



**BOARD OF TRUSTEES**

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

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

**AGENDA**

Wednesday, May 11, 2022; 2:30 – 4:30 PM

**Call to Order – Trustee Moore**

**Items for Discussion:**

Internal Audit Activity

- Engineering Change of Management Audit Page 3-20
- A&S Change of Management Audit Page 21-33

Additional Reports:

- Intern Audit Charter – Final Page 34-42
- 2022 Annual Risk Assessment Page 43-65
- Internal Audit Plan 2022-2023 Page 66-68
- Internal Audit Plan Update and Progress for 2021-2022 Page 69-70

ERM Project and Goals Update

Page 71-99

Project Risk Management Plan Documents

Page 100-118

Investment Update

Total Return: Setting Expectations

Page 119-126

Quarterly Market and Investment Update-March 2022

Page 127-153

# Internal Audit Activity Report

May 2022

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

September 2020 – August 2021

September 2021 – August 2022

## AUDITS:

- Engineering Change of Management Audit
- A&S Change of Management Audit

## FOLLOW-UP REPORTS:

## ADDITIONAL REPORTS:

- Intern Audit Charter - Final
- 2022 Annual Risk Assessment
- Internal Audit Plan 2022-2023
- Internal Audit Plan Update and Progress for 2021-2022

## AUDITS IN PROGRESS:

- Vet Lab
- Change of Management Audit of the Deputy Vice President for Finance



UNIVERSITY OF WYOMING

**Internal Audit**

**Change of Management: College of  
Engineering and Applied Science,  
Dean's Office**

March 21, 2022

Auditors:

Danika Salmans MBA, CIA, CRMA

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March 21, 2022

**University of Wyoming Board of Trustees:**

Internal Audit has completed a review of the Dean's Office of the College of Engineering and Applied Science. This was a change of management audit due to a transition in key leadership. Dr. Michael Pishko served as the dean for approximately 4.5 years prior to the start of Dr. Cameron Wright's placement into the position in 2019.

The objectives of this audit were to assess activity during FY 2020 (7/1/2019) through current and included a review of compliance with policies and procedures. Internal controls were assessed to ensure that they are designed to address risks to the achievement of strategic objectives.

The level of risk is determined based on the degree of compliance, which is a measure of alignment with the organizational mission and contribution toward achieving strategic objectives. Observations presenting a minor to moderate risk were addressed with management, and possible remediation was discussed. These findings require timely action or management consideration to mitigate risks and are mentioned, but not detailed, in this report.

Observations that have been associated with increased risk and requiring an action plan of progress toward resolution by management to mitigate risks are listed below:

**Observation #1:** Processes related to account management, cash handling, and receivables are incomplete

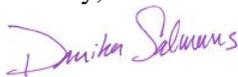
**Observation #2:** Procedures for tracking and independent verification of assets and access have not been established

**Observation #3:** An account holding Program Fees has a sustaining rolling balance

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

We would like to thank Dean Cameron Wright, Megan Barber – Director of Business Operations as well as other Engineering staff members for the assistance we received on this audit.

Sincerely,



Danika Salmans MBA, CIA, CRMA  
Director of Internal Audit

## **Background**

The College of Engineering and Applied Science: Working for Wyoming and the World

Only the most innovative and creative solutions will overcome the energy and technology challenges facing today's world. The students, faculty, and staff of the University of Wyoming's College of Engineering and Applied Sciences understand these challenges. They coordinate with leading national science and technology agencies to devise strategies to make our nation and world safer, cleaner and more technologically sound. All students have the opportunity to learn from and work alongside world-class researchers who engage our most complex topics. UW College of Engineering and Applied Science graduates are leaders within many of the world's most influential corporations and government agencies.

The college is organized into seven academic departments, a student success center (that provides professional advising, career services/placement, internship coordination, alumni relations, recruiting, K-14 outreach, marketing/communications), a machine shop that supports projects across the University, the Innovation Wyrkshop (an advanced makerspace), a business office (that provides accounting and finance support), and the Dean's Office. The college offers the following relevant programs that are tightly connected to state and national industry needs and supported by outstanding faculty and research facilities:

### **CHEMICAL ENGINEERING**

The department works on creating and refining polymers in manufacturing and medicine, design processes and equipment for large-scale safe and sustainable manufacturing, plan and test methods of manufacturing products in the energy, mining, food, water, healthcare industries & more.

### **CIVIL ENGINEERING**

The department's instructional and research strengths include infrastructure and the technical aspects of urban and rural land development, design roads and bridges, municipal water systems, sewer systems and wastewater treatment plants, dams and irrigation channels, excavations and slope-stability projects, and transportation solutions.

### **COMPUTER SCIENCE**

The department has strengths in artificial intelligence (AI), robotics, human computer interaction, cyber security, formal methods and computational complexity. Software-related work is a highly creative endeavor and interest in design problems arise in every project.

### **ELECTRICAL ENGINEERING**

The department designs control and communication systems, sensors, displays, learning machines, robots, instruments, voice recognition, computer vision, electronics, motors, power systems, the internet of things—and more, in almost all industries.

## MECHANICAL AND ENERGY SYSTEMS ENGINEERING

The broadest of all engineering disciplines, Mechanical Engineering has strengths in solid mechanics, fluid dynamics, aerodynamics, heat transfer, energy conversion, vibration, design, manufacturing, controls, materials science and electromechanical systems.

## PETROLEUM ENGINEERING

The department teaches about all facets of oil exploration and development, from identifying and characterizing the reservoir through drilling and completion to production. Petroleum engineers also find new ways to extract oil and gas from older wells.

## ARCHITECTURAL ENGINEERING

The program teaches about building structural or mechanical systems. Build a strong foundation in Building Information Modeling, which refers to the 3D computer modeling of building systems and simulating building performance.

## COMPUTER ENGINEERING

The program is a blend of Computer Science and Electrical Engineering, in which students learn how to design complex computer systems and embed them in custom applications such as robots, and automobiles. Other areas include computer vision systems, computers and software, and the internet of things.

## ATMOSPHERIC SCIENCE

The graduate-only program's instructional and research strengths are comprised of observational studies and numerical modeling, including cloud microphysics and dynamics, aerosols and air quality, instrument development and characterization, mesoscale and boundary-layer dynamics, and more.

Dean Cameron Wright is coordinating the effective transition of the following programs into the College of Engineering: Mathematics & Statics in FY23, and Chemistry, Physics & Astronomy, and Geology & Geophysics in FY24. Dean Wright is also working closely with the Director of the new School of Computing to help provide a foundation as it evolves; it will be incubated for the first few years in the College of Engineering and Applied Science.

## 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 FY 2020 through current 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	Issue	6/77	Capitalized and sensitive asset lists were acquired and reviewed. A list of 6 items was selected to verify the existence of items and test internal controls. One (1) item out of the six (6) was verified. Four (4) items will require remediation work with the Property Office to correct ownership/tracking records and one (1) item will still need to be located. Tracking the lifecycle of capitalized and sensitive assets needs to be improved. A process of regular independent verification of assets needs to be developed and disseminated across the college. (See <b>Observation #2</b> )
	Access to Building & Security (Keys & electronic access)	Issue	NA	The EERB utilizes electronic keycard access for exterior and interior doors and also distributes physical keys if requested. The process for distribution and tracking of physical keys has notably improved over past processes. Electronic access is primarily managed by UW IT Application Security. Departmental procedures need to be developed to review access by room consistently and follow-up to remove access that is no longer necessary. (See <b>Observation #2</b> )

Financial Controls	Financial Reporting and Monitoring	Issue	100%	<p>Accounts were reviewed for solvency, budget authority, and expenditures within limits and criteria. Multiple financial reports were also reviewed to assess the ongoing management of finances. The funds appear to be sufficient to meet the needs of current operations and are managed within the allocation. <b>A designated account related to Tier 1 appropriations was reviewed to ensure that requirements as per appropriation are being met; this biennial appropriation indicates a balance rolling across fiscal years, this balance was discussed with management to ensure knowledge and obligation.</b></p> <p>The use of WyoCloud accounting tools was noted as implemented during the period of audit but further work is required to organize and report data. <b>Ancillary reports were identified as provided to departments. These reports are informative and comprehensive, but improved balance to WyoCloud reconciliation processes will improve usefulness and accuracy. (See Observation #1)</b></p> <p>The UW Machine Shop meets qualifications as per the University of Wyoming Department Administrative Policy and Procedure (DAPP) regarding Service Centers which requires <b>defined accounting considerations and reporting to be met to aid the Office of Sponsored Programs in ensuring campus-wide compliance with federal regulations.</b> Appropriate WyoCloud accounting mechanisms were observed to have been implemented during the period of audit. Regular reporting</p>
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				of data as per the DAPP must be established.
	Accounts Receivable (AR) & Cash Handling	<b>Issue</b>	NA	The Makerspace and the UW Shop charge for time and materials. Fees are included in the Fee Book. AR summary and aging reports were reviewed. <b>Policies and procedures related to AR and cash handling need to be developed and enforced.</b> The department should also explore utilizing Marketplace for receiving payments. <b>(See Observation #1)</b>
Expenditure Controls	Foundation Accounts	<b>Acceptable</b>	100% 14/62	Foundation accounts assigned to the College of Engineering, Dean's Office were reviewed to ensure that expenditures were compliant with criteria. The department made corrections to adjust deficit balances. Cross utilization of funds was noted. This needs to be considered during reconciliation processes. No issues were noted.
	Expenditures: Purchase Orders, Expense Reports and IDTs	<b>Acceptable with comment</b>	<b>Data Analysis</b> 100% 6986/6986 <b>Testing</b> .5% 40/6986	All transactional data was analyzed using data analytics software to find potential duplicate or fraudulent transactions, and/or other suspicious areas. Transactions identified through an analysis were tested to ensure compliance, proper documentation and authorization were present.  In the analysis of data, improvements were noted in the management of expenditures. <b>Recurring payments should be assessed for the possible need for a Statement of Work or Contract.</b>
	Grants	<b>Acceptable</b>	<b>100%</b> 968/968	Controls related to grant management were reviewed. Expenditures were evaluated to ensure compliance with agreements; adherence to budgets was assessed. No issues were noted.

	Program Fees	<b>Issue</b>	NA	<p>The accounting and utilization of program fees were assessed. The fees are managed in a designated account as per campus standard protocol.</p> <p>Balances need to be tracked across fiscal years and surplus balances need to be investigated. Surplus balances track to journal entries crediting this account rather than through traditional revenue. (<b>See Observation #3</b>)</p>
Personnel Controls	Payroll and Benefits	<b>Acceptable</b>	100%	<p>The objective in this category was to assess adequate documentation, controls, staffing structure, reasonableness, and verify that only valid employees were paid. A review of supplemental pay was also performed. No issues were noted.</p>
Strategic Initiatives	Identification, Assessment, Management, and Monitoring	<b>Acceptable</b>	NA	<p>The engineering programs are evaluated by the Engineering Accreditation Commission (EAC) of ABET (Accreditation Board for Engineering and Technology); the computer science program is evaluated by the Computing Accreditation Commission (CAC) of ABET. The college completed a site review on November 7-9, 2021.</p> <p>The initial results were positive with only minor elements of concern, and weaknesses that required attention. No deficiencies were noted. The college is proceeding with addressing the concerns. As per the ABET schedule, it is anticipated that the college will receive a statement of full accreditation in the Summer of 2022.</p>

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## Observation #1

Processes related to account management, cash handling, and receivables are incomplete

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

#### Reconciliations:

Reconciliation is a process designed to detect and correct errors or omissions promptly. The process of matching the balances in an entity's internal accounting records with the corresponding information in an official system of record (WyoCloud) is critical to ensure the accuracy of both systems.

#### Cash Handling:

As per Presidential Directive 3-1993-1<sup>1</sup>

- University systems are designed to control the receipt, deposit, and expenditure of all funds, and account for them properly, but this can only be accomplished effectively with the cooperation of all employees.

Basic Elements - The basic elements of cash handling for departmental collections include:

- receipt processes and documents,
  - reconciliation of collections and program activity,
  - timely and intact deposit,
  - financial records balancing, and
  - records retention.
- “It is vitally important to reconcile departmental funds collection records with the University’s general ledger accounting reports on a monthly basis...If transmittal, coding, and entry errors are made, **only the collecting department can identify them.** Receipt or transmittal records are compared to account deposits and any differences identified.”
  - “Departments that provide goods and services on a charge and billing basis must keep accurate records of accounts receivable balances.”

#### Accounts Receivable:

As per the Service Center Manual<sup>2</sup> section 3.7 Monthly Billings and Payments:

Invoicing: SCs are responsible for timely invoicing of all customers. Prebilling is not allowed. Invoices should be processed within 30 days of providing the goods and services. Invoices should include:

1. The name of the user.
2. Service performed.

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<sup>1</sup> [http://www.uwyo.edu/generalcounsel/\\_files/docs/PD-3-1993-1.pdf](http://www.uwyo.edu/generalcounsel/_files/docs/PD-3-1993-1.pdf)

<sup>2</sup> <http://www.uwyo.edu/research/policies-and-procedures/service-center-manual-final-dap.pdf>

3. Date of service.
4. Amount of service provided (i.e. number of hours, tests, or other appropriate unit of measure).
5. The billing rate.
6. The total amount.

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

#### **Reconciliations:**

The college maintains a detailed ledger system that enables the Dean's office to track funds and the remaining balances of all accounts and fund sources. This system allows the college to account for encumbrances and provide transactional reports to the department. The college has a process of reconciliation with WyoCloud financials. Transactions are reconciled, but some expenditures noted in the Account Analysis were not included in the ledger. The beginning balance noted in some ledgers was not accurate. The reconciliation process does not include a tie to a balance thus some ending balances did not reconcile to the system of record.

In one instance, a designated account associated is carrying a balance of approximately \$450,000. However, in the ledger, the beginning balance did not include these funds.

#### **Cash handling:**

The Makerspace collects cash as a form of payment. Customers are charged for their use of supplies and for time on the machines. The physical security of the cash box is adequate, however active receipting, and reconciliation of a daily ledger (disclosing overages/shortages) are not present.

#### **Accounts Receivable:**

The Machine Shop functions are supported by ancillary systems to track identification of purchaser, amount of service, date of service, invoice amount, and payments. The Makerspace also tracks transactions and receivables in an ancillary system. Both areas bill monthly for services provided in the current month. However, neither area consistently bills for aged balances. At the time of the audit, 44% of receivables related to the Shop have aged more than 90 days.

The college does not have a formalized and documented account receivable process that details billing, collections, and cash handling procedures.

### **Consequence** (the impact to the unit or the University)

The ability to offer programs and services needs to be evaluated against the capacity to implement proper internal controls. Having documented and implemented AR and cash handling procedures are necessary to mitigate the risk associated with these services.

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

#### **Recommendation:**

Reconciliation activities need to include a transactional and balance. This will help to ensure the accuracy of the system of record (WyoCloud) as well as the information presented to departments.

Accounts receivable and cash handling procedures need to be improved by implementing processes for receipting and reconciliation of a ledger to the general account. All over/shorts must be reported immediately to management and further investigated as developed policy dictates.

Invoicing needs to occur on a monthly basis to ensure accurate and timely payment. The department is encouraged to devise ways to improve the receipt of funds. For example:

- Implementing Marketplace
- Capturing chart field information at the onset of a project for completion of the IDT if payment is not made in a defined period
- Development of formalized and disseminated accounts receivable and cash handling procedures that define billing procedures and expectations

**Response:**

**Processes have been developed to improve Cash Handling and Account Receivable management. The cash handling process is being administered and supervised by the CEAS Business Office. The Accounts Receivable process has changed to securing funding sources at the time of the order. Orders will be invoiced at the end of the month that the project is completed. An IDT will be sent to the customer with a deadline to correct funding before submittal to Accounting. The process will be reviewed monthly along with any need follow-up. In an effort to eliminate cash handling altogether, we have completed a second Marketplace request (first one in 2020 was never reviewed) and are awaiting Financial Affairs to complete the setup.**

**The Business Office has added an additional step to our monthly reconciliation processes to confirm balances as well as transactions, with special attention when fiscal year-end adjustments are finalized.**

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## Observation #2

Procedures for tracking and independent verification of assets and access have not been established

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

According to the *Asset Management Business Process guide*:<sup>3</sup>

1. All capital assets on the inventory record must be accounted for and organizations have 15 days to locate any missing equipment.
2. Organization Property Administrator (OPA) assigned in each department manages the capital and non-capital equipment of his/her organization(s) through the equipment's entire lifecycle

The University *Capital Equipment and Depreciation of Capital Assets*<sup>4</sup> Policy states that:

In fulfillment of its mission and compliance responsibilities, the University must maintain an accurate inventory system and procedures that safeguard University assets

A key component of safeguarding University assets is an established procedure of independent review and verification of assets and access at unit levels.

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<sup>3</sup>[http://www.uwyo.edu/administration/financial-affairs/\\_files/docs/other-university-docs/capital\\_asset\\_business\\_process\\_guide.pdf](http://www.uwyo.edu/administration/financial-affairs/_files/docs/other-university-docs/capital_asset_business_process_guide.pdf)

<sup>4</sup> [http://www.uwyo.edu/regs-policies/\\_files/docs/policies/assetmanagementcapitalequipment\\_sap\\_7-23-19.pdf](http://www.uwyo.edu/regs-policies/_files/docs/policies/assetmanagementcapitalequipment_sap_7-23-19.pdf)

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

#### Assets:

UW Asset Management maintains a listing of capitalized equipment that is purchased or donated and reported through the WyoCloud financial system. Based on policy, Asset Management coordinates with unit OPAs to verify the accuracy and existence of items.

Capitalized and sensitive asset lists were acquired and reviewed. It was noted that many of the items on the listing had had no designated room number, and/or had not been physically verified in over 2 years. A list of 6 items was sampled to verify the existence of equipment and test procedures related to internal controls. One (1) item out of the six (6) was verified.

- One item should have been assigned to a different department
- Two (2) items were moved by classroom technology but the asset was not transferred
- In one (1) instance, multiple units were found but the exact property tag could not be located
- One (1) item is needing to be located

#### Access:

The EERB utilizes electronic keycard access for exterior and interior doors and also distributes physical keys upon request. It was reported that the process for distribution and tracking of physical keys has improved over past processes.

Access controls were tested by identifying 26 employees that should no longer have access to the EERB. These individuals were assessed through UW IT Application Security which provided the current level of authorized access. Of the 26 individuals tested, 15 still had access to the EERB as employees, 10 still had general access, and one had no EERB access of any kind.

The college has a process of approving/terminating access, however, there is no process to regularly review current access and remove individuals based on job/academic needs.

### Consequence (the impact to the unit or the University)

In fulfillment of its mission and compliance responsibilities, the University must maintain an accurate inventory system and procedures that safeguard University assets. The absence of strong processes will increase the risk of waste, loss, and abuse.

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

The EERB officially opened for class and research access in the Fall of 2019. This involved a large volume of equipment purchases for laboratories and shared spaces. The process of tagging and tracking this equipment is ongoing. The college continues to work closely with Asset Management to accomplish this task.

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

#### Recommendation:

A process of tracking the lifecycle of sensitive and capitalized assets needs to be established. This would include independent verification of assets. The process needs to be developed and disseminated to all College departments to achieve effectiveness and efficiencies.

Because access is a shared responsibility with UW IT Application Security, the College should develop a process of regularly reviewing and verifying internal records (needs) with actuals as

managed by IT. Those no longer needing access should be immediately removed; implementation of this recommendation will require the cooperation of IT.

**Response:**

**For capitalized and sensitive assets, the CEAS Business Office has begun updating our inventory lists. A process that includes a bi-annual independent verification of assets is being developed. CEAS will work with IT to develop a campus-wide process for bi-annual review and verification of electronic access.**

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### Observation #3

An account holding Program Fees has a sustaining rolling balance

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

In November 2017, the Trustees approved a fee structure that was designed by the Program Fee Implementation Committee and ASUW. According to documentation attached to the motion<sup>5</sup>, Engineering and Applied Science designed the use of their Program Fee to be applied as follows:

- Computer Replacement and Software
- Engineering Enrichment Fund
- Instructional Lab Maintenance

As per the ASUW resolution #2577, “this designation will restrict the use of programmatic fees exclusively to student services and undergraduate program support, ensuring the fees will be used only for their designed purpose.”

The Program Fees are “determined only on the basis of revenues necessary to cover costs and maintain current program quality.”

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

The expenditures related to program fees were tested., The college is using these fees to pay for instructional supplies and equipment, as well as part-time payroll for tutors and the Makerspace. The expenditures related to the Engineering Enrichment Fund are reviewed for approval by a student committee.

The testing also showed that the department is carrying a rolling balance in program fees that have accumulated to approximately \$450,000.

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<sup>5</sup>[http://www.uwyo.edu/trustees/\\_files/docs/2017\\_board\\_meetings/2017\\_november\\_supplemental/2017\\_nov\\_report.pdf](http://www.uwyo.edu/trustees/_files/docs/2017_board_meetings/2017_november_supplemental/2017_nov_report.pdf)

**Consequence** (the impact to the unit or the University)

Program fees are collected and spent based on expectations as approved by the University of Wyoming Trustees in November 2017. The fees that are collected should be adequate to support programs, alignment with expectations mitigates financial risks to students.

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

The balance associated with program fees appears to be related to journal entries crediting this account for computer fees charged in FY18 under the prior fee book structure as well as for CARES funding transferred in to replace revenue lost from student fee refunds. The balance is not an indicator that current program fees are in excess of the need to support student programming.

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

**Recommendation:**

The college should further investigate the fund balance and spend funds on allocable needs. Rolling balances should be a component of program fee review on an annual basis in tandem with the Fee Book evaluation process.

**Response:**

**The CEAS Business Office has verified the journal entries contributing to the accumulated balance. Due to the nature of the fees, the college will develop a plan to spend down the balance by evaluating computing needs and requesting proposals from departments. The college has funded over \$200,000 in the FY22 towards projects that meet the Program Fee criteria. The accumulated balance will be reviewed and evaluated each year along with the Fee Book process.**

## **Distribution List**

Edward Seidel, President of the University of Wyoming

Kevin Carman, Executive Vice President and Provost

Cameron Wright, Dean of the College of Engineering and Applied Sciences



April 19, 2022

Board of Trustees  
University of Wyoming

Re: Dean's Office of the College of Engineering and Applied Science

At the request of the University of Wyoming Internal Audit Department, we have discussed the approach, testing and draft report for the review of Change of Management: College of Engineering and Applied Science, Dean's Office.

**Background:**

The Internal Audit department strives to follow professional standards including being independent in fact and appearance. Due to personal relationships between both internal auditors and individuals in the College of Engineering and Applied Sciences, this was not as feasible as in other engagements completed by the Internal Audit department. To address this concern, we were requested as an independent party to discuss and read through the work product for this particular project to determine if any indications of personal bias were apparent in the conduct and reporting of this review. We are independent of the College of Engineering and Applied Science.

**Scope:**

Our procedures consist of discussion with the members of the Internal Audit department, high-level review of selected workpapers and reading through the draft report. This engagement does not constitute an audit performed under Generally Accepted Auditing Standards, nor is this engagement performed under attestation standards or standards for accounting and review promulgated by the American Institute of Certified Public Accountants.

**Work Performed:**

Wayne R. Herr and Brittany Wilson, partners with McGee, Hearne and Paiz, LLP, met with Danika Salmans and Rebecca Garcia by Zoom on March 22, 2022. During this meeting, we discussed the conduct of the Change of Management review including the following specific concerns:

- How were the specific procedures used in this Change of Management audit selected and how did this compare to other Change of Management audits conducted by internal audit?
- Who performed most of the audit, which was relevant because Ms. Garcia's spouse is the dean so, in appearance, she appears to be less independent than Ms. Salmans?

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- What were the comprehensive subject areas addressed in the review?
- What were the findings identified as part of this audit?

In addition, the internal auditors walked us through several workpapers at our request.

Subsequent to this meeting, we obtained the draft report and Audit Program which we reviewed.

**Conclusion:**

Based on the work we performed, nothing came to our attention that would indicate that the Internal Audit department was biased in the execution of this audit due to the personal relationship between the Internal Audit department and the College of Engineering and Applied Sciences. We would like to bring to your attention one issue we raised as an extension of one of the findings Internal Audit had. Internal Audit identified instances when employees who left employment with the University had not had physical access to Department of Engineering facilities terminated. We raised the concern that follow up should be done to ensure that former employees' access to University IT systems is eliminated as part of the employee exit process.

McGEE, HEARNE & PAIZ, LLP



Wayne R. Herr, CPA, CGMA, CFE  
Partner



UNIVERSITY OF WYOMING

**Internal Audit**

**Change of Management: College of  
Arts and Sciences, Dean's Office**

April 26, 2022

Auditors:

Danika Salmans MBA, CIA, CRMA

Rebecca Garcia, MBA, CIA

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April 26, 2022

**University of Wyoming Board of Trustees:**

Internal Audit has completed a review of the Dean's Office of the College of Arts and Sciences. This was a change of management audit due to a transition in key leadership. Dr. Paula Lutz served as the dean for approximately 7 years prior to the beginning of Dr. Camellia Okpodu's appointment in late 2020.

The objectives of this audit were to assess activity during FY 2021 (7/1/2020) through current and included a review of compliance with policies and procedures. Internal controls were assessed to ensure that they are designed to address risks to the achievement of strategic objectives.

The level of risk is assessed by reviewing a department's compliance with best practice criterion as well as institutional policies or procedures. The directives provided in these documents are important internal controls instituted by management designed to mitigate risk to the achievement of strategic objectives. Concerns and weaknesses are identified in this report and potential modifications are discussed with management in order to ensure practices align.

If the department is not in compliance with criterion, policies, or procedures, this deficiency will be described in a formal observation so that the department can develop an action plan to mitigate the risks.

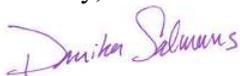
Observations that have been associated with increased risk and requiring an action plan of progress toward resolution by management to mitigate risks are listed below:

**Observation #1:** Internal controls applied to expenditures were not sufficient to maintain compliance

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

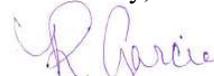
We would like to thank Dean Camellia Okpodu and Laurie Sanchez – Director of Business Operations for the assistance we received on this audit.

