense” would have been more transparent for reporting purposes.

In FY 20, purchases for office equipment, computers, furniture, candy, and uniforms have continued.

Category	Actual
Revenue	\$ (635,568.00)
Payroll	\$ 583,469.05
Services, travel, and supplies	\$ 77,266.76
Internal Services	\$ 3,657.96
<b>Total</b>	<b>\$ 28,825.77</b>



**Cause (the reason for the difference)**

Academic Affairs established a memorandum of understanding with each advising office associated with each college. These documents detail how the advising fee is to be used by the departments. Each document includes a provision for staff salaries and a funding allocation to support advisor training, computers, office equipment and supplies. In FY 19, \$46,285 was allocated to the A&S advising office to support set-up and operating expenditures associated with establishing that advising office.

**Consequence (risk or effect)**

Student fees are to be used for the purposes for which they are intended. While many of these items might be needed and/or desired by the advising centers, other funding sources need to be identified so that student fees can be allocated toward staff and their development.

On November 5, 2019, ASUW entertained a proposal to increase the advising fee by \$2 for a total of \$8/credit. ...

“WHEREAS, the ASUW Programmatic Fee Review Committee does not recommend an advising fee increase at this time and firmly believes that an advising fee increase will not benefit students presently, but would support future reevaluation of this fee.

“The ASUW Student Government conducted a survey to gauge the student opinion regarding the proposed increase; and... 2,325 students responded to the survey and 83% of respondents did not support an increase in the advising fee and 66% believed extra advisors would not help improve student’s advising experience.

“Multiple comments emphasized that the increase is unnecessary based on the proposal occurring only one (1) year after implementation of the advising fee and that current resources should be used more efficiently and effectively”

Further comments indicated that students desired that staff in the advising center receive more trade specific training so that, for example, engineering advisors can give academic and career advice related to the engineering field.

### **Conclusion** (action plans that address the condition, recommendations)

#### **Recommendation:**

The expenditures against collected student fees are not following approved parameters. It is recommended the spending against the student advising fee be clarified amongst all the units so that allowable charges are clearly defined. These spending parameters should be guided by the original documentation that framed the program advising fee and that was approved by the trustees.

Since the advising offices are managed by their respective colleges, it is important that the financial and leadership partnership with ACES be clearly defined. Academic Affairs could define this relationship through a revision to the memorandum of understanding that exists with each unit.

If expenses are not consistent with these agreements, they should be returned and other funding sources used.

Analysis of expenditures in FY20 needs to be performed to assess if expenditures should be moved to alternative funding sources.

Emphasis should be on using the student fee for ensuring that career and advising centers are adequately staffed. In addition, advisors should be trained to counsel in their unique areas.

#### **Response:**

We agree with the findings and recommendations. New MOA’s will be created with all College Advising Centers to clarify allowable advising fee-related expenses and move any expenditures not consistent with the intent of the advising fees to the appropriate college accounts. Language will be added to the MOA’s to clearly define the financial and leadership partnership with ACES. Any expenses not consistent with the MOA’s will be returned to the College/School. Natural accounts will be used in coding expenses to ensure transparency.



UNIVERSITY OF WYOMING

**Internal Audit**

**Follow Up Report  
University Store**

April 30, 2020

Auditor:

Danika Salmans MBA, CIA

**RE: Follow Up Report  
University Store**

Board of Trustees:

Internal Audit has completed the Follow-Up review of the University Store Audit.

The International Standards require internal audit activities to ensure that management has taken actions to effectively implement their action plans or have accepted the risk of not taking action.

This audit was originally completed in January of 2020 and a follow-up report was requested to be provided by the May Board of Trustees meeting.

In the review of the progress management has made toward the observations, the University Store has completed the implementation of objectives as indicated in their responses to the original audit.

Since all observations have been addressed in accordance with management’s action plan, this audit is now closed.

The following table summarizes the recommendations, responses and current status of the observations that were noted in the audit.