Sincerely,



Danika Salmans MBA, CIA, CRMA  
Director of Internal Audit

Sincerely,



Becky Garcia MBA, CIA  
Internal Auditor

## Background

The College of Arts & Sciences is a unique unit, with responsibilities for teaching the liberal arts and sciences core to all UW students as well as the disciplinary knowledge in our many majors, both graduate and undergraduate. We are leaders in research and creative endeavors as befits a flagship university and give strong support to the land grant mission. As the heart and soul of this university, our vision in the College of Arts & Sciences is to create a strong foundation in the liberal arts and sciences that touches the lives of every student. We imbue in each a passion for life-long learning, discovery, creativity, and engaged service to the state, nation, and world through our strengths in teaching, cutting-edge research, award-winning artistic endeavors, and outreach to our community. We seek to inspire our students as we are inspired—by our breathtaking surroundings and the pioneer spirit of Wyoming. A&S prepares students with an education of a lifetime.

The College of Arts and Sciences offers degrees that match the cultural breadth and disciplinary depth to ensure students gain a critical understanding of the visual and performing arts, humanities, social sciences, the world and its languages and physical, biological, and mathematical sciences. We encourage our students, whether they are a psychology major or taking painting classes to earn an art degree, to conduct student-originated research, work one-on-one with a professor in independent studies and take advantage of study abroad opportunities. With an abundance of majors and minors to choose from, one's possibilities are endless in the College of Arts and Sciences.

The college is comprised of seven academic divisions. Departments and programs are organized as follows:

### Academic Divisions

1. Biological Sciences - Botany, Psychology, Zoology & Physiology, LIFE
2. Fine Arts - Visual & Literary Arts, Music, Theatre & Dance
3. Humanities - English, Modern & Classical Languages, Philosophy & Religious Studies
4. Mathematical Sciences -Mathematics & Statistics
5. Physical Sciences - Chemistry, Geology & Geophysics, Physics & Astronomy
6. Social Sciences -Anthropology, Communication & Journalism, Criminal Justice & Sociology, History & American Studies
7. Interdisciplinary Programs - School of Culture, Gender, & Social Justice, School of Politics, Public Affairs, & International Studies

The College has five goals under the current strategic plan:

1. Increase productivity in research and creative activity with an emphasis on graduate education.
2. Support and incentivize teaching innovation and excellence and effectiveness.
3. Community engagement and the land-grant mission – support and enhance the quality of life across Wyoming and the Mountain West.
4. Enhance foundational strength of A&S to achieve a higher performing university; and

5. Expand opportunities for internationalization and enhance/diversity education to prepare students for a global society.

Since we will be a new College, our plan is to explore quantifiable performance outcome measures to benchmark against such as:

- **Instructional Success via Program & Department Budgets:** Analyze budgets by term, semester or year and compare with actual spend. We already have some data on this; however, our funding model will change now that distance education will be accounted for in a different manner.
- **Faculty Turnover:** Supporting tenure numbers, turnover rates identify areas with weak employee retention. This will be extremely important if we wish to become a level 1 research intensive university. We need to measure this and make sure we budget in a manner that allows the College to retain faculty
- **Student Success via Persistence Rates:** Understand and monitor the factors that affect students' persistence on to the next semester. The new Navigate platform will allow us to monitor our student success especially in the gateway classes. This also will tie into the Saddle-up outcomes established by Academic Affairs.

These three broad areas we have listed above ties into our budget and gives us a measure to analyze our engagement as a college.

## Audit Scope, Procedures, and Outcomes

The following steps represent the extent of work needed to achieve the audit objectives. The scope of this audit focused on FY 2021 through current, the audited areas and steps are summarized below. The status includes an evaluation of risk to the achievement of objectives as per the below.

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

Area Audited	Test Work Performed	Status	Sample Size	Summary of Findings/Recommendations
Physical Controls	Asset Management	Acceptable	100% 2/2	Capitalized and sensitive asset lists were acquired and reviewed. All of the department's limited capitalized assets were verified. The department has developed a mechanism to track sensitive assets utilizing tools as provided by administration. This function is well managed, no concerns were noted.
	Access to Building & Security (Keys & electronic access)	Acceptable	NA	The department manages access to the building. Procedures were reviewed for adequacy. The log of keys was tested to ensure that access is provided to current employees. The log includes keys that have been checked out but does not include an inventory of available keys. The department should consider adding this element of tracking to this process. No issues were noted.
				All accounts were reviewed for solvency, budget authority, and expenditures within limits and criteria. Multiple financial reports were also reviewed to assess the ongoing management of finances. The funds appear to be sufficient to meet the needs of current

Financial Controls	Financial Reporting and Monitoring	<b>Acceptable with weakness</b>	100%	<p>operations and are well managed within the allocation.</p> <p>The use of WyoCloud reporting tools was reviewed. Ancillary ledger systems are utilized to provide the college with added elements of financial tracking that extend beyond and compliment WyoCloud reports. The structure and processes of review as assessed. <b>These reports need to be reconciled on a continual regular basis to realize the benefit.</b></p> <p>Reports are provided to management as needed. <b>The department is encouraged to develop a high-level reporting tool to keep management apprised on financial condition on a regular ongoing basis.</b></p> <p>Minor accounting errors were noted. Regular reconciliation, and/or review of WyoCloud reports will create opportunity to identify and rectify these errors on a timely basis.</p>
	Accounts Receivable (AR) & Cash Handling	<b>Acceptable</b>	NA	<p>The Account Analysis was reviewed for evidence of account receivable activity. The department does not sell or collect revenue from sales or services. No issues were noted.</p>

Expenditure Controls	Foundation Accounts	Acceptable with weakness	100% 26/26	Foundation accounts managed by the A&S Dean's Office were reviewed to ensure that expenditures were compliant with criteria. Cross org utilization of accounts was observed and should be recognized in the reconciliation process. <b>An IDT was noted as used to transfer funds between sister accounts. This impedes the ability of the Foundation to transparently audit and account for expenditures as per criteria. Expenditures should be directly billed to the correct Foundation account or a Foundation Form 300 used when funds need to be transferred between Foundation accounts.</b>
	Expenditures: Purchase Orders, Expense Reports and IDTs	Deficiency	<b>Data Analysis</b> 100% 1866/1866 <b>Testing</b> 1.5% 28/1866	<p>All transactional data was analyzed using data analytics software to find potential duplicate or fraudulent transactions, and/or other suspicious areas. Transactions identified through an analysis were tested to ensure compliance, proper documentation and authorization were present.</p> <p><b>An expenditure was identified that did comply with procurement policies and procedures. The contract process for an expenditure greater than 9,999 was not followed and the expense is not allocable to its current funding source.</b></p> <p><b>Thirty-two percent of the tested expenditures did not have adequate detail of business purpose to justify the expense. Expectations of adequate description of business purpose need to be formalized. As per UW direction, business purpose should include: Who, What, When, Where, Why.</b></p>
	Grants	Acceptable	<b>100%</b> 28/28	Controls related to grant management were reviewed. Expenditures were evaluated to ensure compliance with agreements; adherence to budgets

				<p>was also assessed. The Project Management system is utilized to establish Faculty Start-Up accounts. Three of these were further tested to ensure compliance with agreement and verify that spending was within budget. Monitoring of these accounts is adequate. No issues were noted.</p>
	<p>Mandatory &amp; Program Fees</p>	<p><b>Acceptable with weakness</b></p>	<p>NA</p>	<p>The accounting and utilization of program fees was assessed. The fees are primarily managed in designated accounts as per campus standard protocol. Fees are managed for all relevant departments at the Dean’s Office level. The college provides well developed “guiding principles” to standardize expectations and account for utilization of funds as per Trustee intent.</p> <p>Financial analysis of the Sci-Q program fee indicates the current fee charged might not be sufficient to meet the student needs. The college is encouraged to monitor this fee and request adjustments if needed.</p> <p><b>The college receives a Graduate computing fee that is currently automatically routed to unrestricted operating. This does not allow for proper accounting of these funds and the associated expenditures.</b></p> <p>The account holding mandatory fees is holding a credit balance. Current efforts are noted as having allocated the balance toward intended needs. The department should continue to monitor this fund to ensure that the fees do not exceed needs.</p>

<p>Personnel Controls</p>	<p>Payroll and Benefits</p>	<p><b>Acceptable</b></p>	<p>100%</p>	<p>The objective in this category was to assess adequate documentation, controls, staffing structure, reasonableness, and verify that only valid employees were paid. Elements of awards, honorariums, and supplemental pay were reviewed. The Dean's Office centrally manages \$2.4M (176 positions) in Graduate Assistantship funding. As a complement to available reports, this office has developed a well-managed tracking mechanism to ensure Graduate Assistantship assignments are effectively allocated and fiscally managed within expectations/budget. This tool was validated to reconcile to WyoCloud payroll and account analysis reports with immaterial deviations noted. No areas of concern were identified.</p>
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# Observations and Recommendations

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## Observation #1

Internal controls applied to expenditures were not sufficient to maintain compliance

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

For the purchase of goods or services totaling \$10,000-\$99,999.99, the UW Quote and Bid Threshold Policy<sup>1</sup> and the Business Process Guide for Procuring Goods and Services<sup>2</sup> require the following:

- Departments are required to attach two (2) separate supplier quotes to the requisition.
- If the department feels sole sourcing the good from a supplier meets the criteria set forth by the Procurement and Payment Services Office, the department may send the sole source justification form to the Procurement and Payment Services Office for review and approval prior to initiating a Requisition.
- The Office of General Counsel coordinates and supervises all legal operations for the university by reviewing and approving all contractual agreements binding the university. A contract or an Agreement for Services needs to be completed and submitted through the WyoCloud Contracts Module.

The University has established an expectation of an adequate description of business purpose.<sup>3</sup> As per the guiding documentation, an explanation of business purpose should include “Who, What, When, Where, Why.”

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

An expenditure was identified that did not comply with procurement policies and procedures. The contract process for an expenditure greater than 9,999 was not followed and the expense is not allocable to its current funding source.

Thirty-two percent of the tested expenditures did not have adequate detail to justify the expense. Expectations of adequate description of business purpose need to be formalized and enforced.

### Consequence (the impact to the unit or the University)

Internal controls consistently applied to procurement protect the University from financial, compliance, and reputational risk.

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

#### Recommendation:

To mitigate the risk, the department should review the expenditure in question and ensure that proper procedures are followed. This would include submitting a contract through the WyoCloud contract module to ensure that all elements of the agreement are in compliance

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<sup>1</sup> [http://www.uwyo.edu/regs-policies/\\_files/docs/policies/quotebidthreshold\\_sap\\_11-23-20.pdf](http://www.uwyo.edu/regs-policies/_files/docs/policies/quotebidthreshold_sap_11-23-20.pdf)

<sup>2</sup> [http://www.uwyo.edu/administration/financial-affairs/\\_faffles/docs/procurement/procuring-goods-and-services-bpg-final\\_12.07.2021\\_.pdf](http://www.uwyo.edu/administration/financial-affairs/_faffles/docs/procurement/procuring-goods-and-services-bpg-final_12.07.2021_.pdf)

<sup>3</sup> <https://uwyo.teamdynamix.com/TDClient/1940/Portal/KB/ArticleDet?ID=32755>

with applicable university regulations. A correction will also need to be processed moving the expenditure to an allocable funding source.

The documentation of adequate business purpose is an important internal control. The department should develop a standard of expectation for the college and enforce compliance.

**Response:**

We agree with the auditors' comments, and the following action will be taken to improve the situation. We will have a legal review of contracts to ensure that we are not creating conflicts of interest and we will follow the foundations respective business processes for payment. The department will be advised of all revisions. We acknowledge the recommendation to mitigate risk and will adhere to the recommendations so we can maintain compliance in all areas of evaluation.

**Distribution List**

Edward Seidel, President of the University of Wyoming

Kevin Carman, Executive Vice President and Provost

Camellia Okpodu, Dean of the College of Arts and Sciences

Laurie Sanchez, Director of Business Operations



## Internal Audit Charter Annual Review

For internal audit to operate at the highest levels, it must have clearly defined and articulated marching orders from the board and management. This is most easily achieved with a well-designed internal audit charter.

According to the Institute of Internal Auditors Standard 1000, the charter is a formal document approved by the governing body and/or audit committee and agreed to by management. It must define, at minimum:

- Internal audit's purpose within the organization.
- Internal audit's authority.
- Internal audit's responsibility.
- Internal audit's position within the organization.

The internal audit charter should be discussed annually with senior management and the board to confirm that it accurately describes the agreed-upon role and expectations or to identify desired changes.

Once accepted, the Director of Internal Audit formally presents it during the May board meeting to be discussed and approved.



UNIVERSITY  
OF WYOMING  
**Internal Audit Charter**

## Purpose and Mission

The purpose of the University of Wyoming's internal audit department is to provide independent, objective assurance and consulting services designed to add value and improve university operations.

The mission of internal audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. The internal audit department helps the University of Wyoming accomplish its strategic objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

Internal Audit will serve as one point of contact for the receipt of reports regarding suspected violations of laws, misuse of university resources, fraud, waste, abuse, etc., and cooperate with other units to coordinate a review of those concerns as deemed appropriate.

## Standards for the Professional Practice of Internal Auditing

The internal audit department will govern itself by adherence to the mandatory elements of The Institute of Internal Auditors' (IIA) International Professional Practices Framework (IPPF), including the **Core Principles for the Professional Practice of Internal Auditing**, the **Code of Ethics**, the **International Standards for the Professional Practice of Internal Auditing (the Standards)**, and the **Definition of Internal Auditing**.

The Director of Internal Audit will report periodically to senior management and the Fiscal and Legal Affairs Committee regarding the internal audit department's conformance to the Code of Ethics and the Standards.

## Authority

The Director of Internal Audit will report functionally and administratively to the Fiscal and Legal Affairs Committee of the Board of Trustees. Administrative tasks (i.e., approval of leave, and expenditures) will be provided by the Office of the President.

To establish, maintain, and assure that the University of Wyoming's internal audit department has sufficient authority to fulfill its duties, the Fiscal and Legal Affairs Committee will:

- Approve the internal audit department's charter.
- Approve the risk-based internal audit plan.
- Approve the internal audit department's budget and resource plan.
- Receive communications from the Director of Internal Audit on the internal audit department's performance relative to its plan and other matters.
- Approve decisions regarding the appointment and removal of the Director of Internal Audit.
- Approve the remuneration of the Director of Internal Audit.



- Make appropriate inquiries of management and the Director of Internal Audit to determine whether there is inappropriate scope or resource limitations.

The Director of Internal Audit will have unrestricted access to, and communicate and interact directly with, the Fiscal and Legal Affairs Committee, including in private meetings without management present.

The Fiscal and Legal Affairs Committee authorizes the internal audit department to:

- Have full, free, and unrestricted access to all functions, records, property, and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information.
- The Internal Audit coverage may extend to all areas of the University of Wyoming, including all separately appropriated budgets and related blended component units.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports.
- Obtain assistance from the necessary personnel of the University of Wyoming, as well as other specialized services from within or outside the University of Wyoming, in order to complete the engagement.

## Independence and Objectivity

The Director of Internal Audit will ensure that the internal audit department remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. If the Director of Internal Audit determines that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively and in such a manner that they believe in their work product, that no quality compromises are made, and that they do not subordinate their judgment on audit matters to others.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing any operational duties for the University of Wyoming or its affiliates.
- Initiating or approving transactions external to the internal audit department.
- Directing the activities of any University of Wyoming employee not employed by the internal audit department, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist internal auditors.



Where the Director of Internal Audit has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence or objectivity.

Internal auditors will:

- Disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties.
- Exhibit professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgments.

The Director of Internal Audit will confirm to the Fiscal and Legal Affairs Committee, at least annually, the organizational independence of the Internal audit department.

The Director of Internal Audit will disclose to the Fiscal and Legal Affairs Committee any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results.

## Scope of Internal Audit Activities

The scope of internal audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Fiscal and Legal Affairs Committee, management, and outside parties (as requested and approved by General Counsel) on the adequacy and effectiveness of governance, risk management, and control processes for the University of Wyoming. Internal audit assessments include evaluating whether:

- Risks relating to the achievement of the University of Wyoming's strategic objectives are appropriately identified and managed.
- The actions of the University of Wyoming's officers, directors, employees, and contractors are in compliance with the University of Wyoming's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations or programs are consistent with established goals and objectives.
- Operations or programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the University of Wyoming.
- Information and the means used to identify, measure, analyze, classify, and report such information are reliable and have integrity.
- Resources and assets are acquired economically, used efficiently, and protected adequately.



The Director of Internal Audit will report periodically to senior management and the Fiscal and Legal Affairs Committee regarding:

- The internal audit department's purpose, authority, and responsibility.
- The internal audit department's plan and performance relative to its plan.
- The internal audit department's conformance with The IIA's Code of Ethics and Standards, and action plans to address any significant conformance issues.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by, the Fiscal and Legal Affairs Committee.
- Results of audit engagements or other activities.
- Resource requirements.
- Any response to risk by management that may be unacceptable to the University of Wyoming.

The Director of Internal Audit also coordinates activities, where possible, and considers relying upon the work of other internal and external assurance and consulting service providers as needed.

Internal Audit will serve as one point of contact for the receipt of reports regarding suspected violations of laws, misuse of university resources, fraud, waste, abuse, etc., and cooperate with other units to coordinate a review of those concerns as deemed appropriate.

The internal audit department may perform advisory and related client service activities, the nature and scope of which will be agreed with the client, provided that the FLAC is aware of the allocation of resources, and the internal audit department does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during engagements. These opportunities will be communicated to the appropriate level of management.

## Responsibility

The Director of Internal Audit has the responsibility to:

- Submit, at least annually, to senior management and the Fiscal and Legal Affairs Committee a risk-based internal audit plan for review and approval.
- Communicate to senior management and the Fiscal and Legal Affairs Committee the impact of resource limitations on the internal audit plan.
- Review and adjust the internal audit plan, as necessary, in response to changes in the University of Wyoming's business, risks, anonymous reports, operations, programs, systems, and controls.
- Communicate to senior management and the Fiscal and Legal Affairs Committee any significant interim changes to the internal audit plan.
- Ensure each engagement of the internal audit plan is executed, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work programs and testing results, and the communication of engagement results with applicable conclusions and recommendations to appropriate parties.





## Mission of Internal Audit

The Mission of Internal Audit articulates what internal audit aspires to accomplish within an organization. Its place in the IPPF is deliberate, demonstrating how practitioners should leverage the entire framework to facilitate their ability to achieve the Mission

**“To enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight.”**

## Core Principles for the Professional Practice of Internal Auditing

The Core Principles, taken as a whole, articulate internal audit effectiveness. For an internal audit function to be considered effective, all Principles should be present and operating effectively. How an internal auditor, as well as an internal audit activity, demonstrates achievement of the Core Principles may be quite different from organization to organization, but failure to achieve any of the Principles would imply that an internal audit activity was not as effective as it could be in achieving internal audit’s mission.

- Demonstrates integrity.
- Demonstrates competence and due professional care.
- Is objective and free from undue influence (independent).
- Aligns with the strategies, objectives, and risks of the organization.
- Is appropriately positioned and adequately resourced.
- Demonstrates quality and continuous improvement.
- Communicates effectively.
- Provides risk-based assurance.
- Is insightful, proactive, and future-focused.
- Promotes organizational improvement.

## 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

The Code of Ethics states the principles and expectations governing behavior of individuals and organizations in the conduct of internal auditing. It describes the minimum requirements for conduct, and behavioral expectations rather than specific activities.

## Introduction to the Code of Ethics

The purpose of The Institute's Code of Ethics is to promote an ethical culture in the profession of internal auditing. A code of ethics is necessary and appropriate for the profession of internal auditing, founded as it is on the trust placed in its objective assurance about governance, risk management, and control. The Institute's Code of Ethics extends beyond the ***Definition of Internal Auditing*** to include two essential components:

- **Principles** that are relevant to the profession and practice of internal auditing.
- **Rules of Conduct** that describe behavior norms expected of internal auditors.

These rules are an aid to interpreting the *Principles* into practical applications and are intended to guide the ethical conduct of internal auditors

## Applicability and Enforcement of the Code of Ethics

This Code of Ethics applies to both entities and individuals that perform internal audit services. For IIA members and recipients of or candidates for IIA professional certifications, breaches of the Code of Ethics will be evaluated and administered according to The Institute's Bylaws and Administrative Directives. The fact that a particular conduct is not mentioned in the Rules of Conduct does not prevent it from being unacceptable or discreditable, and therefore, the member, certification holder, or candidate can be liable for disciplinary action.

## Principles

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

- 1. Integrity** The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgment.
- 2. Objectivity** Internal auditors exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgments.
- 3. Confidentiality** Internal auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.
- 4. Competency** Internal auditors apply the knowledge, skills, and experience needed in the performance of internal audit services.



## Rules of Conduct

### **1. Integrity**

Internal auditors:

- 1.1- Shall perform their work with honesty, diligence, and responsibility.
- 1.2- Shall observe the law and make disclosures expected by the law and the profession.
- 1.3- Shall not knowingly be a party to any illegal activity or engage in acts that are discreditable to the profession of internal auditing or to the organization.
- 1.4- Shall respect and contribute to the legitimate and ethical objectives of the organization.

### **2. Objectivity**

Internal auditors:

- 2.1- Shall not participate in any activity or relationship that may impair, or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the organization.
- 2.2- Shall not accept anything that may impair, or be presumed to impair their professional judgment.
- 2.3- Shall disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review.

### **3. Confidentiality**

Internal auditors:

- 3.1- Shall be prudent in the use and protection of information acquired in the course of their duties.
- 3.2- Shall not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organization.

### **4. Competency**

Internal auditors:

- 4.1- Shall engage only in those services for which they have the necessary knowledge, skills, and experience.
- 4.2- Shall perform internal audit services in accordance with the International Standards for the Professional Practice of Internal Auditing.
- 4.3- Shall continually improve their proficiency and the effectiveness and quality of their service.



UNIVERSITY OF WYOMING

# **Risk Assessment 2022**

April 18, 2022

Auditors:

Danika Salmans MBA, CIA, CRMA

Rebecca Garcia MBA, CIA

Chief Risk Officer:

Tim Wiseman

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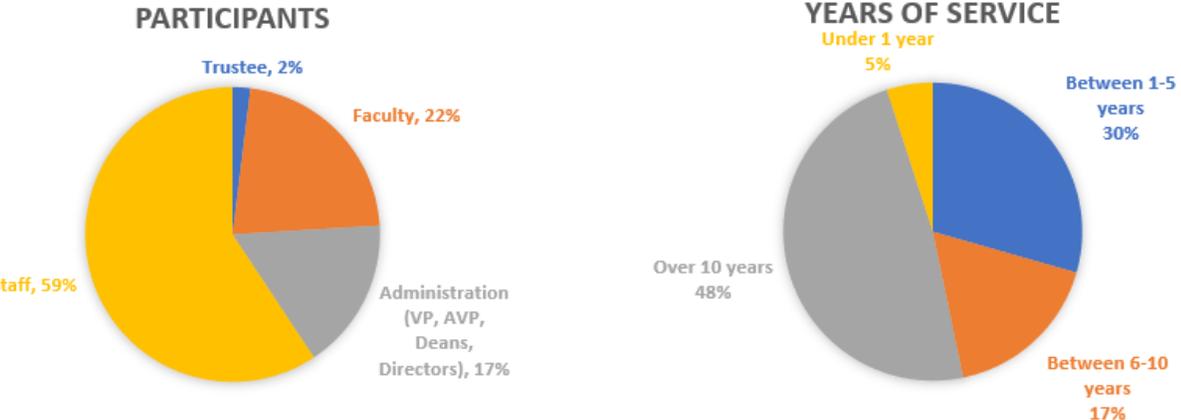
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# EXECUTIVE SUMMARY:

The report contains the results from the 2022 Risk Assessment. The survey serves as one mechanism to identify and measure risks to the University’s strategic direction. It also provides a measurement of drivers related to ethical conduct.

Survey results are widely distributed, beginning with the Board of Directors, Presidential Cabinet, the Enterprise Risk Management Advisory Committee, Staff and Faculty Senate, and other key stakeholder groups. **The sharing of these results is a pathway to ensure that leaders and compliance partners understand the findings and are equipped to implement controls for addressing risks to strategy, culture, and operations.**

Each year, the assessment process attempts to be more inclusive, reaching additionally identified stakeholders during the previous calendar year. In 2021, the risk assessment received 295 responses. The 2022 assessment received 462 unique and complete responses with respondents representing various stakeholder groups and major budget units. This cross-section provides a more comprehensive view of basic classification groupings for the respondent population.



As the University is in the process of drafting a new strategic initiative, the risk assessment will also provide information that contributes to this planning effort. The results of the 2022 annual risk assessment have the potential to diagnose the current state of strategic efforts and identify risks that may challenge the achievement of objectives related to the mission of the University of Wyoming.

The Enterprise Risk Management Advisory Committee (ERMAC) has reviewed this report to evaluate areas of vulnerability. The committee has used this report to update, formulate and prioritize ERM focus projects and/or recommendations for the coming year.

Internal Audit will also use information in this report to create a risk-based audit plan and make necessary adjustments to the internal audit program.

**The top four risks facing the University of Wyoming include:**

- Recruitment and Retention of Staff and Faculty
- Funding and Budget Cuts
- Recruitment and Enrollment of Students
- General Facility and Deferred Maintenance

**The strategic effort most at risk of being achieved is:**

- Institutional Excellence
  - The following risk factors were identified:
    - Financial risks related to the reorganization and pay equity

- Strategic risks related to low morale and the hiring and retention of faculty and staff
- Operation risks related to building maintenance, and the health and safety of employees and students
- Reputational risks related to changes in leadership
- Compliance risks related to accounts with deficit balances and data security

The next component of the survey assessed progress on actions plans developed and executed by the Enterprise Risk Management Advisory Committee (ERMAC) to address risks identified in the 2021 Risk Assessment. Overall, the survey responses indicate that these projects need continued action as the risks still present a threat to the University.