Observations	Summary of Recommendations	Summary of Response and Action Plan	Current Status: <i>(Pending, In Progress, or Complete)</i>
<b>1. Reconciliation processes are incomplete</b>			<b>COMPLETE</b>
	The University Store should devise effective and efficient reconciliation processes between WyoCloud and WinPrism.	The Bookstore agrees and will towards integrating the recommendations. The store will develop effective and efficient processes so that both systems reflect the true financial position at any point in time.	The University Store relies heavily upon financial information in the WinPrism Accounting/Inventory Control system to make managerial decisions that ensure profitability is being maintained. Should WinPrism balances be reconciled to match with WyoCloud, fundamental differences between the two systems would render WinPrism balances no longer useful for these decisions and would undermine the quality of internal financial information. However, it is imperative that all transactions recorded in WinPRISM are also recorded in WyoCloud; as such, transactional analyses/reconciliations are vital to preserve financial integrity in both systems. Therefore, we have identified critical transactional categories and are developing processes and reconciliations accordingly.

<b>2. Accounts Receivable record does not balance to the sub-ledger and includes obsolete accounts that need to be corrected</b>			<b>COMPLETE</b>
	The University Store should review AR and determine what accounts need to be corrected. Reconciliation processes should be refined to identify differences between AR and the sub ledger. Accounts with negative balances need to be reviewed.	The University Store agrees with the recommendation. All reconciliation and detailed accounts will be reviewed and action taken accordingly.	We have been successfully identifying and resolving old credits, adjustments, and student accounts. We are working closely with Nebraska Book Company to investigate the problem of sub-ledger not tying with general ledger. We have pinpointed the manner in which WinPrism displays data between the aging report and general ledger and verified that all information is being accounting for in the general ledger.
<b>3. Account Receivable allowance for bad debe should be updated</b>			<b>COMPLETE</b>
	The University Store should review and modify its allowance for bad debt.	The University Store agreed to implement the recommendation.	Because UW Main has assumed collectability of accounts receivable (AR) and is treating all AR as paid to the Store, carrying an allowance for uncollectible accounts is no longer necessary for producing quality financial information for managerial decision-making. As such, this allowance will be eliminated through one-time adjustments related to the WyoCloud conversion.
<b>4. Employee charge accounts are not being kept current, policy is not adequate, and is not enforced</b>			<b>COMPLETE</b>
	The University Store should clarify, enhance and adhere to its charge account policy to ensure the collection of accounts payables owed by employees.	The University Store updated its payment requirements. Accounts will be reviewed on a monthly basis by the business manager to ascertain if further action is required.	Complete. All UW employee accounts have been closed and balances paid in full by June 30th
<b>5. Accounts Payable carries obsolete records and does not tie to the sub-ledger</b>			<b>COMPLETE</b>
	Reconciliation between AP and the sub ledger/Balance Sheet needs to be performed, and obsolete invoices and credits in AP need to be corrected in the system.	The University Store will work toward cleaning up of past credits and invoices if they are obsolete.	We have been working diligently on resolving old credits and invoices with vendors, which has brought the AP balance much more in line with expectations. As with AR aging reports, we have been working closely with Nebraska Book Company. We have identified the manner in which the system reports information and have verified that all information is accounted for in the general ledger. Supporting documentation will be provided as requested.

A copy of the full audit is available upon request.

I would like to thank Misty Eaton, Assistant Director, and Valerie Clarson, Business Manager for the assistance I received with completing this follow-up report.

Sincerely,

Danika Salmans MBA, CIA  
Interim Director, Internal Audit





# UW Risk *THE WORLD NEEDS MORE COWBOYS.* Assessment

# Overview

- Risk Assessment Survey
- What is risk
- Survey results
- Trustee input



# Campus Risk Assessment Survey



*BUCKING  
THE SYSTEM  
SINCE 1886.*

In the past, Internal Audit would interview a limited number of deans, directors, and administration to assess potential areas that needed to be audited. This year, Internal Audit, in conjunction with the Chief Risk Officer, Tim Wiseman, wanted to take a different approach to risk. We wanted to assess what risks are present that might hinder the unit's ability to achieve their strategic objectives. We wanted to capture greater input, so the campus was surveyed. The results from this survey will be used in Risk Management's efforts as well as aid in the development of the Internal Audit plan for the coming year.