An added element to the 2022 Risk Assessment was an evaluation of the ethical culture on campus. An assessment of culture and conduct can provide information regarding the achievement of goals and can impact the risks related to fraud, theft, compliance, and safety issues. The results were favorable as most agreed that positive cultural elements were present. However, the responses also indicate that this is an area where further attention is still needed to make improvements.

In cooperation with the Chief Risk Officer, this risk assessment will be completed annually. The information will allow both offices to monitor the risk environment and contribute toward the management of risks that could present challenges to the University of Wyoming achieving great outcomes.

## SURVEY RESULTS:

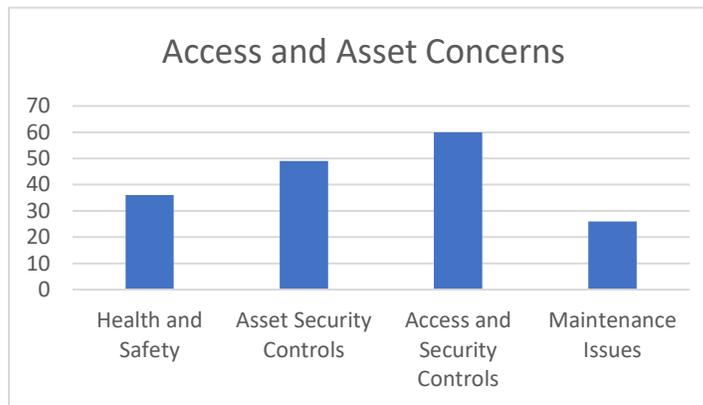
The following tables represent the compiled results from Trustee, Administration, Leadership, and Business Unit survey responses.

### Asset and Access Security and Safety:

“Do you have any building or asset security concerns?”

In fulfillment of its mission and compliance responsibilities, the University must maintain procedures that safeguard University assets. This includes human capital as well as property and equipment.

126 individuals out of the 462 (27%) submitted responses that issued concerns regarding access and asset security.



**Health and Safety concerns:** ice removal, asbestos in buildings, temperature control, accessibility, air quality, poor external lighting, mold issues due to leaks, shared working spaces that increase the risk of infection due to poor ventilation

**Asset Security concerns:** vandalism, theft, tracking of computers and other electronic devices, inadequate protection of digital assets and proprietary equipment, vulnerable exhibits and collections

**Access and Security concerns:** the centralized control of the S2 system requires implementation of new internal controls of review and validation of access, access issues with off-campus sites, various locking mechanisms across campus, security cameras needed in key areas, lack of security due to the reduced physical presence of staff, office doors that cannot be properly secured

**Maintenance Issues:** leaks and floods resulting in mildew and mold, broken elevators, peeling carpet, older buildings that require constant attention, access to maintenance of facilities off-campus

The details of these concerns will be reported to the ERMAC so that the need for action can be assessed. Internal Audit will also use this information in the creation of the Internal Audit plan and program.

## Operational Concerns:

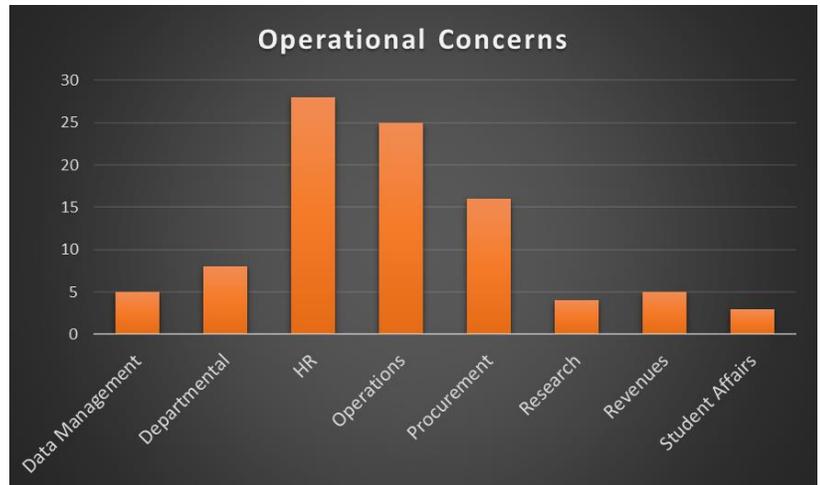
“Please describe a business process, procedure or area that should be reviewed?”

Implementation of the Institute of Internal Audit Performance Standard 2130 requires that the internal audit activity must evaluate the adequacy and effectiveness of controls in responding to risks within the organization’s governance, operations, and information systems regarding the achievement of the organization’s strategic objectives.

98 individuals out of the 462 (21%) who submitted responses indicated operational concerns.

The concerns tabled to the right indicate areas in which operational processes are not meeting expectations.

**The magnitude of programs and services must be calibrated against the capacity to implement proper internal controls.**



**Data Management:** operational concerns regarding the protection of data, data access controls, and procedures regarding the release of sensitive information

**Departmental:** operational concerns regarding specific departments

**HR:** operational concerns regarding compliance with policies and procedures, culture, hiring procedures, pay equity and wages, on-boarding training and orientation, supplemental pay

**Operations:** operational concerns regarding key and electronic access controls for building, timely and complete maintenance of buildings, ADA issues, accessibility and parking, inventory of capitalized and sensitive assets, custodial needs

**Procurement:** operational concerns regarding the cash advance process, p-card utilization and documentation, travel requests, spending against closed Foundation sister accounts

**Research:** operational concerns regarding the establishment of incoming research grants, commercialization, management of sub-awards, management of start-up funds

**Revenues:** operational concerns regarding transparent distribution of tuition revenue, distance education revenues, electronic deposits made to UW

**Student related affairs:** operational concerns regarding the scheduling of classes, faculty tenure, and workload, financial aid distribution to students and the perception of disparities, treatment of gender non-conforming students

The details of these concerns will be reported to the ERMAC so that the need for action can be assessed. Internal Audit will also use this information in the creation of the Internal Audit plan and program.

## Change in Leadership:

“Please describe the change in leadership your area has experienced?”

Effective operational risk management requires consideration of the impact of turnover on business outcomes and can impact the achievement of strategies and objectives. Turnover in leadership roles can impact internal controls, culture, and governance.

89 individuals out of the 462 (19%) who submitted responses identified a change in the following leadership positions.

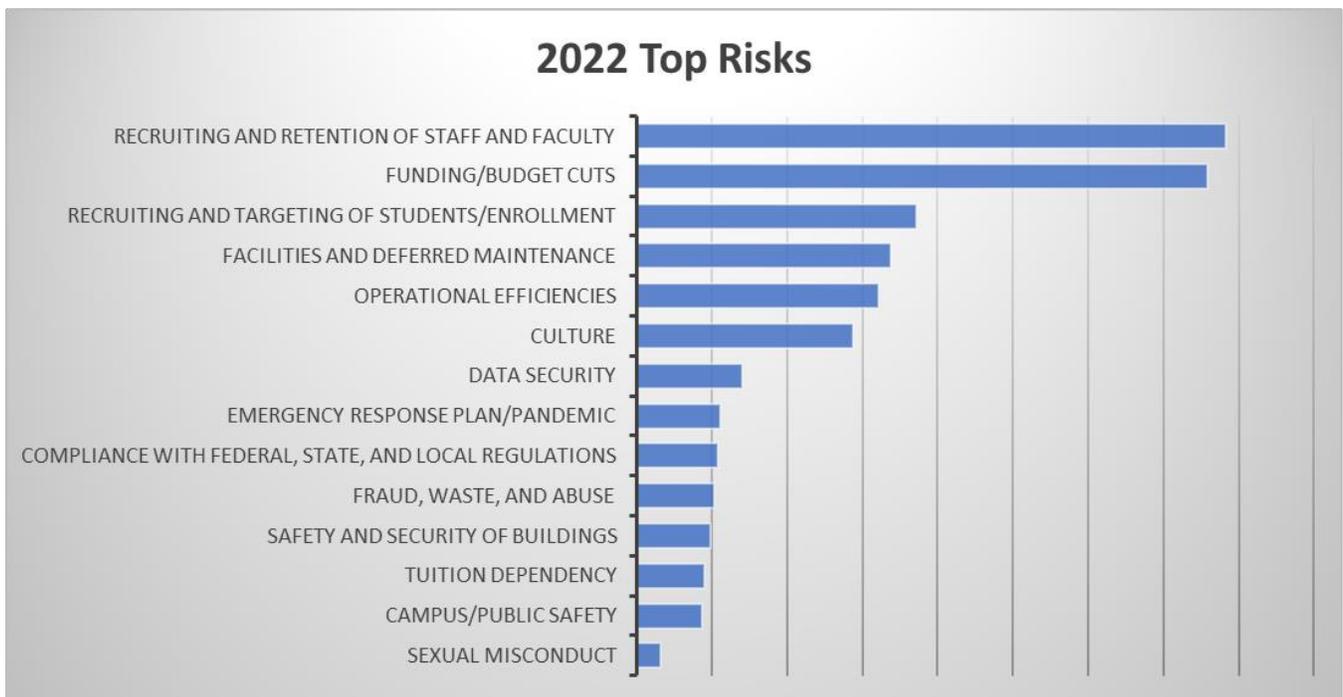
- Managers
- Directors
- Department Heads
- Deans
- Associate Vice President
- Vice President

The change of leadership will be considered in the creation of the Internal Audit plan.

## Top risks facing our university:

“What risks could threaten the achievement of objectives?”

The following chart indicates the top risks facing all colleges and universities today. The respondents were asked to choose the top four risks they believe present the greatest threat to the University of Wyoming achieving objectives.



**Financial difficulties, the recruitment and retention of staff, faculty, and students** remain as top issues that challenge the achievement of strategic objectives. In 2022, respondents identified a greater concern regarding facility maintenance, culture, operational efficiencies, culture, and data security.

Information from this section will impact the Internal Audit program to ensure that high-risk items are assessed in each audit to the degree possible.



### Strategic Risks:

“What are the risks that could threaten the achievement of our mission and strategic objectives?”

In the Strategic Planning process, the University must take account of risk in its outlook and planning. This increases the importance of understanding strategic risks and establishing strategic control solutions, rather than simply trying to establish and achieve targets, despite the risks.

The mission of the University of Wyoming is based upon a framework that includes the following themes:

- Institutional Excellence
- Student Success
- Service to the State

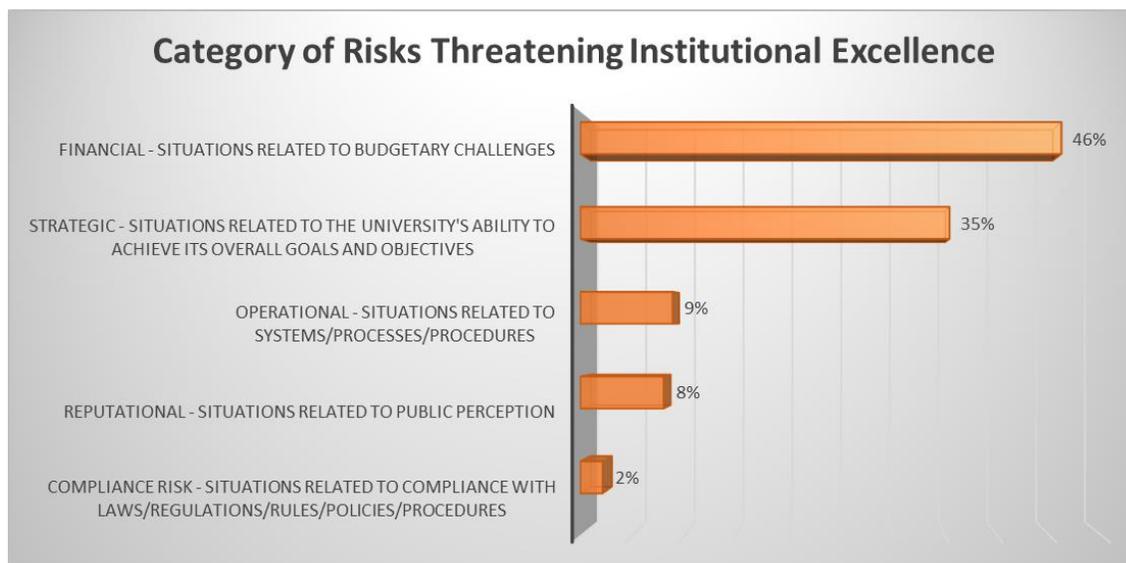
As strategic plans are developed around these themes, the identification of risks will contribute to effective planning.



Based on the results, the strategic theme most at risk is achieving Institutional Excellence. The following section provides information regarding the specific risks to each strategic theme and an associated risk score based on the impact and likelihood of that risk.

## Institutional Excellence

The survey asked respondents to identify risk factors or hurdles that could challenge strategic objects established to achieve institutional excellence. Of the risks and concerns that were listed, most were categorized as financial and strategic.



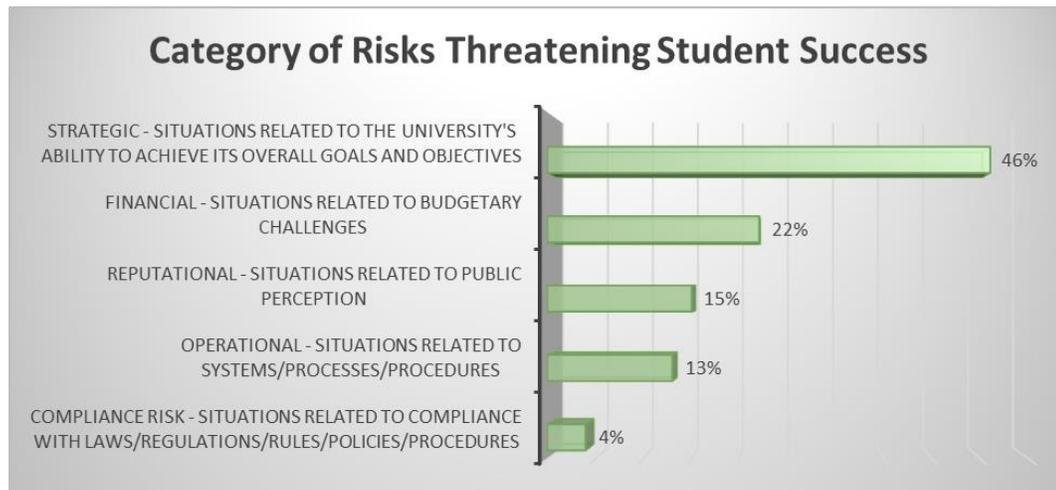
For each risk category, the summarized risks events are listed below. For each event, the heat map provides an evaluation of the level of the risk. **This is a calculation of the volume of concern and a weighted impact and likelihood of the event having detrimental consequences if not treated, mitigated, or addressed.**

Institutional Excellence		Risk Indicator
<b>Financial Risk- situations related to budgetary challenges</b>		<b>46%</b>
<b>Budget Cuts/Funding.</b>		
<b>Staff and faculty recruiting/retention.</b>		
<b>External Environment</b> including impact of possible war or continuation of pandemic.		
<b>Administration and decisions</b> related to reorganization, pay inequities, and decisions that convey perceived value of people, assets, and collections.		
<b>Enrollment.</b> The ability to attract and keep students is impacting our financial risks.		
<b>Strategic Risk - situations related to the University's ability to achieve its overall goals and objectives</b>		<b>35%</b>
<b>Staff and Faculty recruiting/retention.</b> Pay inequities, and shortages create strategic issues.		
<b>Changing objectives and performance targets due to change in leadership.</b>		
<b>Relationship with the Legislature.</b>		
<b>Budget Cuts/Funding.</b>		
<b>Data compliance and Building Maintenance.</b>		
<b>Culture and low morale.</b>		
<b>External Environment</b> including impact of possible war or continuation of pandemic.		
<b>Enrollment.</b> The ability to attract and keep students due to strategic emphasis that is not focused on student objectives.		

<b>Institutional Excellence</b>		<b>Risk Indicator</b>
<b>Operational Risk - situations related to systems/processes/procedures</b>		<b>9%</b>
<b>Changing objectives and performance targets due to change in leadership.</b>		
<b>Staff and faculty recruiting/retention.</b> Pay inequities, and shortages create operational issues.		
<b>Building Maintenance.</b> Buildings are needing maintenance and repair.		
<b>Health and Safety.</b> Snow removal, lack of consistent COVID-19 response, remote work by staff and faculty that impacts adequate presence on campus.		
<b>Cumbersome and frequently changing operational procedures.</b>		
<b>Security.</b> Building security and exterior lighting is an issue.		
<b>Reputational - situations related to public perception</b>		<b>8%</b>
<b>Legislative/Governance actions.</b> Recent action by the legislature to eliminate courses		
<b>Student initiatives/priorities.</b> Declining scholarship budgets, reduced availability of enrichment programs to enhance student experience. Access to buildings is being limited due to reduced parking. Faculty are changing teaching modality to online.		
<b>Staff and Faculty recruiting/retention.</b> Pay inequities, and shortages create reputational issues.		
<b>Changes in administrative leadership.</b> Changes in strategic directions without incorporating input.		
<b>Compliance Risk - situations related to compliance with laws/regulations /rules/policies/procedures</b>		<b>2%</b>
<b>Compliance</b> with ADA and other issues related to maintenance and personal safety.		
<b>Accounts with a deficit balances.</b>		
<b>Data compliance</b> that increases risk of breaches.		
<b>Staff and faculty recruiting/retention.</b>		

## Student Success

The survey asked respondents to identify risk factors or hurdles that could challenge strategic objectives established to achieve student success. Of the risks and concerns that were listed, most were categorized as strategic and financial.



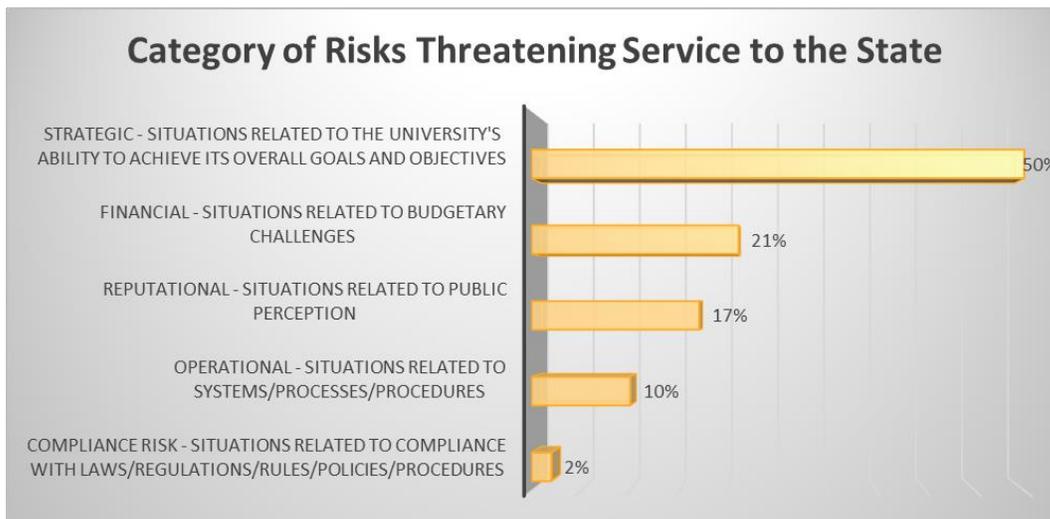
For each risk category, the summarized risks events are listed below. For each event, the heat map provides an evaluation of the level of the risk. **This is a calculation of the volume of concern and a weighted impact and likelihood of the event having detrimental consequences if not treated, mitigated, or addressed.**

<b>Student Success</b>	Risk Indicator
<b>Strategic Risk - situations related to the University's ability to achieve its overall goals and objectives</b>	<b>46%</b>
<b>Staff and Faculty recruiting/retention.</b> Pay inequities, and shortages create strategic issues.	High Risk
<b>Student programs, resources, course delivery, and tuition costs.</b>	Medium-High Risk
<b>Administration decisions</b> and impact on strategic outcomes.	Medium Risk
<b>Relationship with the Legislature and other cultural influences will impact strategic development</b>	Medium Risk
<b>Enrollment.</b> The ability to attract and keep students due to strategic emphasis that is not focused on student objectives.	Medium Risk
<b>External Environment including impact of possible war or continuation of pandemic.</b>	Medium Risk
<b>Budget Cuts/Funding.</b>	Medium Risk
<b>Financial Risk- situations related to budgetary challenges</b>	<b>22%</b>
<b>Staff and faculty recruiting/retention.</b>	High Risk
<b>Budget Cuts/Funding.</b>	High Risk
<b>Administration and decisions</b> related to reorganization, and program changes.	Medium-High Risk
<b>External Environment</b> including impact of possible war or continuation of pandemic.	Medium Risk
<b>Legislative/Governance actions.</b> Recent action by the legislature to reduce budgets and change program elements.	Medium Risk
<b>Health and Safety.</b> Transportation.	Medium Risk

<b>Student Success</b>		<b>Risk Indicator</b>
<b>Reputational - situations related to public perception</b>		<b>15%</b>
<b>Changing modalities of class delivery, student resources, and tuition costs.</b>		
<b>Legislative/Governance actions.</b> Recent action by the legislature to reduce budgets and change program elements.		
<b>Staff and Faculty recruiting/retention and budget cuts.</b> Pay inequities, and shortages create reputational issues.		
<b>Enrollment, Recruiting, Retaining students through graduation.</b>		
<b>Culture and political atmosphere, and emphasis on diversity, equity, and inclusion.</b>		
<b>Operational Risk - situations related to systems/processes/procedures</b>		<b>13%</b>
<b>Changing modalities of class delivery, student resources, and tuition costs.</b>		
<b>Health and Safety.</b> Building access and employees to keep buildings clean		
<b>Administration and decisions</b> related to the reorganization, budget cuts, and impact on strategic direction.		
<b>Staff and faculty recruiting/retention.</b> Pay inequities, and shortages create operational issues.		
<b>Cumbersome and frequently changing operational procedures.</b>		
<b>External Environment</b> including impact of possible war or continuation of pandemic and need for alternative educational modalities.		
<b>Enrollment and Recruiting efforts.</b>		
<b>Compliance Risk - situations related to compliance with laws/regulations/ rules/ policies/procedures</b>		<b>4%</b>
<b>Hiring of students and compliance with regulations.</b>		
<b>Legislative/Governance actions.</b> Recent action by the legislature to eliminate courses		
<b>Diversity, Equity, and Inclusion.</b>		
<b>Health and Safety.</b> Fire and building safety.		

## Service to the State

The survey asked respondents to identify risk factors or hurdles that could challenge strategic objectives established to achieve service to the state. Of the risks and concerns that were listed, most were categorized as strategic and financial.



For each risk category, the summarized risks events are listed below. For each event, the heat map provides an evaluation of the level of the risk. **This is a calculation of the volume of concern and a weighted impact and likelihood of the event having detrimental consequences if not treated, mitigated, or addressed.**

Service to the State		Risk Indicator
<b>Strategic Risk - situations related to the University's ability to achieve its overall goals and objectives</b>		<b>50%</b>
Legislative/Governance cooperation and alignment of values and objectives.		Red
Staff and Faculty recruiting/retention. Pay inequities, and shortages create strategic issues.		Orange
Administration decisions and impact on strategic outcomes. Emphasis on research over teaching.		Light Orange
Budget Cuts/Funding.		Light Green
Student programs, resources, course delivery, and tuition costs.		Light Green
Enrollment. The ability to attract and keep students due to strategic emphasis that is not focused on student objectives.		Green
Current efforts are not efficient or not recognized		Green
External Environment including impact of possible war or continuation of pandemic.		Green
<b>Financial Risk- situations related to budgetary challenges</b>		<b>21%</b>
Budget Cuts/Funding.		Red
Staff and faculty recruiting/retention.		Light Green
Legislative/Governance relations. Recent action by the legislature to reduce budgets and change program elements. UW's reliance on funding.		Light Green
Administration and decisions related to strategic direction, reorganization, and program changes.		Green
Enrollment, Recruiting, Retaining students through graduation.		Green
External Environment including impact of possible war or continuation of		Green

<b>Service to the State</b>		<b>Risk Indicator</b>
<b>Reputational - situations related to public perception</b>		<b>16%</b>
<b>Legislative/Governance cooperation and alignment of values and</b>		
<b>Staff and Faculty recruiting/retention and budget cuts.</b> Pay inequities, and shortages create reputational issues.		
<b>Budget Cuts/Funding.</b> These cuts have had an impact on our ability to serve the state.		
<b>Excution of programs/departments to serve stakeholders.</b>		
<b>Operational Risk - situations related to systems/processes/procedures</b>		<b>10%</b>
<b>Excution of programs that serve diverse regions of the state.</b> Operationally not meeting legislative/stakeholder expectations and land grant mission.		
<b>Staff and faculty recruiting/retention.</b> Pay inequities, and shortages create operational issues. Difficult tenure and promotion processes. Lack of staff to meet land grant mission.		
<b>Budget Cuts/Funding.</b>		
<b>Enrollment and Recruiting efforts. Impacted by the lack of in-person classes</b>		
<b>Health and Safety.</b> Building access and transporation for public.		
<b>Procedures addressing conflict of interest might limit service to the state.</b>		
<b>Compliance Risk - situations related to compliance with laws/ regulations/ rules/ policies/procedures</b>		<b>2%</b>
<b>Academic integrity</b>		
<b>Health and Safety.</b> Fire and building safety.		
<b>Administration and decisions</b> related to reorganization, and program		
<b>Staff and faculty recruiting/retention.</b>		

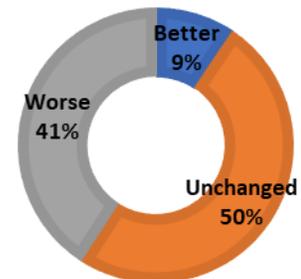
## Enterprise Risk Management Projects:

“What is your impression of the current status of the following ERMAC projects as compared to the condition one year ago?”