## What is RISK?

- The possibility that an event will occur and adversely affect the achievement of an objective
- *A probability or threat of damage, injury, liability, loss, or any other negative occurrence that is caused by external or internal vulnerabilities, and that may be avoided through preemptive action.*

## Risks and Controls

- “Why does a car have brakes? A car has brakes (controls) so it can go fast. If you got into a car and you know there were no brakes, you’d creep around very slowly. But if you have brakes you feel quite comfortable going 65 miles an hour down the street. The same is true of [risk].”

-John Reed, former CEO of Citigroup to the Financial Crisis Inquiry Commission



An important part of identifying risks, is understanding that they are the things that can impact our achievement of strategic objectives. Controls are put in place to manage risks, and internal controls help us move forward at a greater pace.

## Myths about Risk...

Risk is an Evil to Be Eliminated.

Risk is NOT evil, it just needs to be managed

Risk should be the focus.

Achieving strategic objectives should be the focus

The only way to deal with risk is eliminate it.

There are many responses: accept, avoid, pursue, reduce, and share

You cannot plan for the unknown

Risk Management assess emerging risks and formulates plans



# Survey Results

*THE WORLD NEEDS MORE  
INSPIRED CREATIVITY.*

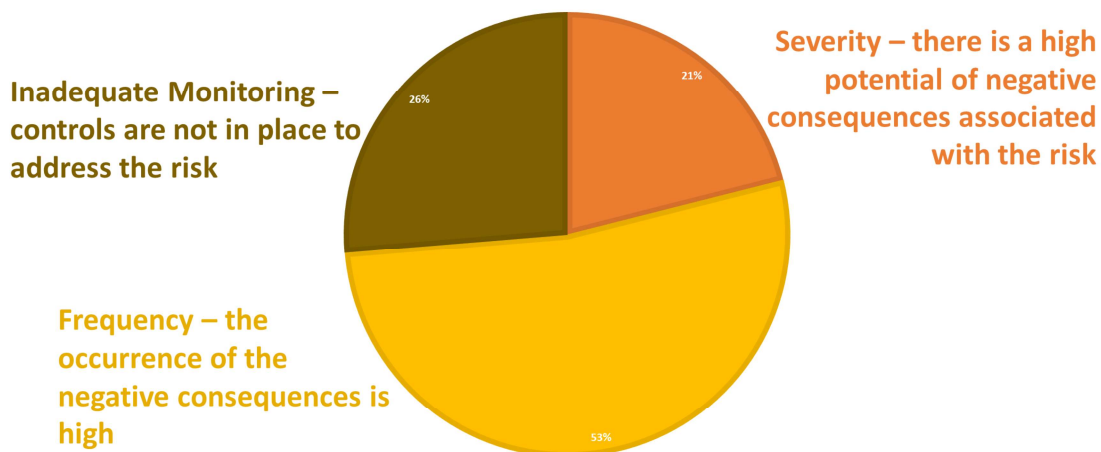
## Types of Risk Threatening the University



Over 175 surveys were sent out to Deans and Directors across campus. We received 71 responses which is a 40% return rate. This survey asked the respondents to consider their strategic objectives and what risk could get in the way of them achieving those objectives. We then asked them to identify the risk and categorize it as operational, reputational, financial, strategic, or compliance. The table above, summarizes the types of risk the people believe the University is facing. From this information, Internal Audit and Risk Management will assess the controls that are in place to manage these risks and decide where review and/or audits are needed to give management assurance that the controls are working or need to be improved. The initial review of this data shows that those that responded are concerned about operational risks – a threat to the ongoing management processes and procedures due to inadequate systems and processes. The results for areas-specific risks mirrored these results.