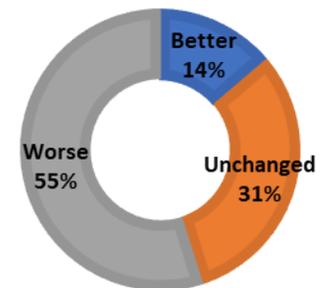
The Enterprise Risk Management Advisory Committee (ERMAC) uses the annual risk assessment to isolate projects that address campus-wide risks. Individuals from various departments across campus develop action plans to treat the risks. The purpose of this section is to assess the progress against projects identified in the 2021 Risk Assessment.

Information in this section will be used by the ERMAC in adjusting action plans and in planning risk management projects for next year.

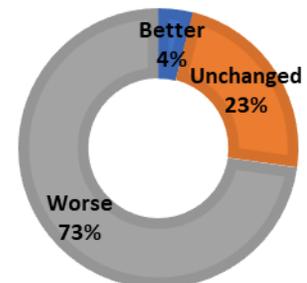
**GOVERNMENTAL - LEGISLATIVE RELATIONS:** action plan addresses how UW can better support the State and engage in the legislative process



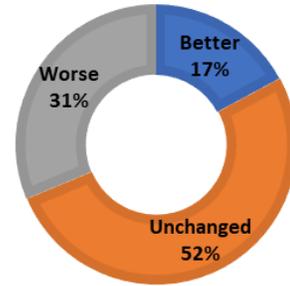
**UW FISCAL SITUATION AND BUDGET:** action plan addresses an assessment of risks associated with program re-alignment and budgetary adjustments; communicating with administration regarding the progress



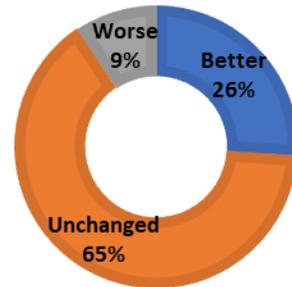
**RECRUITING, HIRING, AND RETENTION OF QUALITY FACULTY AND STAFF:** action plan addresses efforts to better contextualize current and planned initiatives



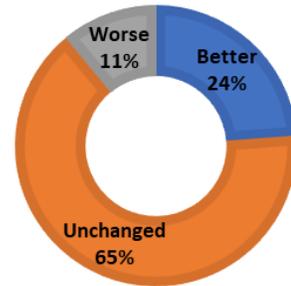
ENROLLMENT MANAGEMENT AND STUDENT SUCCESS: action plan addresses efforts and additional engagement initiatives to attract and retain students



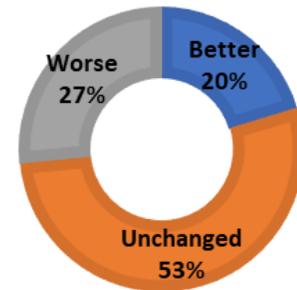
BUILDING SECURITY AND ACCESS CONTROLS: action plan addresses the assessment of high-risk situations and monitoring of the design plan to implement improvements



EMERGENCY RESPONSE PLAN UPDATE: action plan addresses a review and edit of the current plan to ensure departmental business continuity planning



INCLUSIVENESS: action plan addresses the dialogue surrounding the current status, risk identification, and response



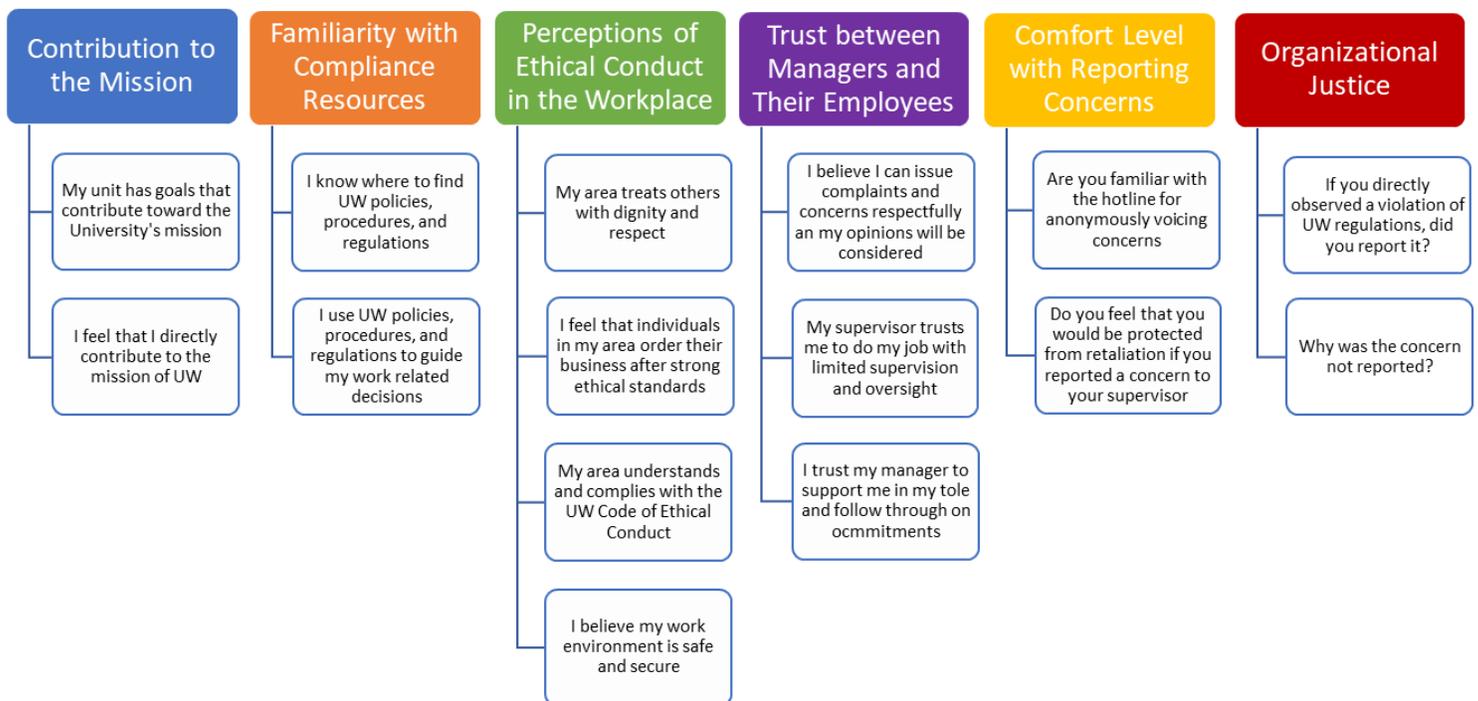
## Culture and Ethics

“Please provide answers related to the culture and ethical climate in your area.”

An assessment of culture and conduct can provide information regarding the achievement of goals and can impact the degree of issues related to fraud, theft, compliance, and safety issues.

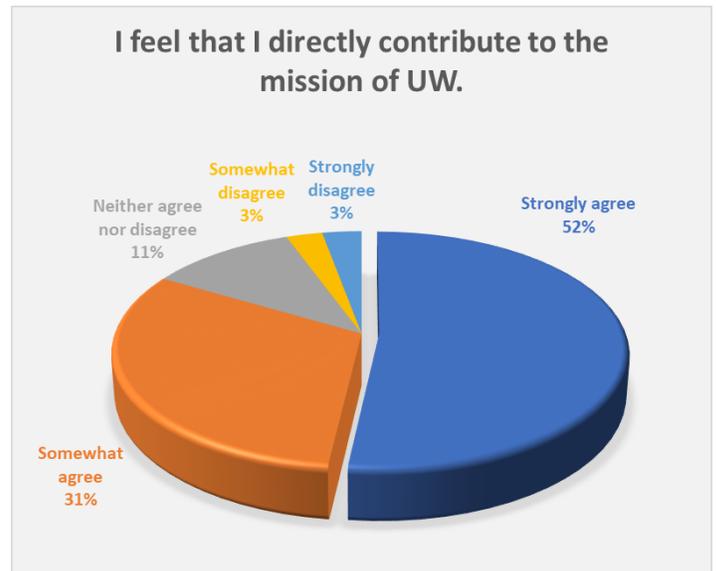
Peter Drucker (an Austrian-American management consultant) famously said, “culture eats strategy for breakfast”, and that is why so many organizations spend millions on strategy and get poor results because an unhealthy culture acts as brakes and/or misalignment element that make the organization move slowly or veer off course. An assessment of culture can help identify areas of attention so that this element can be addressed.

According to the Fraud Triangle developed by Donald R. Cressey, the three key elements surrounding fraud are opportunity, pressure, and rationalization. Of the three elements, opportunity is hardest to spot – and it’s typically managed via operational controls like user access restrictions and approval thresholds. An assessment of culture helps the administration to **evaluate the potential magnitude of rationalization**. The following elements of the ethical culture were assessed:



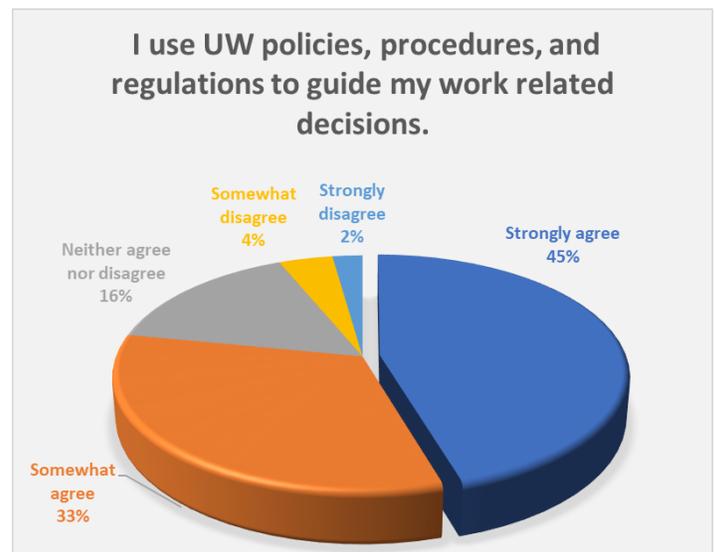
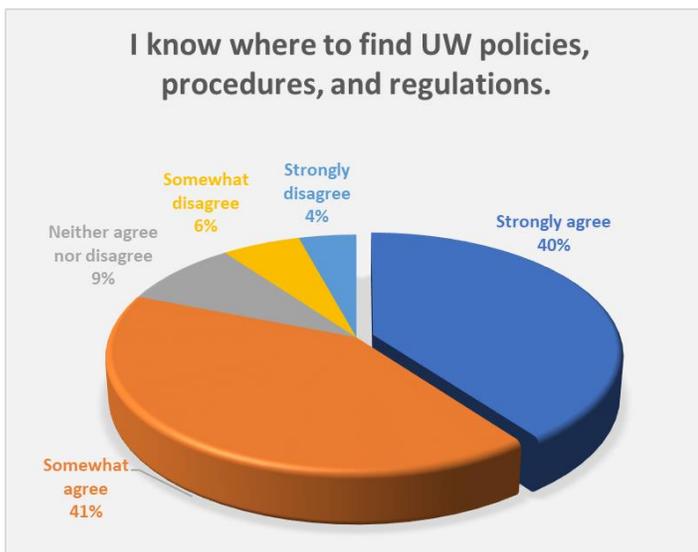
### Contribution to the mission of the university

A strong culture is one in which each unit understands its unique contribution to the mission and strategic plan of the University. The following questions assessed this element.



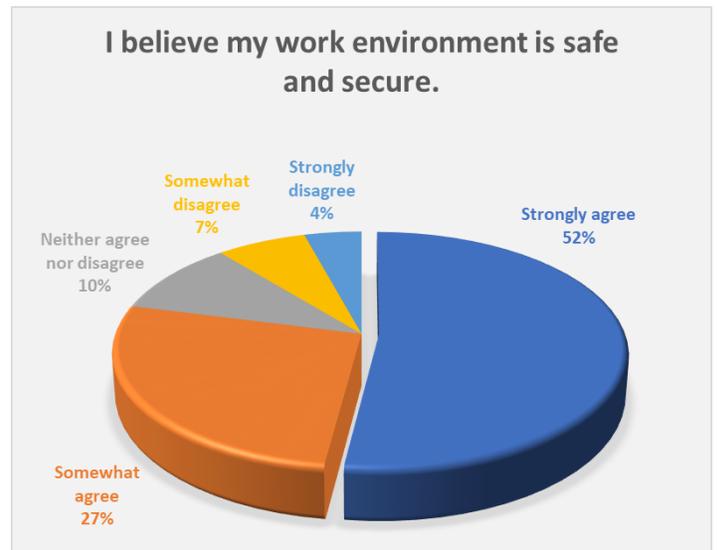
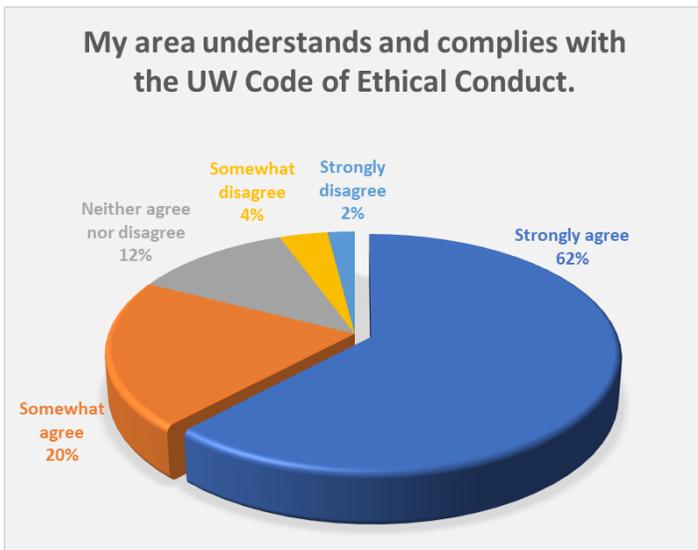
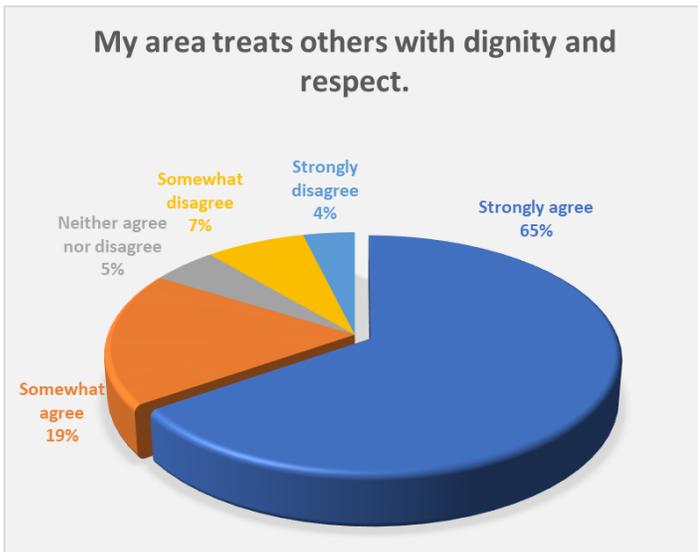
### Familiarity with Compliance Related Resources

General Counsel serves as a resource to the university community, providing guidance and tools such as the UW Code of Ethical Conduct, and Policy Library. The following questions measure the familiarity with these resources and the degree to which these resources are used on a daily basis to guide decisions.



## Perceptions of Ethical Conduct in the Workplace

The following questions were included in the survey to measure conditions in the work environment including safety, security, and ethical perceptions of peers and those in leadership roles.



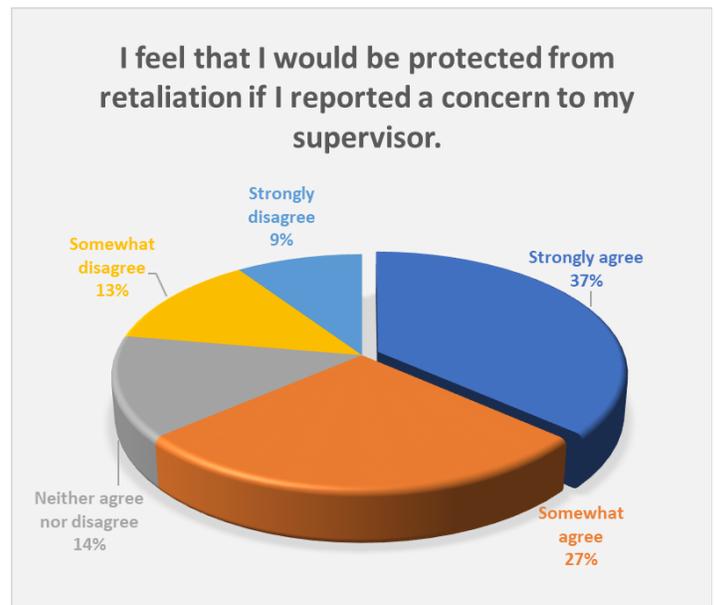
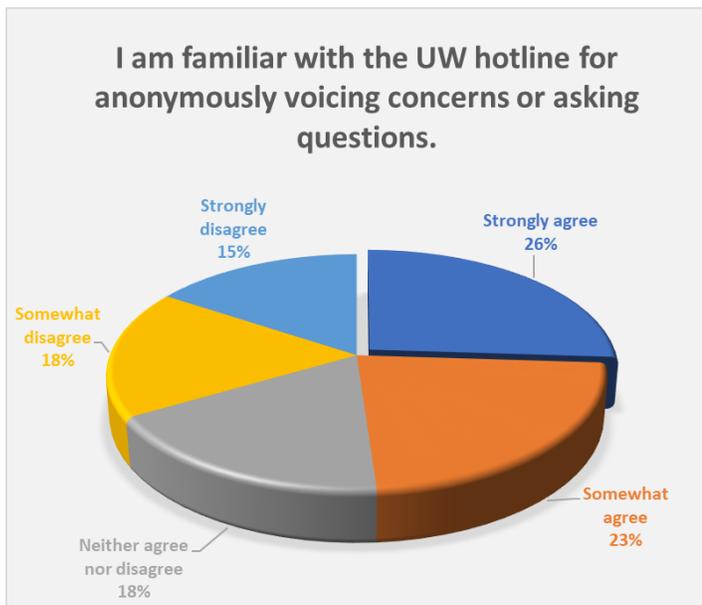
## Trust Between Managers and Their Employees

These questions measure the level of trust employees feel with their direct manager, which impacts comfort in speaking up to establish clarity or to report concerns, demonstrating ethical conduct and accountability, and contributing to overall university health.



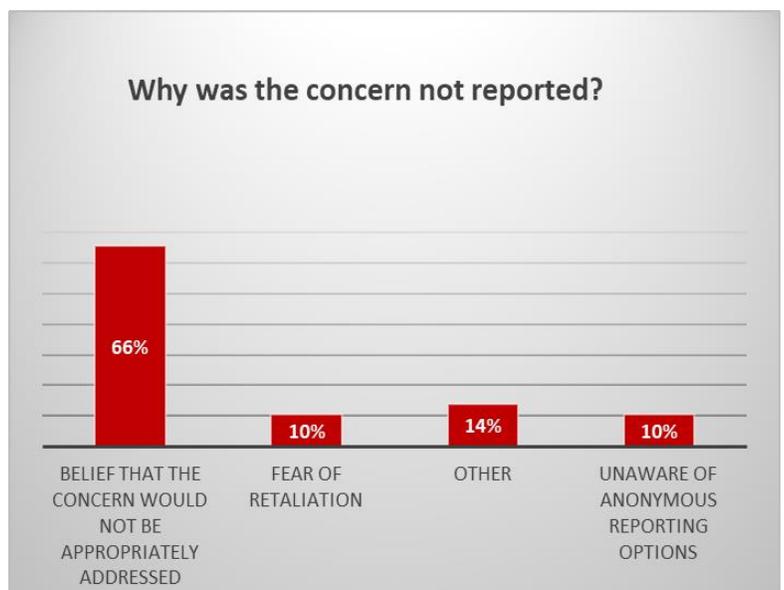
### Comfort Level with Reporting Concerns

Employees were asked about their knowledge of UW's anonymous reporting line and to rate their comfort level with reporting issues to their manager. They were also asked whether they felt they would be protected from retaliation when reporting through various channels. This data was collected to evaluate whether respondents felt they could raise concerns without fear of retaliation.



### Organizational Justice

Organizational justice refers generally to employee perceptions of fairness in the workplace (more specifically related to outcomes, processes, information, and treatment). This survey section aimed to measure the satisfaction of issue response and resolution and inquired as to feelings and perceptions related to conduct in the workplace after voicing concerns. Measuring and monitoring these components is critical to understanding more about what is, or is not, reported *and why*.



## APPENDIX

### DEFINITIONS:

**Enterprise Risk Management (ERM)** – describes a broader approach to managing risk. It is the coordinated activities to direct and control an organization with regard to risk.

- It defines risk as the effect of uncertainty on objectives. It, therefore, ties the management of risk to what is most important to the organization. This uncertainty about outcomes can be either positive or negative.
- The responsibility for managing risk is spread across the organization to those who have accountability and authority – risk owners.
- It is an approach to managing all of an organization’s key business risks and opportunities with the intent of maximizing the shareholder value [or stakeholder satisfaction].
- Major Risk Categories: Strategic, Financial, Operational, Compliance, Reputational.

**Strategic risk** – situations related to the University’s ability to achieve its overall goals and objectives including the ability to hire and retain competent personnel, and/or the ability to attract and retain students

**Financial risk** – situations related to budgetary challenges and financial deficits

**Operational risk** – situations related to systems, processes, and procedures to prevent errors, waste, misuse

**Compliance risk** – situations related to compliance with laws, regulations, rules, policies, and procedures; ability to enforce physical and data security protocol

**Reputational risk** – situations related to public perception, political issues, fraud, etc.

**Risk** - the threat that an event, action, or non-action will adversely affect UW’s ability to achieve its objectives and execute its strategies successfully

**Risk assessment** – overall process or method of identifying, analyzing, and evaluating hazards and risk factors that have the potential to cause harm

**Risk register** – a tool in risk management and project management used to list potential risks to an organization and used to recognize potential issues that can derail intended outcomes for the University of Wyoming

**Audit universe** – a list of auditable entities, processes, systems, and activities within the University including an evaluation of risk based on predetermined factors. As such, the audit universe is determined and updated based on assessed risks, information from the risk register, past audits, and emerging risks

**Enterprise Risk Management Advisory Committee (ERMAC):**

- 19 members from all areas of the university plus additional subject matter experts/advisors
- Meets regularly and has a growing university “best practices” reference library

### PURPOSE:

The annual risk assessment is an important piece of the Enterprise Risk Management framework. It provides leadership and other risk owners information regarding threats and opportunities that might affect the achievement of strategic goals. The results also contribute toward keeping the risk register current.

The results of an annual risk assessment can be meaningful for various levels of the University as it has the potential to identify threats and diagnose the current state of strategic goal achievement.

There is a tendency to view risk assessment and risk management as an effort to identify compliance issues that can be solved by drawing up lots of rules and making sure that all employees follow them. Many such rules are sensible and do reduce some risks that could severely damage the University. But rules-based risk management will not diminish either the likelihood or the impact of major threats to the strategic vision.

Not only does this risk assessment provide strategic information regarding risks to our strategic goals, but it also provides Internal Audit with information to update the audit universe and develop the Internal Audit Plan for the coming year.

[Section 2010 – Planning – 2010.A1](#) of the International Standards issued by the International Professional Practices Framework (IPPF) state: The internal audit activity's plan of engagements must be based on a documented risk assessment, undertaken at least annually. The input of senior management and the board must be considered in this process.

This standard:

- Makes the best use of limited resources
- Improves ability to impact the organization
- Generates buy-in from management
- Assists with maintaining value

## ENTERPRISE RISK MANAGEMENT (ERM) Background:

- UW has a strong vision for ERM implementation with the introduction of key aspects of the framework to senior leaders and trustees in Year 0 (2020), a launch of Year 1 actions/activities (2021), and plans to build upon the ERM foundation in years to come.
- A more comprehensive approach to identifying and managing our institutional risks helps us maintain our credibility with stakeholders (elected officials, parents, donors, students, alumni, accreditation bodies, rating agencies, etc.).
- By addressing our risks proactively and avoiding negative consequences (many of which have a huge financial penalty aspect), we keep scarce resources intact for uninterrupted application toward UW's strategic objectives.
- Our goal is not risk elimination, but rather risk awareness and solid controls to help us avoid damaging consequences of unnecessary risk exposure associated with our activities.

# 2022-2023 Internal Audit Plan

Area	Reason	Hours
NCAA (Annual) 2021-2022	Annual	160
Main Cashier (Annual)	Annual	80
NCAA Football Ticket Verification (Annual) 2022	Annual	80
P-Card Initiative and Continuous Monitoring Progress (Annual)	Annual	240
Risk Assessment Survey (Annual)	Planning	120
Results and Reporting (Annual)	Planning	80
Audit Schedule Development (Annual)	Planning	40
State Match / Footnote compliance	Annual	120
Foundation Accounts/UW Sister Accounts internal controls	Risk Assessment	160
HR/Payroll Incremental Review - scope to be defined	Annual/Risk Assessment	160
Operations - General Facility and Deferred Maintenance	Risk Assessment	160
Alternative (see list below)	Risk Assessment	240
Fraud, Waste, and Abuse (FWA) Investigations	As needed	240
Follow-Up Reports	Required	120
Change of Management audits ( and unfinished audits from previous year)	As needed	464
* College of Business		
* College of Health Sciences		
* Office of Research and Economic Development		
* Diversity Equity and Inclusion		
<b>Total Hours</b>		2,464
Alternatives:		
Campus security - S2 internal controls	Risk Assessment	160
Student Media	Risk Assessment	120
OSP Invoicing and Receivables	Risk Assessment	160
Student Travel - Athletics Travel	Risk Assessment	160
Union operations (financial operations, etc.)	Risk Assessment	120
IDT process and internal control assessment	Risk Assessment	160

**Internal Audit Program:** As a result of the 2022 Risk Assessment, the audit program will be developed to include an assessment of internal controls related to **data security**, and **culture and governance**. As appropriate, these program elements will be applied to each audited area.

**Background:**

The annual Internal Audit Plan is reviewed and approved by the Fiscal, and Legal Affairs Committee (FLAC) of the Board of Trustees. This plan begins on September 1, 2022 and runs through August 31, 2023.

Section 2010 – Planning – 2010.A1 of the International Standards issued by the International Professional Practices Framework (IPPF) states: The internal audit activity's plan of engagements must be based on a documented risk assessment, undertaken at least annually. The input of senior management and the board must be considered in this process.

This standard:

- Makes the best use of limited resources
- Improves ability to impact the organization
- Generates buy-in from management
- Assists with maintaining value

**Methodology:**

The methodology used in preparing this plan consisted of the following steps.

1. The 2022 Annual Risk Assessment was performed and results were reviewed. Input from senior management and the board was included in the assessment. Auditable elements were assessed and added to the Internal Audit Plan.
2. Risks to the Audit Universe were assessed and added to the Internal Audit Plan. The Audit Universe included the following major areas with associated units:
  - a. Office of the President
  - b. Academic Affairs
  - c. Administration
  - d. Student Affairs
  - e. Information Technology
  - f. Research & Economic Development
  - g. General counsel
  - h. Intercollegiate Athletics
3. Annual audit mandates were added to the Internal Audit Plan.
  - a. Follow-up activity required by the Institute of Internal Auditors (IIA) Standards
  - b. Rules-Compliance audits required/advised by the National Collegiate Athletic Association (NCAA)
  - c. Other audits deemed necessary to audit annually due to risk to the University (UW)
4. Input from members of the President’s Cabinet and other UW Leaders was considered and auditable areas were added to the Internal Audit Plan.

**Internal Audit Resources:**

***Audit Resources***

The Office of Internal Audit is staffed with two (2) Full Time Equivalent (FTE) auditors; therefore, man-hour calculations start at 4,160 hours (52 weeks x 80 hours = 4,160 hours). To determine auditable hours (hours allocated to execute audits) the following hours are subtracted from the 4,160 hours:

Hour Type	Description	Hours	(%)
<b>GROSS HOURS</b>	<b>Total Hours Available (2 FTE)</b>	<b>4,160</b>	
<b>Administration</b>	Hours assigned to FLAC, policy management, research/development, web-site update, strategic planning, special committees, etc.	<b>464</b>	<b>11%</b>
<b>Training</b>	Hours assigned to one ACUA training conference, and one IDEA training conference, UW required training, and required continuing education credits for	<b>224</b>	<b>5%</b>
<b>Holiday</b>	Hours UW is closed	<b>288</b>	<b>7%</b>
<b>Annual Leave</b>	Vacation accrual	<b>288</b>	<b>7%</b>
<b>Sick</b>	Sick leave accrual	<b>192</b>	<b>5%</b>
<b>Consultation</b>	Special projects, review and issuing management advisory notices (i.e., meeting with procurement,	<b>240</b>	<b>6%</b>
<b>AUDITABLE HOURS</b>	<b>Total hour available to audit</b>	<b>2,464</b>	<b>59%</b>



## Internal Audit Plan Review

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

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

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

Audit Schedule for September 2021- August 2022	Audit Year	Presented
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Alumni (Annual) FY 21	2021-2022	11/17/2021
NCAA (Annual)	2021-2022	1/12/2022
4-H Foundation (Annual) FY21	2021-2022	1/12/2022
Main Cashier (Annual)	2021-2022	3/23/2022
NCAA Football Ticket Verification (Annual)	2021-2022	Canceled - not required
P-Card Initiative and Continuous Monitoring Progress (Annual)	2021-2022	3/23/2022
Risk Assessment Survey (Annual)	2021-2022	3/23/2022
Results and Reporting (Annual)	2021-2022	5/11/2022
Audit Schedule Development (Annual)	2021-2022	5/11/2022
Capital Construction Projects	2021-2022	
HR/Payroll Review - scope to be defined	2021-2022	
Cash Advance Process Review	2021-2022	
Student Course/Program Fees	2021-2022	
Student Health Services	2021-2022	
Alternative (see list below): State Vet Lab	2021-2022	in progress
Fraud, Waste, and Abuse (FWA) Investigations	2021-2022	on going
*FWA - questionable use of equipment	2021-2022	11/17/2021
Consultation - Special Projects (COVID)	2021-2022	on going
Follow-Up Reports / Unfinished audits from previous year	2021-2022	in progress
*Financial Aid	2020-2021	1/12/2022
*Change of Management - College of Engineering and Applied Sciences	2020-2021	3/23/2022
*Change of Management - Arts and Sciences	2020-2021	5/11/2022
*Change of Management - Academic Affairs	2020-2021	
*UW Aparatments	2020-2021	11/17/2021
*State Match	2020-2021	11/17/2021
*Change of Management Government and Community Affairs	2020-2021	11/17/2021
Change of Management Audit: Admin, Budget, Finance (David Jewell) added 9/2021 per FLAC	Additional	in progress
IMPACT 307	Additional	3/23/2022
<b>Alternatives:</b>		
Operations		
State Vet Lab		
Crypto Currency/internal controls - College of Business		
Student Media		
OSP Invoicing		
Student Travel		

**28 scheduled**  
**22 completed**  
**= 78%**

# ERM Year 1

(2021-2022)

## Project Review

# ERM Year 2 Goals

(2022-2023)

*Work in Progress*

FLAC Presentation

May 11, 2022

Enterprise Risk Management

# UW's Road to ERM Implementation

Phase	Overview
(Year 0) <b>Pre-Launch:</b> Feb-June '21	<ul style="list-style-type: none"> <li>• General Counsel provides overview to President and Cabinet (Feb)</li> <li>• ERM Advisory Committee briefed on milestones and given refreshed charge (Feb)</li> <li>• FLAC receives executive-level ERM overview (March)</li> <li>• Establish risk communication structure</li> </ul>
(Year 1) <b>Implementation/Launch:</b> July '21-June '22	<ul style="list-style-type: none"> <li>• "Quick Start" selection of 3 top risk areas to focus on in '21-'22 with WG's assigned</li> <li>• Further development of ERM program framework</li> <li>• Coordination of effort with internal audit for creation of risk universe/risk register</li> <li>• Establish risk communication and education templates for campus community</li> <li>• Continued refinement of risk communication</li> </ul>

# UW ERM Governance Model

Name of Group	Role	Overview
Board of Trustees	Oversight	Big picture, strategy, holds management accountable
Fiscal and Legal Affairs Committee (FLAC)	Assurance	Reports to the Board on key risks, integrates key risks into audit plan
ERM Executive Steering Committee (President & Cabinet)	Management	Provides authority and oversight, responsible for progress
ERM Advisory Committee (ERMAC)	Management	Responsible for program development, implementation and liaison with departments and business units
ERM Working Group(s)	Implementers	Formed and dissolved as needed to address priority enterprise risk areas or issues
Risk Owners (VP's, Deans, Directors, etc. – Risk Scope Dependent)	Responsible for managing individual risks	Control and management of individual risks, coordination and reporting

# Project Review Sequence

1. Governmental – Legislative Relations
2. UW Fiscal Situation and Budget
3. Recruiting, Hiring and Retention
4. Enrollment Management and Student Success
5. Vehicle / Driver/ Accident Reporting Policies
6. Emergency Response Plan
7. Building Access and Controls – **Omitted: Moved to FLAC Executive Session**
8. Pandemic-COVID19 After Action Review
9. Inclusiveness

# Governmental – Legislative Relations (1 of 2)

**Risk (Restated):** The President’s Cabinet recognizes the need to continue to enhance and support its service to the State of Wyoming, the Legislature, and its constituents. Given the significance of this risk issue, the Cabinet felt it important to have the ERMAC connect these activities to ERM.

**Risk Process Owners:** Tara Evans and Bill Mai \*

**Working Group Members:** Chad Baldwin and Tim Wiseman

**Examples and /or components of the risk:** Strategic communication, proactive engagement/relationship building and responsiveness

*\* Bill Mai rotated back to leadership of UW Campus Operations following the conclusion of the most recent legislative session.*

# Governmental – Legislative Relations (2 of 2)

**Steps currently in place to manage the risk:** Ongoing discussions related to the Office of Government Relations and how UW can better support the State and engage in the legislative process.

**Issues/Actions:** Continued positive interactions with elected officials at the local, state and federal level coupled with refinement of the university's engagement strategy. Reorganization within the Office of the President underway to include and encompass the governmental relations function with targeted approval of May 2022.

ERMAC Role: Monitor and advise as needed.

# UW Fiscal Situation and Budget (1 of 2)

**Risk (Restated):** Fiscal Situation and Budget

**Risk Process Owners:** VP Carman and DVP Alex Kean

**Working Group Members:** Cameron Wright (David Bagley-Alt), Eric Webb, Bill Sparks, Frosty Selmer, Ashlie Reese, Tim Wiseman

**Examples and /or components of the risk:** The University must maintain a balance between its revenues and expenditures to remain fiscally viable. The University may manage infrequent, short-term imbalances where expenditures exceed revenues with minimal impact to its mission accomplishment. Frequent or long-term perturbations, however, will significantly degrade the University's capability to accomplish its full mission. The constitutional reliance on state government funding enhances the potential for revenue perturbation.

# UW Fiscal Situation and Budget

## (2 of 2)

**Steps currently in place to manage the risk:** Active senior leadership involvement in the budget formulation and budget execution process along needs articulation

### **Issues/Actions:**

- Continue to align financial planning with ongoing strategic planning efforts with regular input from the cabinet, faculty and staff senates
- Revisit/review as appropriate any applicable budget efficiency recommendations stemming from the 2020 Budget Reduction Working Group (BRWG) activities and related dialogue
- Conduct periodic best-case and worst-case budget scenario exercises in order to be as nimble as possible in response to funding stream variability in the future to minimize disruptions to operations and the academic core
- Note: While there is a challenge of increased teaching loads for faculty, the UW Student:Faculty ratio is 14, which is among the lowest of land-grant universities. UW should reconcile these two facts that are apparently at odds by focusing on efficiencies of teaching assignments

**ERMAC Role:** Actively monitor progress and offer assistance, support and periodic evaluation as needed.

# Recruiting, Hiring and Retention (1 of 2)

**Risk (Restated):** Recruiting, Hiring and Retention

**Risk Process Owners:** EVP/Provost Kevin Carman and DVP Alex Kean

**Working Group Members:** Isa Helfgott, Jason Thompson, Carolyn Brandt, Deb Marutzky, Chris Maki, Kem Krueger and Tim Wiseman

## **Examples and /or components of the risk:**

- The University needs a salary administration structure that allows for recruitment and retention of the highest caliber faculty and staff. The current classification and compensation framework, peer groups, and salary policies have created a situation where we have widespread equity, parody, compression and inversion issues across campus. In the past, the University has focused on primarily market and merit, but needs to think more holistically and creatively about how salary administration is structured at UW.
- Examples: IT salaries are approximately 50% under market. We are losing staff at a high rate and finding it difficult to hire. Skilled trade positions are also significantly under market for compensation causing the loss of people hiring difficulty in this segment as well. Custodial wages are below poverty level for many which raises ethical issues for the university.

# Recruiting, Hiring and Retention (2 of 2)

## **Steps currently in place to manage the risk:**

- State of Wyoming approval of a funding allocation of roughly \$8 million to increase UW employee compensation (set to take effect in July of 2022)
- Refreshed and updated charge the for Salary Administration, Classification and Compensation, and Peer Groups Working Group (as of 3/2/2022)
- Numerous steps UW Human Resources has either implemented, been working on and/or has in strategic goals for upcoming FY 2023 and FY 2024

## **Issues/Actions:**

- Maturation and continuance of the steps identified above in the “steps currently in place to monitor or control the risk” section
- Implement Salary Administration, Classification and Compensation, and Peer Groups Working Group recommendations as developed and proffered
- Potentially use a matrix tool to help identify the nuances of staff versus faculty risks related to recruitment, hiring and retention to help tailor future strategies and risk treatments accordingly

ERMAC role: ERMAC will continue to actively monitor progress and offer assistance, support and periodic evaluation as needed while acknowledging Human Resources/Office of the Provost lead

# Enrollment Management and Student Success (1 of 4)

**Risk (Restated):** Enrollment Management and Student Success

**Risk Process Owners:** VP Chestnut-Steich and Anne Alexander

**Working Group Members:** Nycole Courtney, Shelley Dodd, Shelley Jewell, Kem Krueger, Tim Wiseman

## **Examples and /or components of the risk:**

- Wyoming students and the perception of the cost of tuition
- Perception of cost of tuition
- Students who don't stay enrolled
- Building a culture of engagement
- Resources being uneven across areas on campus
- Career and job placement as a critical indicator of college success
- Student comprehensive wellness needs
- Students need to work while in college (are we seeing fewer students complete in 4 years due to the economic impact on income)
- Students are swirling with different institutions based on modality availability

# Enrollment Management and Student Success

## (2 of 4)

- COVID-19 and Value of Higher Education when the pressure and expectations are rising (inequality, open access, balance of being the only four-year, community college offering Bachelors)
- Loss of tuition based on retention
- Loss of auxiliary services based on funding (Campus Rec, Athletics, SHS, etc.)
- Consistent four-year degree plans (do all students have access to the right classes when they are needed)
- Students registering late for classes (does this set students up for success)
- Staff vs. Faculty Ratios in the classroom (hiring and letting folks go depending on loss revenue)
- Summer and J Term availability and offerings
- Loss of state funding or public disinvestment
- Inflation and being able to keep up with keeping good faculty and staff

# Enrollment Management and Student Success (3 of 4)

## **Steps currently in place to manage the risk:**

- Current initiatives include: 1) Academic Support (Supplemental Instructors, Tutoring Center, Math/Writing, EAB Navigate (launched in 2022) and SSC - Study Buddies, First-Year Seminar including Abroad); and 2) Non-academic Support (Living Learning Communities, First Generation Scholars, Veterans Services, UW Food Security Taskforce)
- New and emerging initiatives include: Cowboy Comeback Rising Sophomore Program, Cowboy Coaches Peer-to-Peer Mentoring Program, Parent and Family Program Council, Student Success Coalition (APLU), Graduate School, Update of University Studies Program, Curricular Analytics and Saddle-UP First-Year Intensive
- Additional actions contained in corresponding risk management plan

# Enrollment Management and Student Success (4 of 4)

## Issues/Actions:

- UW efforts to date appear appropriate with resources commensurate with the complexity of this risk area
- Additional opportunities include:
- Curricular Analytics (examining the four-year rankings)
- Debt Education and building tolerance
- Education on the value of education (k-12 and beyond)
- Block Tuition or Tuition increase
- Building a dynamic UW School of Distance Education
- Building stronger relationships with California, Idaho, k-12 schools for transfer and FTFT recruitment
- School of Computing
- Examine Summer and J Term and the data
- Student success fundraising

ERMAC role: Actively monitor progress and offer assistance, support and periodic evaluation as needed while acknowledging Student Affairs/Academic Affairs lead.

# Vehicle/Driver/Accident Reporting Policies (1 of 2)

**Risk (Restated):** Vehicle/Driver/Accident Reporting Policies

**Risk Process Owners:** Tim Wiseman

**Working Group Members:** Michael Samp, Curtis Cannell, Kimberly Flowers

## **Examples (truncated) and /or components of the risk:**

- Previous vehicle policy version contained three different points of focus (driving for university business, vehicle accident reporting procedures, and procurement/maintenance of university vehicles), making it both lengthy to read and difficult to navigate
- Related areas of vehicle use, driver eligibility/rules and accident reporting

# Vehicle/Driver/Accident Reporting Policies (2 of 2)

**Steps currently in place to manage the risk:** Adherence to current policy

## **Issues/Actions:**

- Update components of the current single vehicle policy and separate the components into three separate more focused and distinct separate policies. See this through to completion. Impacts entire enterprise.
- Ensure the updated policies are reviewed and edited in collaboration with the UW Police Department, UW Safety Office, Office of General Counsel, UW Risk Management, UW Transportation and Fleet Services and UW Parking and Transit Services
- Include necessary changes such as the recent consolidation of UW fleet operations and rental services, used vehicle guidance, vehicle markings/decals requirements, and updated departmental names/position titles/addresses/phone numbers
- Vet changes through the University's Policies and Procedures Vetting Process and, once approved, replace existing SAP with approved new ones

# Emergency Response Plan

(1 of 2)

**Risk (Restated):** Emergency Response Plan Update

**Risk Process Owners:** Michael Samp and Tim Wiseman

**Working Group Members:** Bill Sparks, Curtis Cannell, Chad Baldwin, Isa Helfgott, Carolyn Brandt, Paula Whaley

**Examples and/or components of the risk:** Review of previous ERM draft and annexes/appendices plus significant editing of the portions related to pandemic response (based upon recent experiences) and emergency response plan for research animals.

## **Steps currently in place to manage the risk:**

- ERMAC will continue oversight of the progress of this important enterprise-wide plan. The ERMAC will assist in seeing this to the “finish line” and will facilitate inter-departmental communication related to the ERP’s specified and implied tasks. UWPD and Risk Management Co-Leads.
- ERMAC assigned working group continues review of the draft updated ERP. Work was paused from Jan-March 2022 pending receipt of pandemic survey results in order to consider that input in updates to the related ERP portion. Survey results are now available (as of March 2022).
- Current ERP remains in effect and is sufficient to govern emergency response until an updated version is enacted/adopted

# Emergency Response Plan

(2 of 2)

## Issues/Actions:

### *Part 1:*

- Continue ERMAC working group action to incorporate edits and recommendations focusing on sub-portion of the ERP related to pandemic response and a few other select areas
- Move approved draft through SAP process for final approval and adoption (Vetting in progress as of 4/14/2022) by July of 2022

### *Part 2 (Follow-On):*

- '22-'23:
- Education campus community on the plan and its emphasis on departmental business continuity planning after adoption
- Be prepared to further review pandemic response portion of the ERP for potential future updates as/if required follow complete analysis of the recently conducted pandemic/COVID19 survey and after action review

# Building Access and Controls

**Omitted: See Executive Session Agenda Item**

# Pandemic-COVID19 After Action Review

## (1 of 2)

**Risk (Restated):** Potential to miss opportunity to capture lessons learned or historical record of the University's handling of the COVID-19 pandemic for future reference

**Risk Process Owners:** Tim Wiseman

**Working Group Members:** Kem Krueger and Danika Salmans

### **Examples and /or components of the risk:**

- The ERMAC recognized a need to gather input from throughout the institution to record the significant actions and steps implemented by the institution in response to the pandemic, to include both processes and procedures that went well and ones that potentially could have been handled better
- Faculty, staff, administrator and student perspectives

# Pandemic-COVID19 After Action Review

## (2 of 2)

### **Steps currently in place to manage the risk:**

- Designed and initiated a survey of University community members using the Wyoming Survey and Analysis Center (WYSAC)
- Survey launched early Feb 2022. Closed 2/21/2022. 1962 total respondents.
- WYSWAC conducted survey analysis and reported results to the ERMAC. Closed-ended question summary report curated and open-ended question response assembled for review.

### **Issues/Actions:**

- Develop plan to allow access to the survey results and preserve content
- Consider survey responses in revision of pandemic response portions of UW's emergency response plan
- Arrange for further review and analysis of the larger volume open-ended survey responses to categorize and identify any significant themes

ERMAC role: Initially shepherd the survey project until results are obtained with report made available to the institution

# Inclusiveness (1 of 2)

**Risk (Restated):** Potential to overlook consideration of inclusiveness aims of the University when addressing risks and their respective treatments

**Risk Process Owners:** VP Kimberly Chestnut-Steich / ODEI

**Working Group Members:** Tim Wiseman, Paula Whaley and Jason Thompson

**Examples and/or components of the risk:** The President's Cabinet requested that inclusive excellence be enhanced and supported during strategic risk project work and asked the Enterprise Risk Management Advisory Committee (ERMAC) to consider a separate working group to support this effort

## **Steps currently in place to manage the risk:**

- Enterprise Risk Management Advisory Committee (ERMAC) role: Keep inclusiveness considerations in the dialogue surrounding risk identification, communication and risk treatments
- Met with ODEI interim director in 2021 to discuss ERM projects and to establish connection with priorities of ODEI

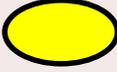
## Inclusiveness (2 of 2)

### **Issues/Actions:**

- Keep ODEI and Title IX apprised of ERM actions, emerging risks that might pose a threat to UW's inclusiveness objectives/aims and proposed risk treatments
- Include inclusiveness consideration and sensitivity in risk management processes and working group actions to avoid unintentionally overlooking inclusiveness considerations
- Continue showcasing positive actions and acknowledgements for the University's efforts toward diversity/inclusion

ERMAC Role: Monitor and maintain sensitivity to inclusiveness issues as relates to enterprise risk management actions

# '21-'22 ERM Working Group Risk Issues/Projects Status Summary

Risk Issue	Category	EOY1 Status	Close	Actively Monitor / Carry Forward	New
Governmental Relations	Strategic / Reputational		X		
Fiscal Situation and Budget	Strategic / Financial			X	
Recruiting, Hiring and Retention	Strategic / Operational			X	
Enrollment Management and Student Success	Strategic / Operational		X		
Vehicle /Driver/ Accident Reporting Policies	Operational / Compliance / Safety		X		
Emergency Response Plan Update	Operational / Safety		X		X – Follow On Phase
Building Security and Access Controls	Operational			X	
Pandemic-COVID19 After Action Review	Operational		X		
Inclusiveness	Reputational			X	

# ERM Year 2 Goals

(2022-2023)

*Work-in-Progress*

FLAC Presentation  
May 11, 2022  
Enterprise Risk Management

# UW's Road to ERM Implementation

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

# '22 -'23 ERM Working Group Risk Issues/Projects Potential/Notional

Risk Issue	Category	Monitor and/or Carry Forward From '21-'22	New
Fiscal Situation and Budget	Strategic / Financial	X	
Recruiting, Hiring and Retention	Strategic / Operational	X	
Enrollment Management and Student Success	Strategic / Operational	X	
Emergency Response Plan Update	Operational / Safety		X – Follow On Phase
Building Security and Access Controls	Operational	X	
Inclusiveness	Reputational	X	
Other Issues: Pending ERMAC Discussion and Risk Survey Analysis			

# Current or Emerging Risks for Consideration

from most recent UW Internal Audit risk survey (2022)

## Top Four Risks

- Recruitment and Retention of Staff and Faculty\*
- Funding and Budget Cuts\*
- Recruitment and Enrollment of Students\*
- Facilities/Infrastructure Upkeep and Deferred Maintenance

\* *Continued risk issue/concern from 2021 risk survey*

## Strategic Theme That is Most at Risk of Being Achieved

### *Institutional Excellence*

#### Risk Factors:

- Financial risks related to the reorganization and pay equity
- Strategic risks related to low morale
- Operation risks related to building maintenance, and the health and safety of employees and students
- Reputational risks related to changes in leadership
- Compliance risks related to accounts with deficit balances and data security

# Other Current or Emerging Risks for Consideration

higher education and large enterprise trending risks – risk landscape 2022

- Cyber
- Environmental, Social and Governance (ESG)
- Fallout from Russian-Ukrainian Conflict and 2<sup>nd</sup> and 3<sup>rd</sup> Order Effects
- Gramm Leach Bliley Act (GLBA) Compliance
- Inflation and Economic Turbulence
- Labor and Talent Shortages
- Workplace “New Normal” Hybrid Work (and Learning) Models – Changing Expectations
- Compensation of College Athletes and Implications (NIL)
- Title IX Regulations Changes
- Political Risk
- Entertainment (Sports, Concerts, etc.) Cancelations and Uncertainty
- Employer Liability/Employment Practices

# ERM Year 1

(2021-2022)

## Project Review

# ERM Year 2 Goals

(2022-2023)

*Work in Progress*

FLAC Presentation

May 11, 2022

Enterprise Risk Management

Enterprise Risk Management  
'21-'22 Project Risk Management Plan Review Sequence  
May 2022 FLAC Meeting

1. Governmental – Legislative Relations
  2. UW Fiscal Situation and Budget
  3. Recruiting, Hiring and Retention
  4. Enrollment Management and Student Success
  5. Vehicle / Driver/ Accident Reporting Policies
  6. Emergency Response Plan
  7. Building Access and Controls – Omitted (moved to FLAC executive session)
  8. Pandemic-COVID19 After Action Review
  9. Inclusiveness
- 
10. ERM Year 1 Project Review and ERM Year 2 Goals Draft Slide Template/Shell (FLAC) – Separate Document

Governmental Relations  
2021-22 ERMAC Risk Project Management Plan

<b>Date:</b>	April 18, 2022	<b>Status:</b>	
<b>Short Description of Risk:</b>	Governmental Relations		<u>Monitor</u>
<b>Risk Process Owner:</b>	Tara Evans and Bill Mai *		
<b>Working Group:</b>	Chad Baldwin and Tim Wiseman		

**Describe the risk, its components, and examples:**

**Risk:** The President’s Cabinet recognizes the need to continue to enhance and support its service to the State of Wyoming, the Legislature, and its constituents. Given the significance of this risk issue, the Cabinet felt it important to have the ERMAC connect these activities to ERM.

**Components:** Strategic communication, proactive engagement/relationship building and responsiveness

**Examples:** Not applicable

**Describe the steps currently in place to monitor or control the risk:** Ongoing discussions related to the Office of Government Relations and how UW can better support the State and engage in the legislative process. ERMAC Role: Monitor and advise as needed.

**Describe the operational response to an adverse occurrence:** Not applicable

**Describe the communication response to an adverse occurrence:** Not applicable

**Describe the actions needed to mitigate the risks:** Continued positive interactions with elected officials at the local, state and federal level coupled with refinement of the university’s engagement strategy. Reorganization within the Office of the President underway to include and encompass the governmental relations function with targeted approval of May 2022.

\* Bill Mai rotated back to leadership of UW Campus Operations following the conclusion of the most recent legislative session.