## Why is Operational Risk the Primary Concern?



When the respondents were asked why they considered operational risk their primary concern. They responded that the frequency of experiencing the negative consequences of this risk is their primary rationale for being concerned about operational risk.

## Everyone views risk differently

TOP 10 RISKS FOR 2020			
	RISK ISSUE	2020*	2019 (rank)*
	1. Impact of regulatory change and scrutiny on operational resilience, products and services	6.38	6.24 (3)
	2. Economic conditions impacting growth	6.34	5.93 (11)
	3. Succession challenges; ability to attract and retain top talent	6.27	6.34 (2)
	4. Ability to compete with "born digital" and other competitors	6.23	6.35 (1)
	5. Resistance to change operations	6.15	6.17 (5)
	6. Cyber threats	6.09	6.18 (4)
	7. Privacy/identity management and information security	6.06	6.13 (7)
	8. Organization's culture may not sufficiently encourage timely identification and escalation of risk issues	5.83	5.99 (9)
	9. Sustaining customer loyalty and retention	5.82	5.95 (10)
	10. Adoption of digital technologies may require new skills or significant efforts to upskill/reskill existing employees (new in 2020)	5.71	N/A (new)

Everyone views risk to achieving strategic objectives differently. This can vary by position. The chart above shows the top 10 risks as identified by executives. Many of them apply to our campus today.

*“Two overarching themes surround most of the top 10 risks: talent and culture, and technology and innovation. Operational concerns with strategic underpinnings dominate the top 10 risk issues, including succession challenges and the ability to attract and retain top talent, competing against "born digital" organizations, and resistance to change.”*

## Trustee Input

- An important part of the risk assessment process is to gather your input

- Enterprise Risk Management:

*A process, effected by an entity's board of directors, management and other personnel, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives.*

- Are internal controls working as designed?

As Trustees, I wanted to include you in the risk assessment process. You have insight that should be included as we gain understanding of the risk environment, and what controls need to be reviewed. As we begin our discussion of the Internal Audit Annual Plan, I would like to include your input. Is there an area where an audit could provide you with assurance that internal controls are working as designed?

Thank you

*THE WORLD NEEDS MORE  
ADVENTUROUS SPIRIT.*

If you have any  
questions:

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*THE WORLD NEEDS  
MORE COWBOYS.*

Danika Salmans  
Interim Director, Internal Audit  
(307) 766-4835  
dsalmans@uwyo.edu

Tim Wiseman  
Chief Risk Officer  
(307) 766-6787  
wwiseman@uwyo.edu

## Internal Audit Schedule 2020-2021

Audit Schedule for 2020-2021		Requested By
1	Alumni (Annual)	Annual
2	NCAA	Annual/Athletics
3	Main Cashier	Annual/Financial Services
4	NCAA Football Ticket Verification	Annual/Athletics
5	Risk Assessment Survey / Result analysis / Audit Program	Annual
6	4-H Foundation	Annual
8	Athletics Business Office	Risk Assessment / Prior Year 18/19
9	Center of Innovation for Flow through Porous media (COIFPM)	Director Requested
7	Change of Management - Art Museum	Risk Assessment
10	Change of Management Academic Affairs	Risk Assessment
11	Change of Management Arts and Sciences	Risk Assessment
12	Change of Management Education	Risk Assessment
13	Change of Management Government and Community Affairs	Risk Assessment
14	Change of Management Haub School	Risk Assessment
15	Change of Management OSP	Risk Assessment
16	Change of Management President's Office	Risk Assessment
17	Change of Management SER (attention on grants - Carbon Engineering Initiative)	Risk Assessment / Dean Request Engineering 19/20
18	Change of Management College of Engineering	Risk Assessment
19	Financial Aid	Risk Assessment
20	Shared Business Center for A&S--SSPAIS (School of Politics, Public Affaris and International Studies)--CJ/Soc (Criminal Justice and Scoiology)	Dean Request A&S 19/20
21	UW apartments	Prior Year 18/19
22	UW Catering	Risk Assessment