UW Fiscal Situation and Budget  
2021-22 ERMAC Risk Project Management Plan

**Date:** April 23, 2022 **Status:** 

**Short Description of Risk:** UW Fiscal Situation and Budget

**Risk Process Owner:** VP Carman and DVP Alex Kean

**Working Group:** Cameron Wright (David Bagley-Alt), Eric Webb, Bill Sparks, Frosty Selmer, Ashlie Reese, Tim Wiseman

**Risk: Fiscal Situation and Budget**

The University must maintain a balance between its revenues and expenditures to remain fiscally viable. The University may manage infrequent, short-term imbalances where expenditures exceed revenues with minimal impact to its mission accomplishment. Frequent or long-term perturbations, however, will significantly degrade the University's capability to accomplish its full mission. Article 7, Section 16 of the Wyoming Constitution states that “The university shall be equally open to students of both sexes, irrespective of race or color; and, in order that the instruction furnished may be **as nearly free as possible** [emphasis added], any amount in addition to the income from its grants of lands and other sources above mentioned, necessary to its support and maintenance in a condition of full efficiency, shall be raised by taxation or otherwise, under provisions of the legislature.” This constitutional reliance on state government funding enhances the potential for revenue perturbation.

**Components:**

The fiscal situation and budget has two key components: (1) decreases in revenue, and (2) increases in expenditures. Each component has multiple parts. Revenue is composed of state funding, federal funding, private funding, tuition receipts and, to manage temporary perturbations, reserves. Expenditures are composed of capital costs, maintenance costs, non-personnel operational costs, and personnel costs. Recent perturbations in revenue have arisen from repeated large state appropriation cuts and decreased undergraduate enrollment leading to decreased tuition receipts. Future imbalances may arise from revenue decreases or expenditure increases or both and when that happens, risk arises when component balance must be regained using draconian decreases in expenditures.

**Examples:**

Fiscal imbalance may lead to the following specific issues.

- Negative student experiences caused by reduced number of faculty and increased teaching loads on those faculty members remaining
- Negative student experiences caused by reduced number of staff

- Decreased enrollment arising from negative student experiences. This will further decrease tuition receipts.
- Decreased research funding caused by reduced number of faculty. This will further decrease research funding received.
- Decreased research funding caused by reduced number of staff. This will further decrease research funding received.
- Accreditation risks due to:
  - Insufficient number of faculty to meet program accreditation requirements
  - University's financial health does not meet accreditation standards
- Degradation of physical plant. This will ultimately lead to increased expenditures or loss of physical capacity.
- Increasing net losses of faculty due to:
  - Increased teaching loads
  - Decreased opportunity for research
  - Lack of pay increases
  - Increased difficulty in recruiting quality faculty

Describe the steps currently in place to monitor or control the risk: N/A

Describe the operational response to an adverse occurrence: N/A

Describe the communication response to an adverse occurrence: N/A

Describe the actions needed to mitigate the risks:

- *Continue to align financial planning with ongoing strategic planning efforts with regular input from the cabinet, faculty and staff senates*
- *Revisit/review as appropriate any applicable budget efficiency recommendations stemming from the 2020 Budget Reduction Working Group (BRWG) activities and related dialogue*
- *Conduct periodic best-case and worst-case budget scenario exercises in order to be as nimble as possible in response to funding stream variability in the future to minimize disruptions to operations and the academic core*
- *Note: While there is a challenge of increased teaching loads for faculty, the UW Student:Faculty ratio is 14, which is among the lowest of land-grant universities. UW should reconcile these two facts that are apparently at odds by focusing on efficiencies of teaching assignments*

ERMAC Role: Actively monitor progress and offer assistance, support and periodic evaluation as needed.

Recruiting, Hiring and Retention  
2021-22 ERMAC Risk Project Management Plan

**Date:** April 23, 2022 **Status:** 

**Short Description of Risk:** Recruiting, Hiring and Retention

**Risk Process Owner:** EVP/Provost Kevin Carman and DVP Alex Kean

**Working Group:** Isa Helfgott, Jason Thompson, Carolyn Brandt, Deb Marutzky, Chris Maki, Kem Krueger and Tim Wiseman

**Describe the risk, its components, and examples:**

**Risk:** Given the significance and complexity of this risk issue, the ERMAC felt it important to connect analysis and risk treatment options to ERM. There are plans underway within Human Resources, and in conjunction with other departments, to assess faculty salaries, staff salaries, recruiting, retention and compensation. Several initiatives are in the formative stages in each of these areas, but reform and coordinated changes will need synchronization and coordination of activities. The University needs a salary administration structure that allows for recruitment and retention of the highest caliber faculty and staff. The current classification and compensation framework, peer groups, and salary policies have created a situation where we have widespread equity, parody, compression and inversion issues across campus. In the past, the University has focused on primarily market and merit, but needs to think more holistically and creatively about how salary administration is structured at UW.

**Components:** Recruiting, Hiring and Retention

**Examples:** IT salaries are approximately 50% under market. We are losing staff at a high rate and finding it difficult to hire. Skilled trade positions are also significantly under market for compensation causing the loss of people hiring difficulty in this segment as well. Custodial wages are below poverty level for many which raises ethical issues for the university.

**Describe the steps currently in place to monitor or control the risk:**

State of Wyoming approval of a funding allocation of roughly \$8 million to increase UW employee compensation (set to take effect in July of 2022)

Refreshed and updated charge the for **Salary Administration, Classification and Compensation, and Peer Groups Working Group** (as of 3/2/2022)

Summary of steps **UW HR** has either implemented, been working on and/or has on our goals list for upcoming FY 2023 and FY 2024 strategic goals:

- Applicant Tracking System (ORC) and Onboarding Module in WyoCloud – implemented 3/7/2021; in addition to implementing the final two modules to complete our HCM fusion setup, over the last year, HR has worked with varying groups and constituents across campus on continuous improvement projects related to reviewing, updating and streamlining internal and external business processes related to recruiting to aid in quicker, more efficient hiring processes and procedures. Additional untapped functionality to look into using is the system’s ability to create pipelines of interested candidates to hold for if/when-applicable positions that fit their skills/experience become vacant.
- WyoCloud Onboarding module is a large opportunity here – there are many aspects of this module we have yet to explore; such as looking into department specific onboarding tasks and/or position specific tasks. Oracle is still in the process of updating and adding to this module – so there are plans to revisit UW/HR Onboarding as a whole once this module has stabilized. HR is also looking at ways to make onboarding related information more accessible and organized on our website and is revamping the New Benefited Orientation sessions that new benefited employees attend soon after their start date.
- Additional and Creative Sourcing – Strategic Goal for 2022; HR worked closely with ACES to implement utilizing the Handshake platform to post UW’s available student jobs and entry level benefited positions to attract students and alumni back into UW’s workforce. There are plans to continue to review and implement several passive candidate sourcing programs through current contracted companies – higheredjobs.com, LinkedIn, Skill Survey, etc. Additionally, HR is looking into utilizing current system functionality to implement a referral program by 2023.
- Adding a Wellness Coordinator/position is on HR’s strategic goals for the future to aid in benefits coordination, offerings, and communication, focusing on improved health and wellness activities on and off campus for employees and their families.
- Career Ladders – piloted in HR and have implemented many across campus; the goal here is to work with units to review their structure and offer opportunities for departments to offer more vertical and lateral growth options within units.
- HR currently pays for a diversity/OFCCP compliance program called JobFindah to help post our jobs out to various diversity job boards. Additionally, HR has purchased additional “diversity packs” from higheredjobs.com to utilize in the recruitment of faculty and administrator vacancies.
- Continuous campus learning and training – this is to help in engagement and retention by leveraging Oracle’s Learning Cloud and LinkedIn Learning to develop and provide specialized training and content for campus.

- Goal to utilize Talent Management module within HCM to its full capacity – this includes training supervisors and administrators to utilize Career Conversations and 9-Box Talent Reviews, and trainings to assess their workforce, engage their employees, determine strengths and coach to those toward strategic plans and goals. Additionally, under this umbrella, we have the ability to utilize a Succession Planning module to aid in effectively determining top performers, identifying training opportunities and utilize supervisors to guide professional development for these individuals to move vertically through the institution. This bolster's UW's workforce by retaining our top talent, maintaining our institutional knowledge and providing opportunities for our workforce to grow.
- Exit Interviews – implemented July 2021 – gather data to be able to identify areas of improvement for the University and/or units regarding how and why we are losing individuals and be able to effectively report on this information to supply to administration.

**Describe the operational response to an adverse occurrence:** Not applicable

**Describe the communication response to an adverse occurrence:** Not applicable

**Describe the actions needed to mitigate the risks:**

Maturation and continuance of the steps identified above in the “steps currently in place to monitor or control the risk” section

Implement *Salary Administration, Classification and Compensation, and Peer Groups Working Group* recommendations as developed and proffered

Potentially use a matrix tool to help identify the nuances of staff versus faculty risks related to recruitment, hiring and retention to help tailor future strategies and risk treatments accordingly

ERMAC role: ERMAC will continue to actively monitor progress and offer assistance, support and periodic evaluation as needed while acknowledging Human Resources/Office of the Provost lead

Enrollment Management and Student Success  
2021-22 ERMAC Risk Project Management Plan

**Date:** April 18, 2022

**Status:**



Monitor

**Short Description of Risk:** Enrollment Management and Student Success

**Risk Process Owner:** VP Chestnut-Steich and Anne Alexander

**Working Group:** Nycole Courtney, Shelley Dodd, Shelley Jewell, Kem Krueger, Tim Wiseman

**Describe the risk, its components, and examples:**

**Risk:** Given the significance of this risk issue, the Cabinet felt it important to connect this work to ERM to enhance and support this effort. The Cabinet recognizes that the Student Affairs Division launched a strategic initiative last year focused on increasing student retention via their Student Success and Graduation unit. This initiative is critical. Improving student retention benefits our students and provides a more stable funding sourced for UW as an institution. Even modest improvements in retention rates have a pronounced budgetary impact. Many variables contribute to student success and stable enrollment management making this area an enterprise-wide concern.

**Components:**

- Wyoming students and the perception of the cost of tuition
- Perception of cost of tuition
- Students who don't stay enrolled
- Building a culture of engagement
- Resources being uneven across areas on campus
- Career and job placement as a critical indicator of college success
- Student comprehensive wellness needs
- Students need to work while in college (are we seeing fewer students complete in 4 years due to the economic impact on income)
- Students are swirling with different institutions based on modality availability
- COVID-19 and Value of Higher Education when the pressure and expectations are rising (inequality, open access, balance of being the only four-year, community college offering Bachelors)
- Loss of tuition based on retention
- Loss of auxiliary services based on funding (Campus Rec, Athletics, SHS, etc.)
- Consistent four-year degree plans (do all students have access to the right classes when they are needed)
- Students registering late for classes (does this set students up for success)

- Staff vs. Faculty Ratios in the classroom (hiring and letting folks go depending on loss revenue)
- Summer and J Term availability and offerings
- Loss of state funding or public disinvestment
- Inflation and being able to keep up with keeping good faculty and staff

**Examples:** See “components” section above

**Describe the steps currently in place to monitor or control the risk:**

*Current* initiatives include: 1) Academic Support (Supplemental Instructors, Tutoring Center, Math/Writing, EAB Navigate (launched in 2022) and SSC - Study Buddies, First-Year Seminar including Abroad); and 2) Non-academic Support (Living Learning Communities, First Generation Scholars, Veterans Services, UW Food Security Taskforce)

*New and emerging* initiatives include: Cowboy Comeback Rising Sophomore Program, Cowboy Coaches Peer-to-Peer Mentoring Program, Parent and Family Program Council, Student Success Coalition (APLU), Graduate School, Update of University Studies Program, Curricular Analytics and Saddle-UP First-Year Intensive

- UW named Student Success as a priority (shared focus on student success)
- Student Success and Graduation Hub (one-stop-shop)
- Parent and Family Commitment
- Unique and vast offerings of programs and degrees
- Strong community partnerships
- Saddle-Up
- Setting annual student success metrics
- Living Learning Communities
- Peer-to-Peer mentoring (Cowboy Coaching)
- Admitted Students Days
- Dedicated personnel in IM for Retention
- UW strategic plan invested in enrollment management and student success
- New facilities that lead to building a stronger sense of belonging
- Prioritization of Multi-Cultural Efforts as (VP for DEI, Latin X, Black Student, Native American, and Gender)
- Building consistent call back campaigns

**Describe the actions needed to mitigate the risks:**

UW efforts to date appear appropriate with resources commensurate with the complexity of this risk area.

Additional *opportunities* include:

- Curricular Analytics (examining the four-year rankings)
- Debt Education and building tolerance

- Education on the value of education (k-12 and beyond)
- Block Tuition or Tuition increase
- Building a dynamic UW School of Distance Education
- Building stronger relationships with California, Idaho, k-12 schools for transfer and FTFT recruitment
- School of Computing
- Examine Summer and J Term and the data
- Student success fundraising

ERMAC role: Actively monitor progress and offer assistance, support and periodic evaluation as needed while acknowledging Student Affairs/Academic Affairs lead.

Vehicle/Driver/Accident Reporting Policies  
2021-22 ERMAC Risk Project Management Plan

<b>Date:</b>	April 18, 2022	<b>Status:</b>	
<b>Short Description of Risk:</b>	Vehicle/Driver/Accident Reporting Policies		
<b>Risk Process Owner:</b>	Tim Wiseman		
<b>Working Group:</b>	Michael Samp, Curtis Cannell, Kimberly Flowers		

**Describe the risk, its components, and examples:**

**Risk:** During an effort to conduct a periodic review of the University's Vehicle Policy, it was determined that the previous policy version contained three different points of focus (driving for university business, vehicle accident reporting procedures, and procurement/maintenance of university vehicles), making it both lengthy to read and difficult to navigate.

**Components:** Related areas of vehicle use, driver eligibility/rules and accident reporting

**Examples:** Not applicable

**Describe the steps currently in place to monitor or control the risk:** Adherence to current policy

**Describe the operational response to an adverse occurrence:** Response in accordance with current vehicle policy

**Describe the communication response to an adverse occurrence:** Reporting as directed in current vehicle policy

**Describe the actions needed to mitigate the risks:**

Update components of the current single vehicle policy and separate the components into three separate more focused and distinct separate policies. See this through to completion. Impacts entire enterprise.

Ensure the updated policies are reviewed and edited in collaboration with the UW Police Department, UW Safety Office, Office of General Counsel, UW Risk Management, UW Transportation and Fleet Services and UW Parking and Transit Services.

Include necessary changes such as the recent consolidation of UW fleet operations and rental services, used vehicle guidance, vehicle markings/decals requirements, and updated departmental names/position titles/addresses/phone numbers.

Vet changes through the University's Policies and Procedures Vetting Process and, once approved, replace existing SAP with approved new ones.

Emergency Response Plan Update  
2021-22 ERMAC Risk Project Management Plan

<b>Date:</b>	April 18, 2022	<b>Status:</b> 
<b>Short Description of Risk:</b>	Emergency Response Plan Update	“Part 2” Follow-Up in '22-'23
<b>Risk Process Owner:</b>	Michael Samp and Tim Wiseman	
<b>Working Group:</b>	Bill Sparks, Curtis Cannell, Chad Baldwin, Isa Helfgott, Carolyn Brandt, Paula Whaley	

**Describe the risk, its components, and examples:**

**Risk:** While not reflected as a top priority in the recent risk survey, this update to a core emergency response foundational plan important. A draft was near completion in 2019, but was paused with leadership changes and the pandemic. Getting this ERP finalized, approved and propagated to the campus community is critical to ensuring a common understanding of crisis response procedures and alignment with federal and state emergency incident response expectations. Draft plan is approximately 80% complete.

**Components:** Review of previous ERM draft and annexes/appendices plus significant editing of the portions related to pandemic response (based upon recent experiences) and emergency response plan for research animals.

**Examples:** Not applicable

**Describe the steps currently in place to monitor or control the risk:**

Enterprise Risk Management Advisory Committee (ERMAC): ERMAC will continue oversight of the progress of this important enterprise-wide plan. The ERMAC will assist in seeing this to the “finish line” and will facilitate inter-departmental communication related to the ERP’s specified and implied tasks. UWPD and Risk Management Co-Leads.

ERMAC assigned working group continues review of the draft updated ERP. Work was paused from Jan-March 2022 pending receipt of pandemic survey results in order to consider that input in updates to the related ERP portion. Survey results are now available (as of March 2022).

Current ERP remains in effect and is sufficient to govern emergency response until an updated version is enacted/adopted.

**Describe the operational response to an adverse occurrence:** Follow current ERP procedures and protocols

**Describe the communication response to an adverse occurrence:** Follow current ERP procedures and protocols in conjunction with UW Communications emergency communications procedures

**Describe the actions needed to mitigate the risks:**

**Part 1:**

- Continue ERMAC working group action to incorporate edits and recommendations focusing on sub-portion of the ERP related to pandemic response and a few other select areas
- Move approved draft through SAP process for final approval and adoption (Vetting in progress as of 4/14/2022) by July of 2022

**Part 2 (Follow-On):**

'22-'23:

Education campus community on the plan and its emphasis on departmental business continuity planning after adoption

Be prepared to further review pandemic response portion of the ERP for potential future updates as/if required follow complete analysis of the recently conducted pandemic/COVID19 survey and after action review

# Building Access and Controls

Plan Omitted – [Moved to FLAC Executive Session Documents](#)

Pandemic-COVID19 After Action Review  
2021-22 ERMAC Risk Project Management Plan

**Date:** April 18, 2022

**Status:**



**Short Description of Risk:** Potential to miss opportunity to capture lessons learned or historical record of the University's handling of the COVID-19 pandemic for future reference

**Risk Process Owner:** Tim Wiseman

**Working Group:** Kem Krueger and Danika Salmans

**Describe the risk, its components, and examples:**

**Risk:** Potential to miss opportunity to capture lessons learned or historical record of the University's handling of the COVID-19 pandemic for future reference

The ERMAC recognized a need to gather input from throughout the institution to record the significant actions and steps implemented by the institution in response to the pandemic, to include both processes and procedures that went well and ones that potentially could have been handled better.

**Components:** Faculty, staff, administrator and student perspectives

**Examples:** Not applicable

**Describe the steps currently in place to monitor or control the risk:**

Designed and initiated a survey of University community members using the Wyoming Survey and Analysis Center (WYSAC)

Survey launched early Feb 2022. Closed 2/21/2022. 1962 total respondents.

WYSWAC conducted survey analysis and reported results to the ERMAC. Closed-ended question summary report curated and open-ended question response assembled for review.

**Describe the operational response to an adverse occurrence:** Not applicable

**Describe the communication response to an adverse occurrence:** Not applicable

**Describe the actions needed to mitigate the risks:**

Develop plan to allow access to the survey results and preserve content

Consider survey responses in revision of pandemic response portions of UW's emergency response plan

Arrange for further review and analysis of the larger volume open-ended survey responses to categorize and identify any significant themes

ERMAC role: Initially shepherd the survey project until results are obtained with report made available to the institution.

Inclusiveness  
2021-22 ERMAC Risk Project Management Plan

**Date:** April 18, 2022

**Status:** 

Monitor

**Short Description of Risk:** Potential to overlook consideration of inclusiveness aims of the University when addressing risks and their respective treatments

**Risk Process Owner:** VP Kimberly Chestnut-Steich / ODEI

**Working Group:** Tim Wiseman, Paula Whaley and Jason Thompson

**Describe the risk, its components, and examples:**

**Risk:** The President's Cabinet requested that inclusive excellence be enhanced and supported during strategic risk project work and asked the Enterprise Risk Management Advisory Committee (ERMAC) to consider a separate working group to support this effort.

**Components:** Not applicable

**Examples:** Not applicable

**Describe the steps currently in place to monitor or control the risk:**

Enterprise Risk Management Advisory Committee (ERMAC) role: Keep inclusiveness considerations in the dialogue surrounding risk identification, communication and risk treatments.

Met with ODEI interim director in 2021 to discuss ERM projects and to establish connection with priorities of ODEI

**Describe the operational response to an adverse occurrence:**

Coordinate with ODEI and Title IX to properly assess the incident and develop a plan for constructive dialogue with affected parties

**Describe the communication response to an adverse occurrence:**

Coordinate with ODEI and Title IX for a communication plan tailored to the incident, parties involved and meets overarching institutional goals for inclusiveness

**Describe the actions needed to mitigate the risks:**

Keep ODEI and Title IX apprised of ERM actions, emerging risks that might pose a threat to UW's inclusiveness objectives/aims and proposed risk treatments

Include inclusiveness consideration and sensitivity in risk management processes and working group actions to avoid unintentionally overlooking inclusiveness considerations

Continue showcasing positive actions and acknowledgements for the University's efforts toward diversity/inclusion.

ERMAC Role: Monitor and maintain sensitivity to inclusiveness issues as relates to enterprise risk management actions.

# Total Return: Setting Expectations

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April 2022

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# Longer Duration Portfolios Have Historically Outperformed

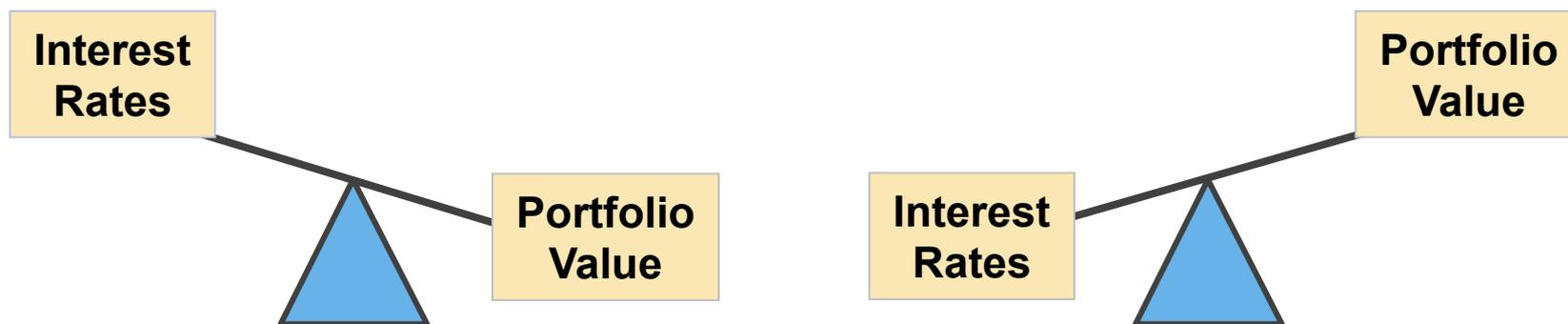
**Growth of \$50 Million**  
Past 10 Years, Quarterly Returns



**Risk/Return of Various Investment Strategies**  
10 Years Ended December 31, 2021

Benchmark Index	Duration (years)	Annualized Total Return	Cumulative Value of \$50 Million	Quarters with Negative Return
1 Year Treasury	1.00	0.86%	\$54,497,016	5 out of 40
1-3 Year Treasury	1.88	1.09%	\$55,707,263	10 out of 40
1-5 Year Treasury	2.64	1.34%	\$55,129,846	12 out of 40
1-10 Year Treasury	3.92	1.68%	\$59,079,387	14 out of 40

- Prices and interest rates are related
- Market values and rate movements are inversely related (normally)
- Longer maturity = greater risk



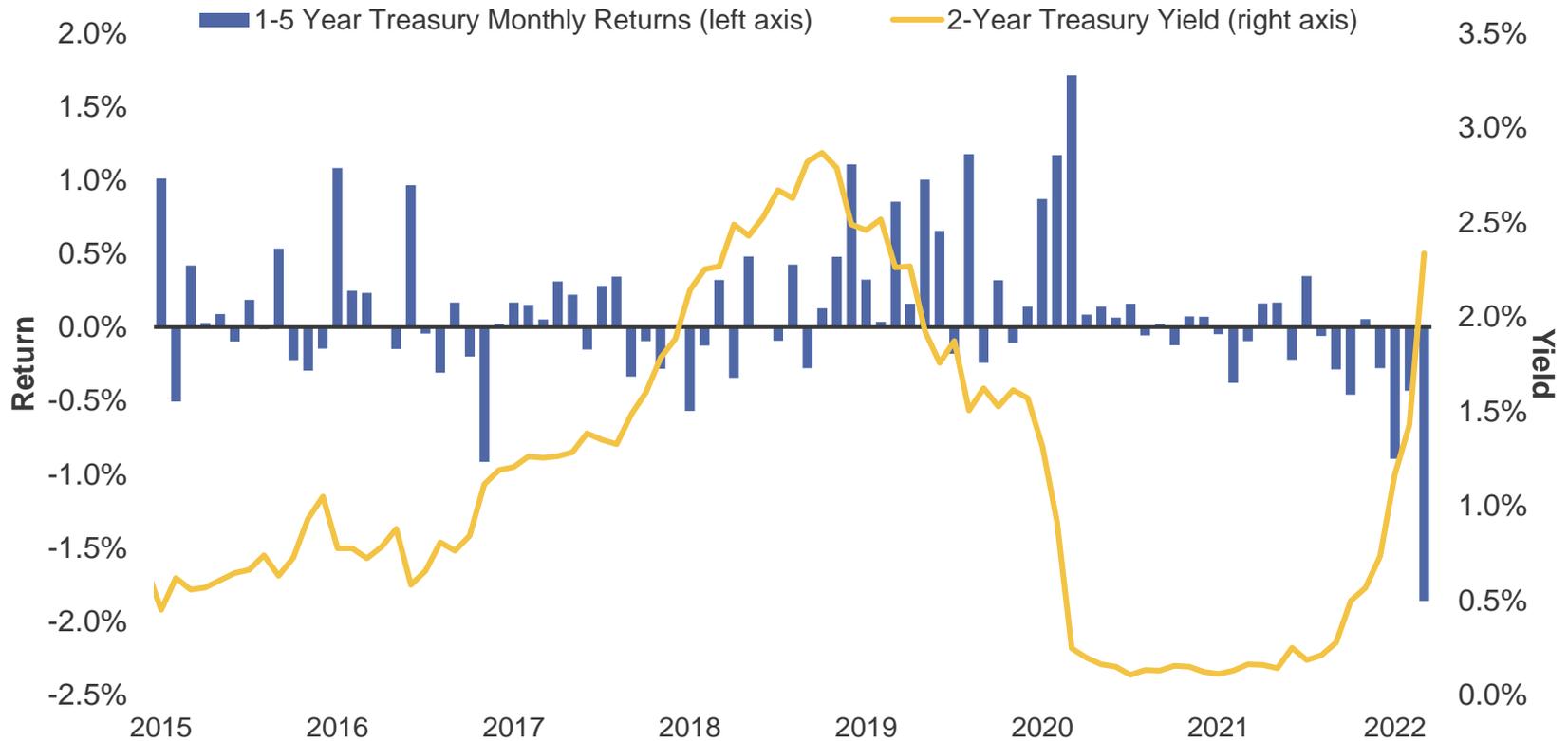
**Duration = Price Sensitivity to Interest Rate Movements  
Yield Movement times Years to Maturity**

## \$10 million Portfolio Changes in Market Value By Duration and Yield

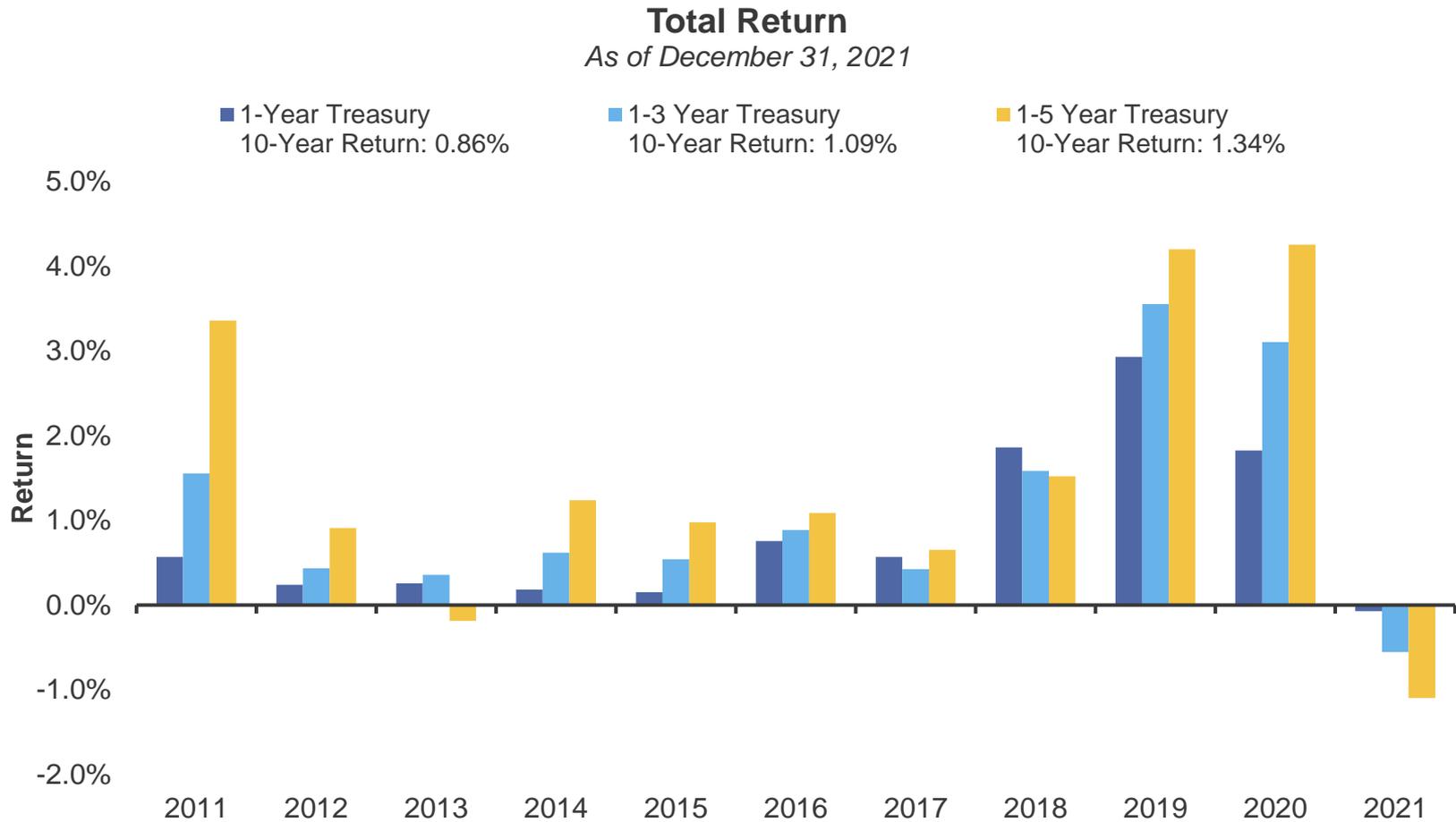
Portfolio Duration	Simultaneous Change in Interest Rates				
	-2%	-1%	No Change	+1%	+2%
1.00	200,000	100,000	-	(100,000)	(200,000)
2.00	400,000	200,000	-	(200,000)	(400,000)
4.00	800,000	400,000	-	(400,000)	(800,000)

# Interest Rates and Total Return are Inversely Related

## Treasury Returns vs. 2-Year Treasury Yield January 2015 – March 2022

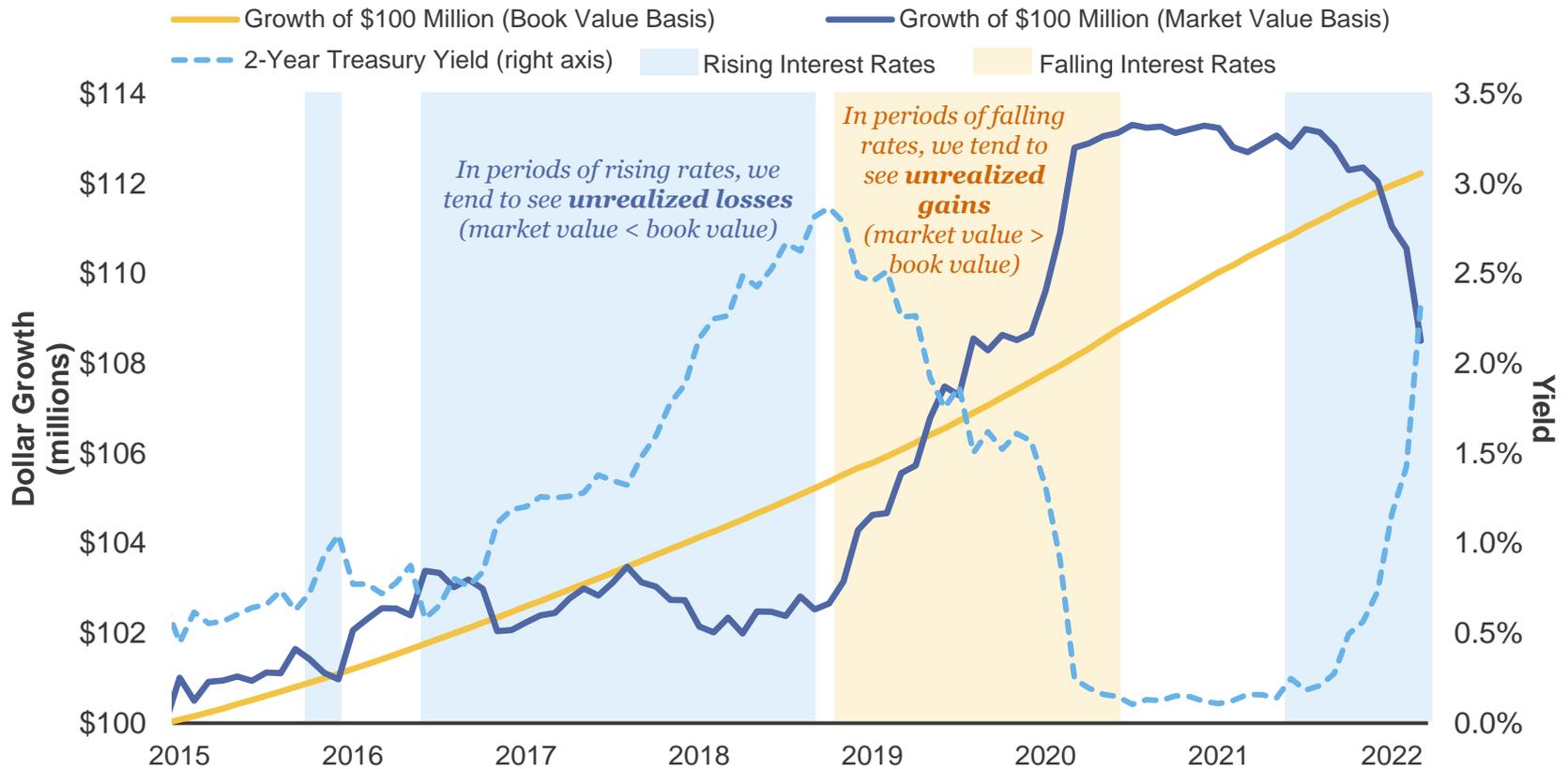


# Historically, Longer-Term Strategies Tend to Outperform



# Changes in Interest Rates and Its Impact on Total Return

## Growth of \$100 Million Total Return vs. Book Value Return



For illustrative purposes only. The growth for \$100 million on a book value basis is based on the book value returns of a representative 1-5 year U.S. Treasury portfolio. The growth of \$100 million on a market value basis is based on the total return of the ICE BofAML 1-5 year U.S. Treasury Index. Rising or Falling Interest Rates corresponds to the trend of the 2-year U.S. Treasury Yield. Source: Bloomberg, for the period December 31, 2014 – March 31, 2022

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# University of Wyoming

## Investment Performance Review For the Quarter Ended March 31, 2022

### Client Management Team

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Joan Evans, Senior Marketing Representative  
Amber Cannegieter, Key Account Manager

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# Agenda

- Market Update
- Account Summary
- Portfolio Review

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# Market Update

## Current Market Themes



- ▶ Invasion of Ukraine impacted the economic landscape
  - ▶ Commodity prices soared, especially energy
  - ▶ Created significant geopolitical uncertainty
  - ▶ Triggered market volatility



- ▶ The U.S. economy is characterized by:
  - ▶ A strong labor market
  - ▶ Inflation at a 40-year high
  - ▶ Depressed consumer confidence



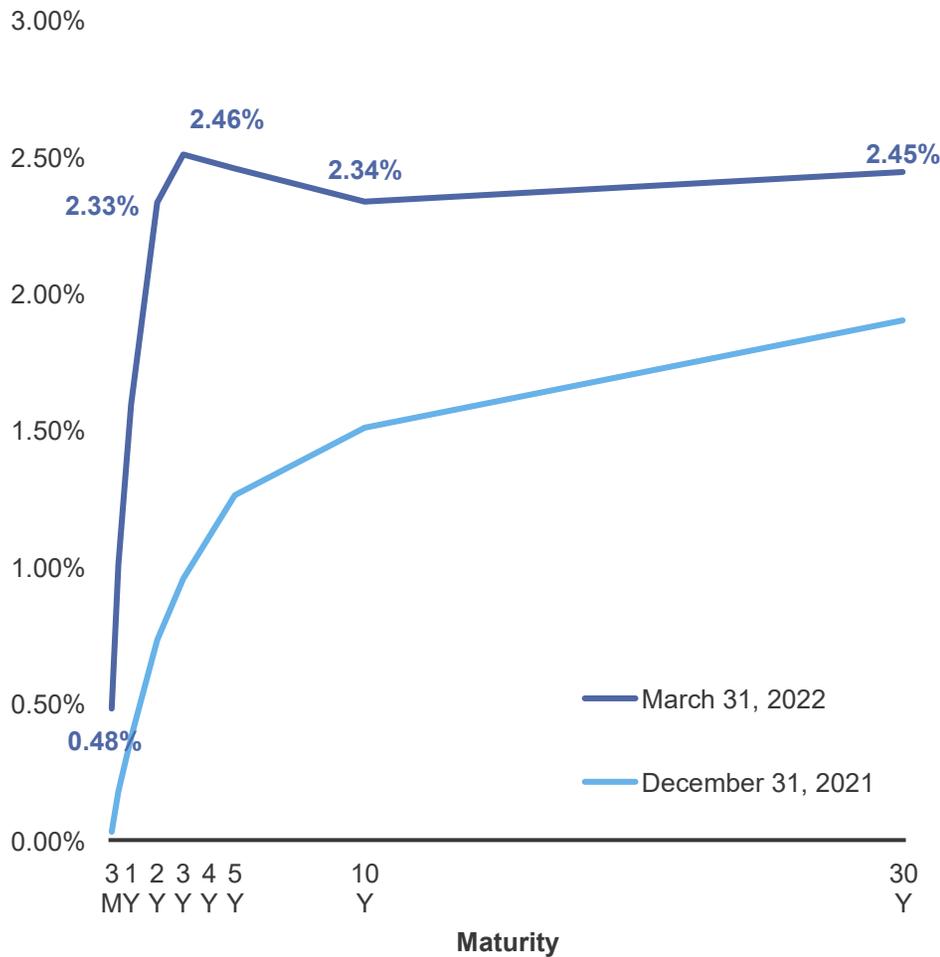
- ▶ The Federal Reserve is tightening monetary policy
  - ▶ Initiated the first of what will be many rate hikes in 2022
  - ▶ Balance sheet reduction likely to start soon



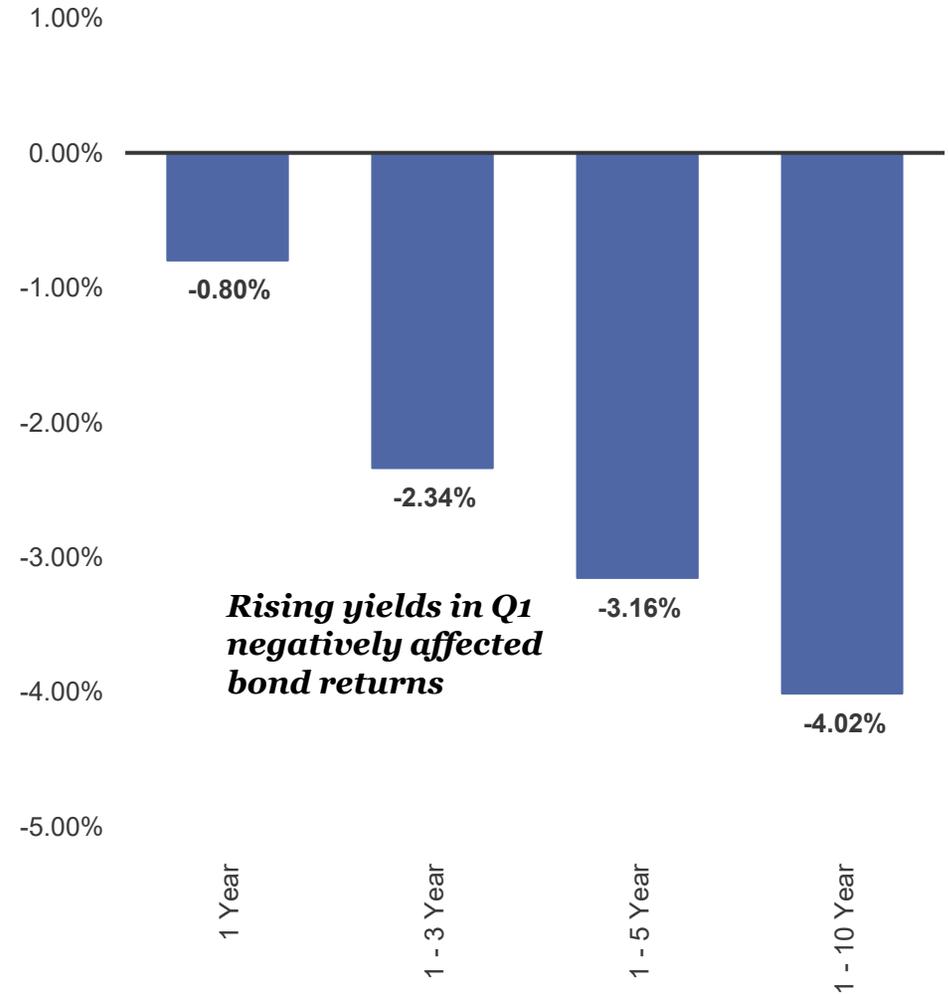
- ▶ U.S. Treasury yield curve has partially inverted
  - ▶ Yield on 2-year Treasury notes rose above the 10-year Treasury
  - ▶ One early, but imperfect warning sign for a future recession

## Treasury Yield Curve Partially Inverted; Sharp Rise in Yields Has Negatively Impacted Returns

U.S. Treasury Yield Curve



U.S. Treasury Returns – Q1 2022



Source: Bloomberg, as of 3/31/2022.

## Performance Has Historically Suffered as the Fed Raised Rates

### 3-Year Treasury Yield



### Annual Returns of the ICE BofAML 1-5 Year Treasury Index

2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	YTD
0.91%	-0.19%	1.24%	0.98%	1.09%	0.65%	1.52%	4.20%	4.25%	-1.10%	-3.16%

Source (graph): Bloomberg, data as of 3/31/2022. Source (table): ICE BofAML Indices, data as of 3/31/2022.

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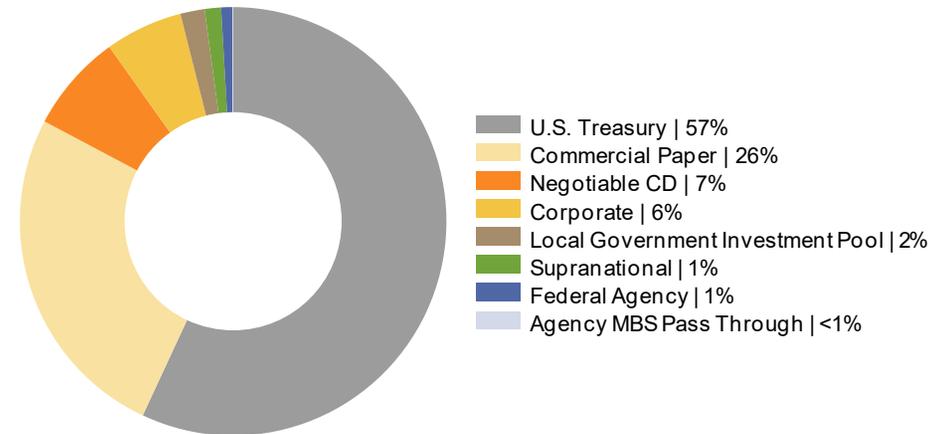
# Account Summary

### Consolidated Summary

#### Account Summary

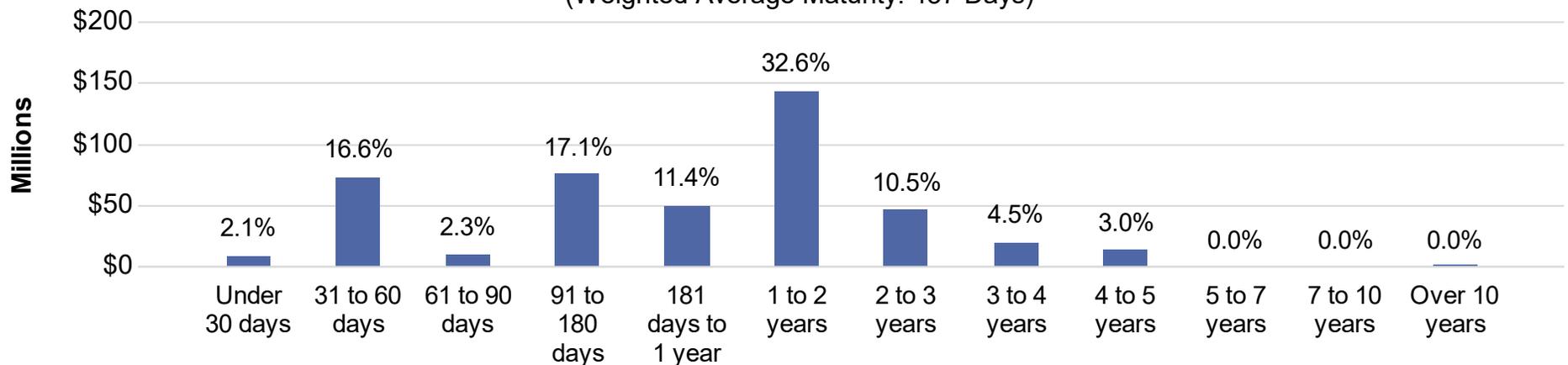
<b>WGIF</b>	\$99,980,263
<b>WGIF Managed Account</b>	\$441,839,933
<b>Total Program</b>	<b>\$541,820,196</b>

#### Sector Allocation



#### Maturity Distribution

(Weighted Average Maturity: 437 Days)



1. Account summary includes market values, accrued interest, cash and cash equivalents. Sector allocation and the maturity distribution include market values and accrued interest.

## Account Summary

University of Wyoming - UW Core - 27305			
Portfolio Values	March 31, 2022	Analytics <sup>1</sup>	March 31, 2022
WGIF Managed Account	\$95,965,515	Yield at Market	2.41%
WGIF	\$210,805	Yield on Cost	0.81%
Amortized Cost	\$99,824,260	Portfolio Duration	2.43
Market Value	\$95,965,515	WGIF7-Day Yield	0.22%
Accrued Interest	\$237,065		
Cash	\$11,530		

University of Wyoming - 2021 Construction Fund - 27309			
Portfolio Values	March 31, 2022	Analytics <sup>1</sup>	March 31, 2022
WGIF Managed Account	\$214,093,331	Yield at Market	1.75%
WGIF	\$7,762,175	Yield on Cost	0.27%
Amortized Cost	\$218,446,735	Portfolio Duration	1.12
Market Value	\$214,093,331	WGIF7-Day Yield	0.22%
Accrued Interest	\$646,062		
Cash	\$0		

University of Wyoming - UW Short Term - 27311			
Portfolio Values	March 31, 2022	Analytics <sup>1</sup>	March 31, 2022
WGIF Managed Account	\$130,842,610	Yield at Market	0.87%
WGIF	\$363,008	Yield on Cost	0.34%
Amortized Cost	\$131,116,817	Portfolio Duration	0.34
Market Value	\$130,842,610	WGIF7-Day Yield	0.22%
Accrued Interest	\$43,821		
Cash	\$0		

1. Yield at market, yield on cost, and portfolio duration only include investments held within the separately managed account(s), excludes balances invested in overnight funds.
2. The current 7-day yield is the net change, exclusive of capital changes and income other than investment income, in the value of a hypothetical fund account with a balance of one share over the seven-day base period including the statement date, expressed as a percentage of the value of one share (normally \$1.00 per share) at the beginning of the seven-day period. This resulting net change in account value is then annualized by multiplying it by 365 and dividing the result by 7. The yields quoted should not be considered a representation of the yield of the fund in the future, since the yield is not fixed.

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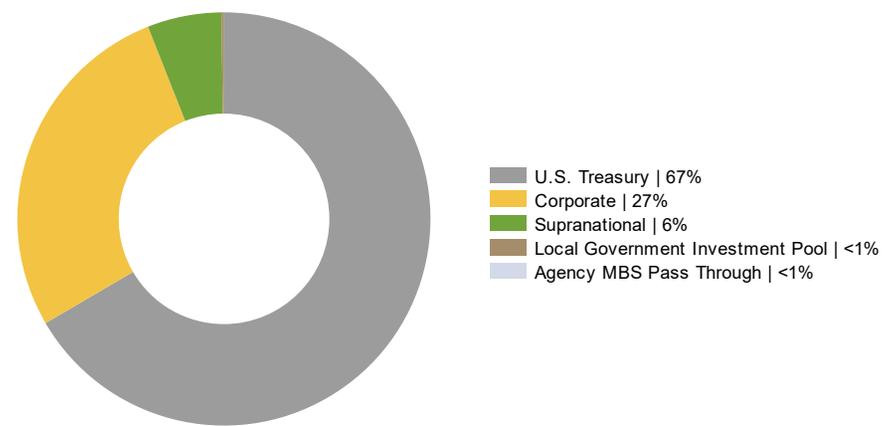
# Portfolio Review: WGIF-UNIVERSITY OF WYOMING CORE

## Portfolio Snapshot - WGIF-UNIVERSITY OF WYOMING CORE<sup>1</sup>

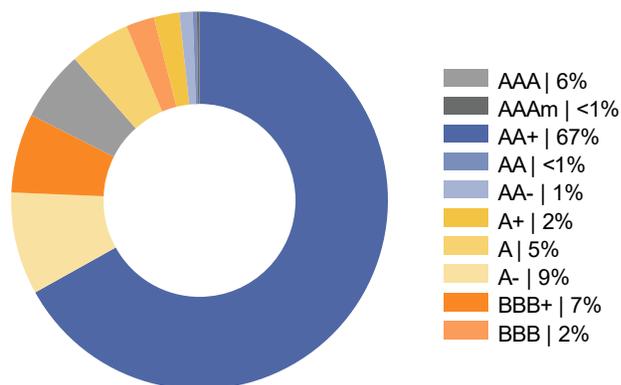
### Portfolio Statistics

<b>Total Market Value</b>	\$96,424,914.45
Managed Account Sub-Total	\$95,965,514.84
Accrued Interest	\$237,064.75
Cash/Pool	\$222,334.86
<b>Portfolio Effective Duration</b>	2.43 years
<b>Benchmark Effective Duration</b>	2.58 years
<b>Yield At Cost</b>	0.81%
<b>Yield At Market</b>	2.41%
<b>Portfolio Credit Quality</b>	AA

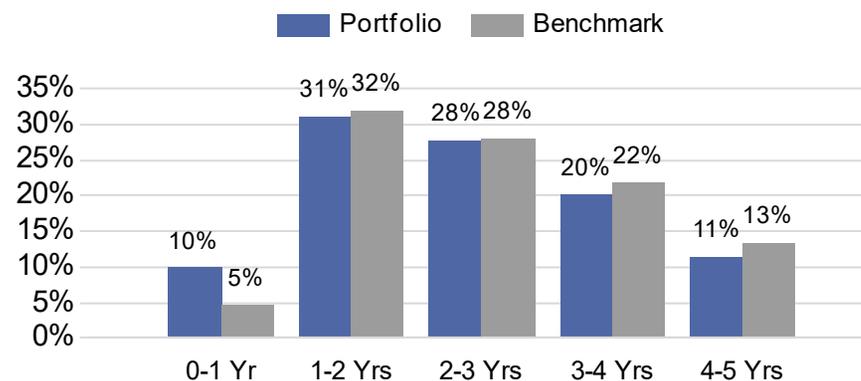
### Sector Allocation



### Credit Quality - S&P



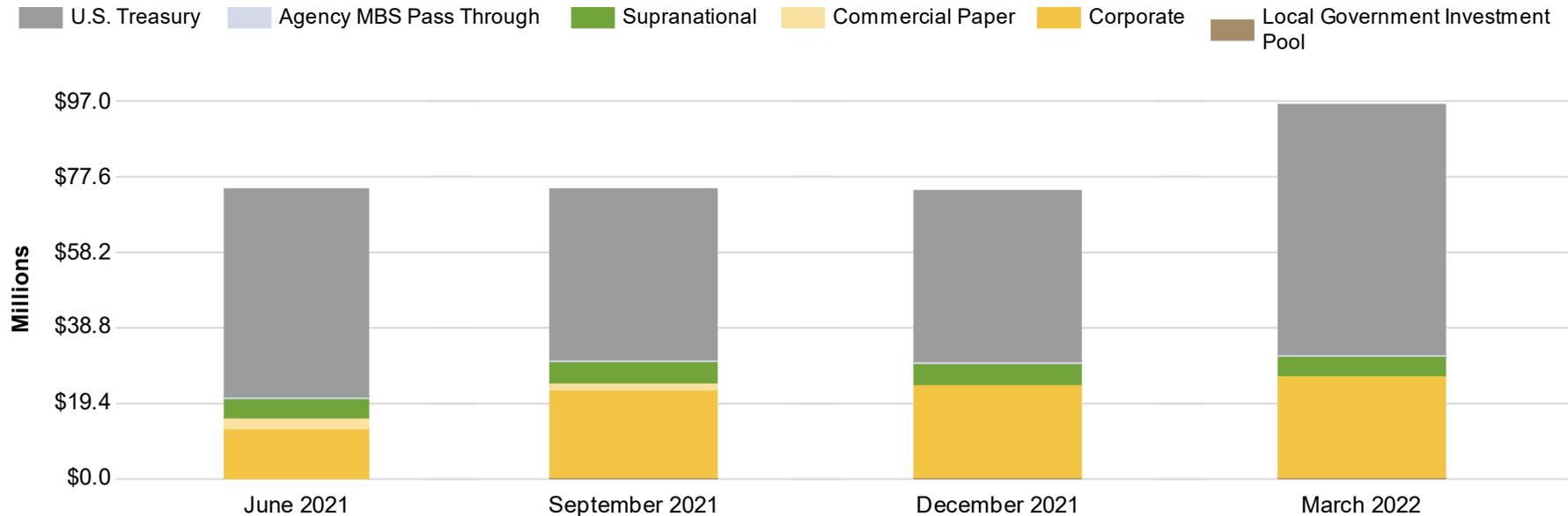
### Duration Distribution



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

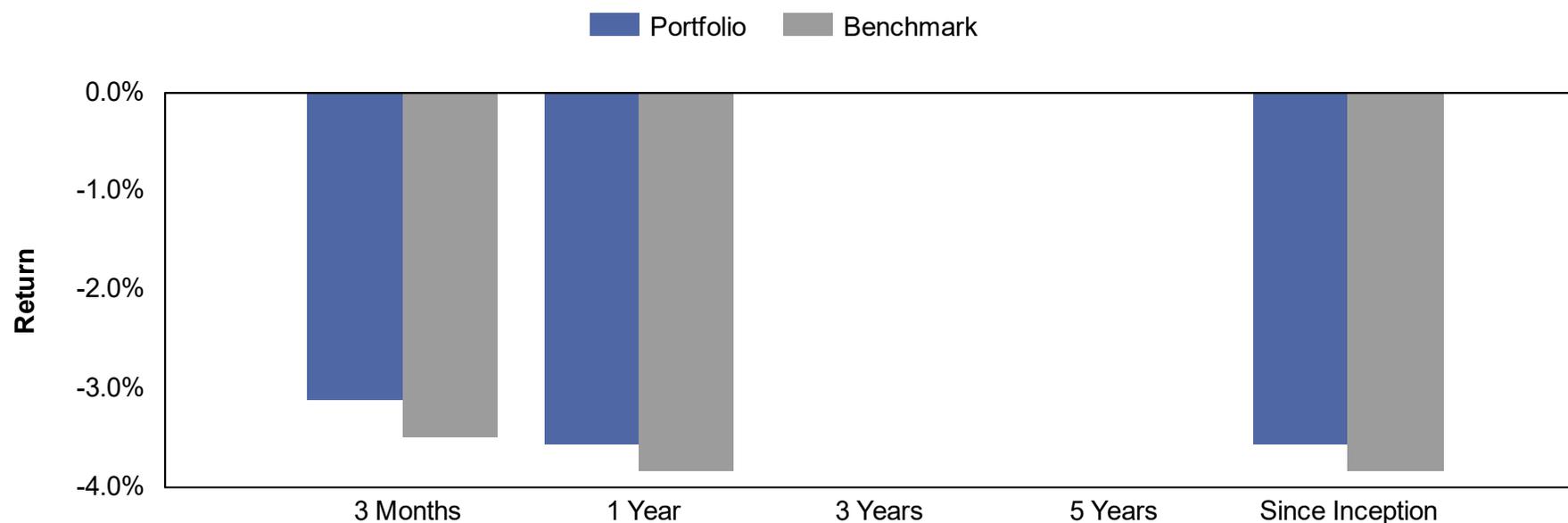
### Sector Allocation Review - WGIF-UNIVERSITY OF WYOMING CORE

Security Type	Jun-21	% of Total	Sep-21	% of Total	Dec-21	% of Total	Mar-22	% of Total
U.S. Treasury	\$53.3	71.5%	\$43.9	58.7%	\$43.8	59.2%	\$64.0	66.6%
Agency MBS Pass Through	\$0.4	0.5%	\$0.3	0.5%	\$0.3	0.4%	\$0.0	0.0%
Supranational	\$5.1	6.8%	\$5.8	7.8%	\$5.7	7.8%	\$5.6	5.8%
Commercial Paper	\$3.0	4.0%	\$1.5	2.0%	\$0.0	0.0%	\$0.0	0.0%
Corporate	\$12.8	17.1%	\$22.9	30.7%	\$23.8	32.1%	\$26.3	27.4%
Local Government Investment Pool	\$0.1	0.1%	\$0.2	0.3%	\$0.4	0.5%	\$0.2	0.2%
<b>Total</b>	<b>\$74.5</b>	<b>100.0%</b>	<b>\$74.6</b>	<b>100.0%</b>	<b>\$74.0</b>	<b>100.0%</b>	<b>\$96.2</b>	<b>100.0%</b>



Market values, including accrued interest. Only includes fixed-income securities held within the separately managed account(s) and LGIPs managed by PFMAM. Detail may not add to total due to rounding.

## Portfolio Performance



Market Value Basis Earnings	3 Months	1 Year	3 Years	5 Years	Since Inception <sup>1</sup>
Interest Earned <sup>2</sup>	\$246,201	\$834,135	-	-	\$834,135
Change in Market Value	(\$3,122,146)	(\$4,052,211)	-	-	(\$4,052,211)
<b>Total Dollar Return</b>	<b>(\$2,875,945)</b>	<b>(\$3,218,076)</b>	-	-	<b>(\$3,218,076)</b>
<b>Total Return<sup>3</sup></b>					
Portfolio	-3.12%	-3.57%	0.00%	0.00%	-3.57%
Benchmark <sup>4</sup>	-3.49%	-3.83%	0.00%	0.00%	-3.83%
<b>Difference</b>	<b>0.37%</b>	<b>0.27%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.27%</b>

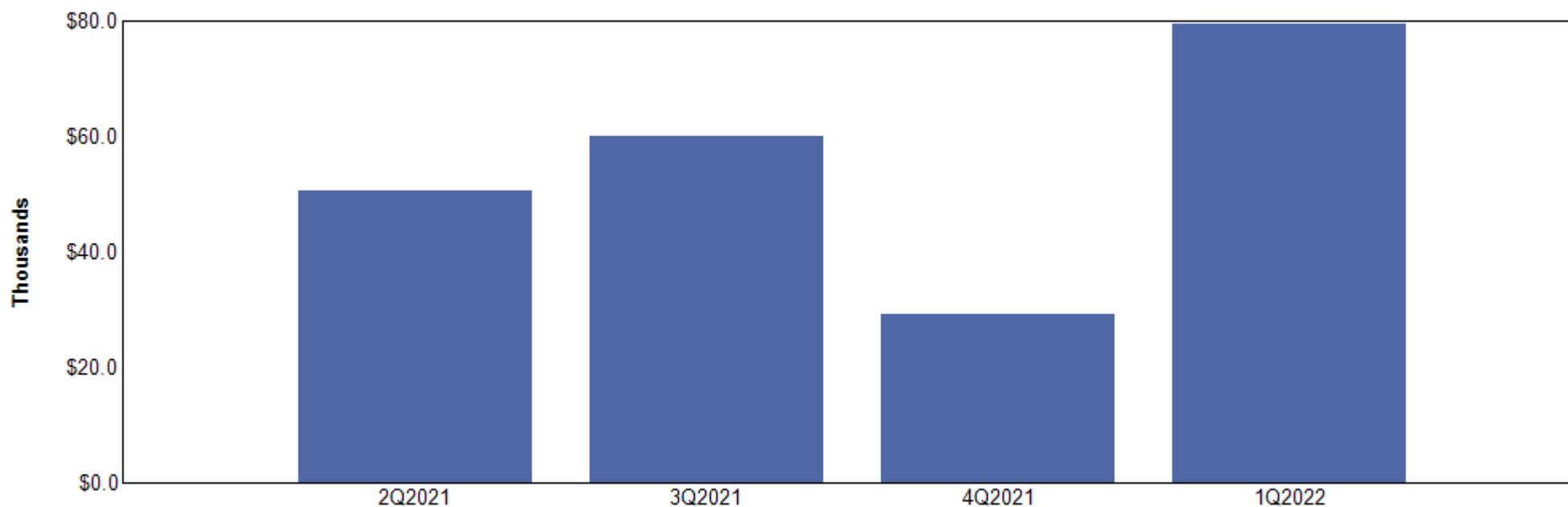
1. The lesser of 10 years or since inception is shown. Since inception returns for periods one year or less are not shown. Performance inception date is March 31, 2021.

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

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

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

## Accrual Basis Earnings - WGIF-UNIVERSITY OF WYOMING CORE



Accrual Basis Earnings	2Q2021	3Q2021	4Q2021	1Q2022
Interest Earned <sup>1</sup>	\$176,865	\$200,790	\$210,279	\$246,201
Realized Gains / (Losses) <sup>2</sup>	\$5,462	(\$12,554)	(\$61,028)	(\$78,451)
Change in Amortized Cost	(\$131,669)	(\$128,118)	(\$120,114)	(\$88,275)
<b>Total Earnings</b>	<b>\$50,658</b>	<b>\$60,118</b>	<b>\$29,137</b>	<b>\$79,474</b>

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

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

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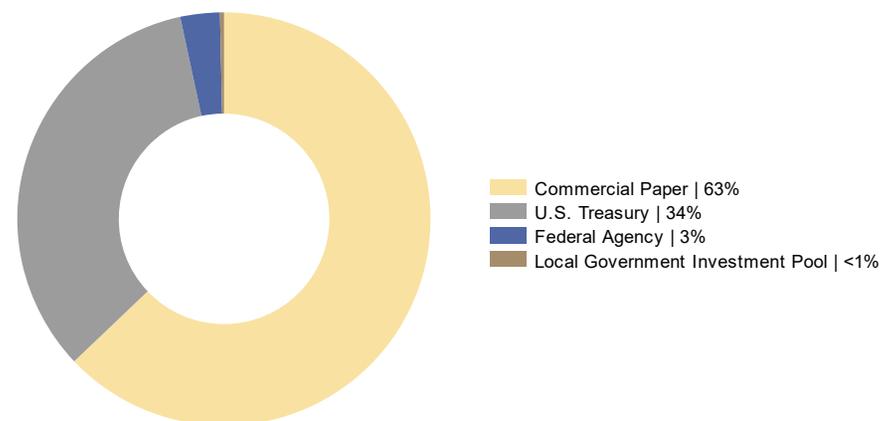
# Portfolio Review: WGIF-UNIVERSITY OF WYOMING SHORT TERM

## Portfolio Snapshot - WGIF-UNIVERSITY OF WYOMING SHORT TERM<sup>1</sup>

### Portfolio Statistics

<b>Total Market Value</b>	\$131,249,439.12
Managed Account Sub-Total	\$130,842,609.50
Accrued Interest	\$43,821.13
Pool	\$363,008.49
<b>Portfolio Effective Duration</b>	0.34 years
<b>Benchmark Effective Duration</b>	0.40 years
<b>Yield At Cost</b>	0.34%
<b>Yield At Market</b>	0.87%
<b>Portfolio Credit Quality</b>	AA

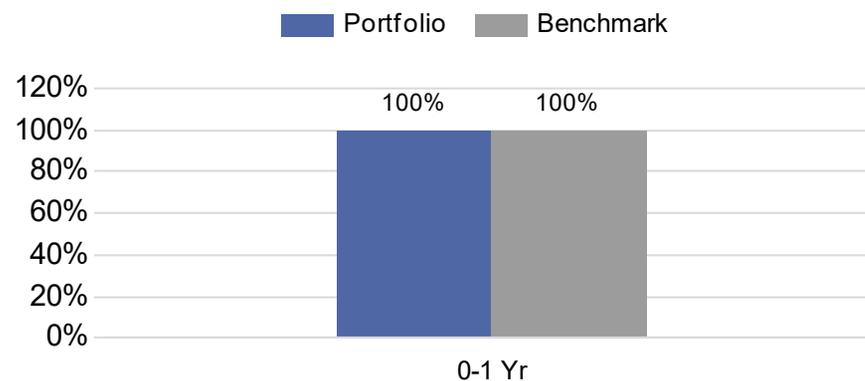
### Sector Allocation



### Credit Quality - S&P



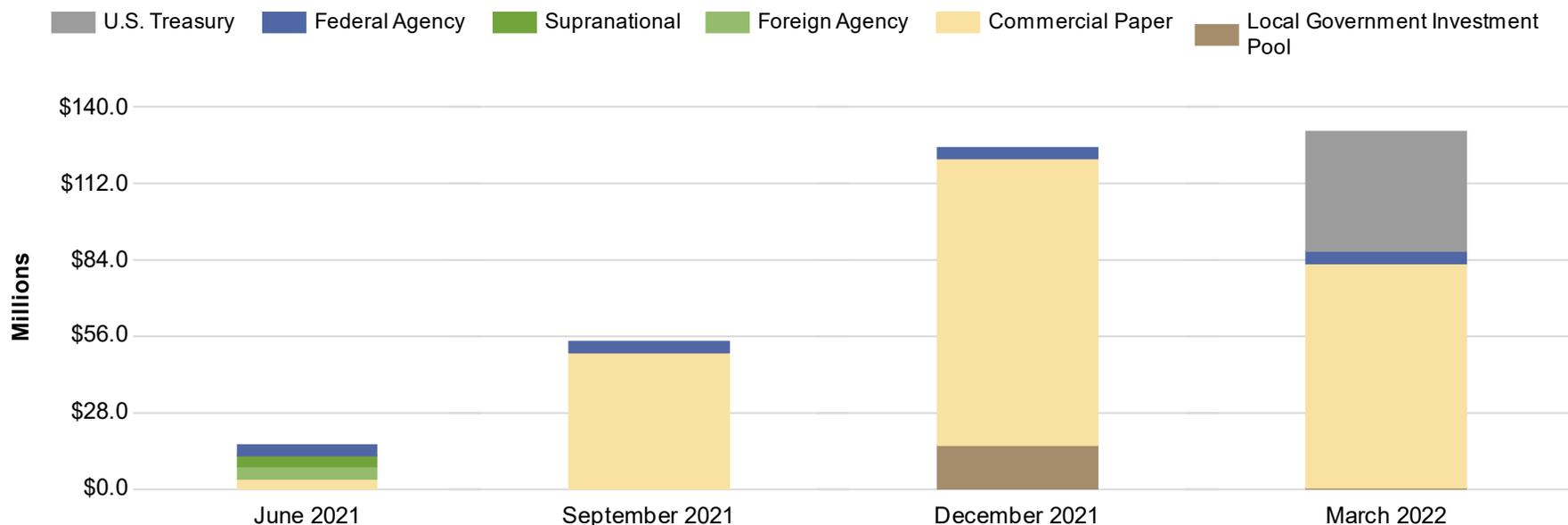
### Duration Distribution



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

### Sector Allocation Review - WGIF-UNIVERSITY OF WYOMING SHORT TERM

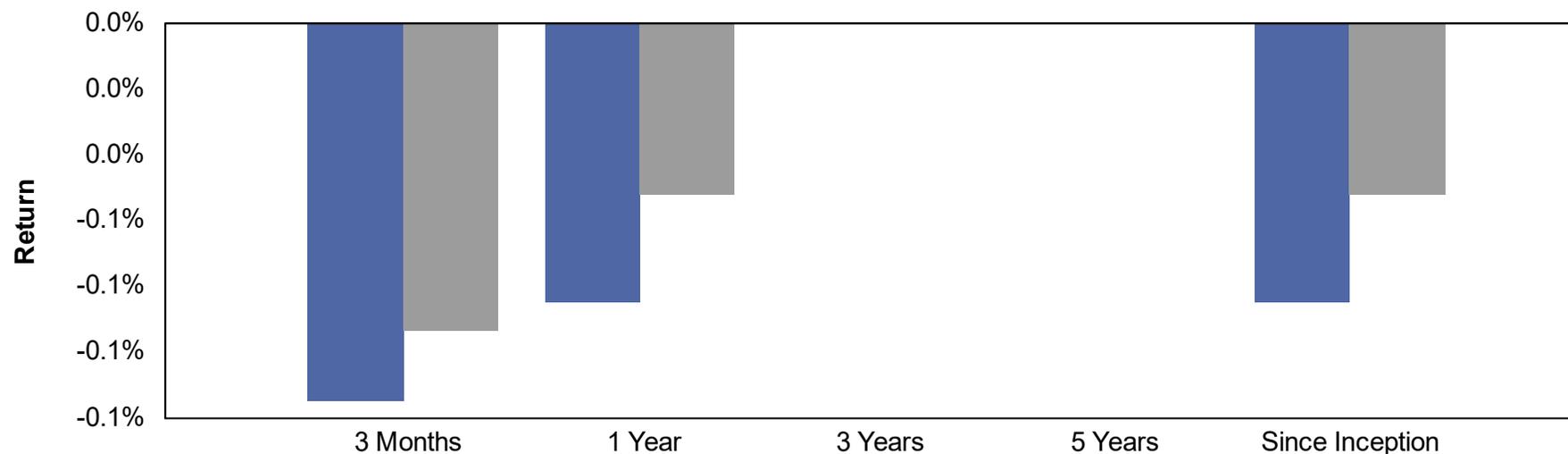
Security Type	Jun-21	% of Total	Sep-21	% of Total	Dec-21	% of Total	Mar-22	% of Total
U.S. Treasury	\$0.0	0.0%	\$0.0	0.0%	\$0.0	0.0%	\$44.2	33.7%
Federal Agency	\$4.1	25.3%	\$4.0	7.5%	\$4.0	3.2%	\$4.0	3.1%
Supranational	\$4.0	24.9%	\$0.0	0.0%	\$0.0	0.0%	\$0.0	0.0%
Foreign Agency	\$4.0	24.9%	\$0.0	0.0%	\$0.0	0.0%	\$0.0	0.0%
Commercial Paper	\$4.0	24.9%	\$50.0	92.5%	\$104.9	83.8%	\$82.6	62.9%
Local Government Investment Pool	\$0.0	0.0%	\$0.0	0.0%	\$16.2	13.0%	\$0.4	0.3%
<b>Total</b>	<b>\$16.1</b>	<b>100.0%</b>	<b>\$54.0</b>	<b>100.0%</b>	<b>\$125.1</b>	<b>100.0%</b>	<b>\$131.2</b>	<b>100.0%</b>



Market values, including accrued interest. Only includes fixed-income securities held within the separately managed account(s) and LGIPs managed by PFMAM. Detail may not add to total due to rounding.

## Portfolio Performance

■ Portfolio ■ Benchmark



Market Value Basis Earnings	3 Months	1 Year	3 Years	5 Years	Since Inception <sup>1</sup>
Interest Earned <sup>2</sup>	\$24,936	\$182,370	-	-	\$182,370
Change in Market Value	(\$184,208)	(\$318,690)	-	-	(\$318,690)
<b>Total Dollar Return</b>	<b>(\$159,272)</b>	<b>(\$136,320)</b>	-	-	<b>(\$136,320)</b>
<b>Total Return<sup>3</sup></b>					
Portfolio	-0.11%	-0.08%	-	-	-0.08%
Benchmark <sup>4</sup>	-0.09%	-0.05%	-	-	-0.05%
<b>Difference</b>	<b>-0.02%</b>	<b>-0.03%</b>	-	-	<b>-0.03%</b>

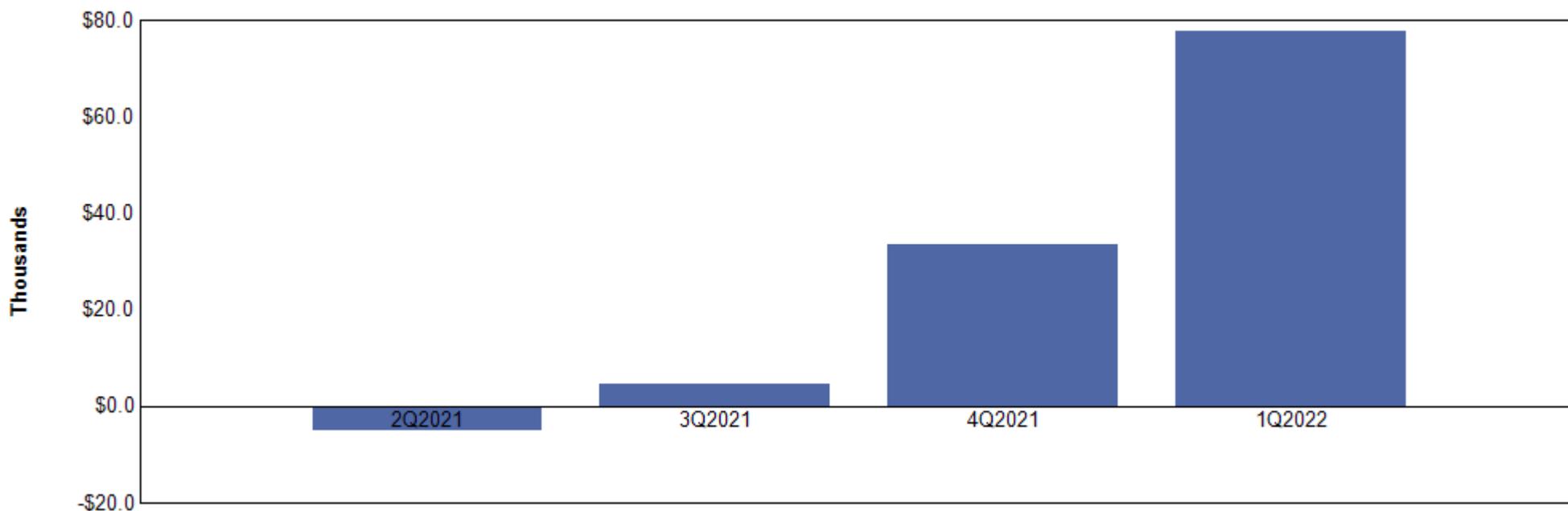
1. The lesser of 10 years or since inception is shown. Since inception returns for periods one year or less are not shown. Performance inception date is March 31, 2021.

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

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

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

## Accrual Basis Earnings - WGIF-UNIVERSITY OF WYOMING SHORT TERM



Accrual Basis Earnings	2Q2021	3Q2021	4Q2021	1Q2022
Interest Earned <sup>1</sup>	\$84,750	\$48,839	\$23,844	\$24,936
Realized Gains / (Losses) <sup>2</sup>	-	-	-	-
Change in Amortized Cost	(\$89,968)	(\$44,147)	\$9,590	\$52,643
<b>Total Earnings</b>	<b>(\$5,218)</b>	<b>\$4,693</b>	<b>\$33,434</b>	<b>\$77,580</b>

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

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

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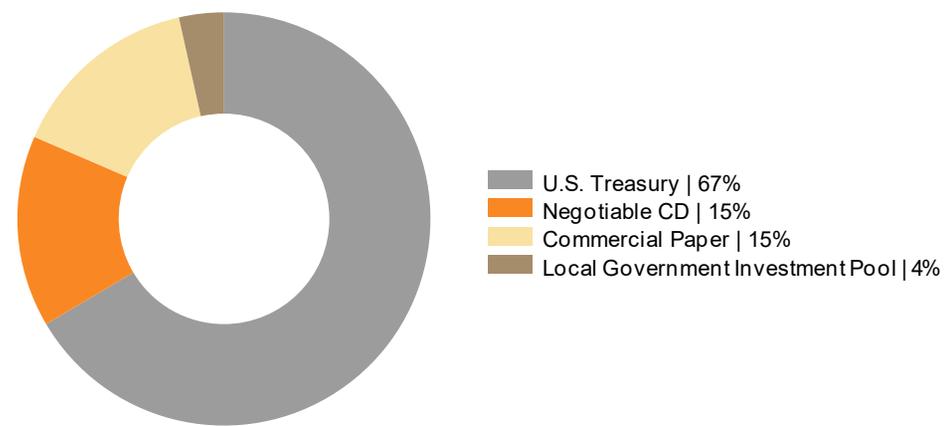
# Portfolio Review: WGIF-UW 2021 CONSTRUCTION FUND

## Portfolio Snapshot - WGIF-UW 2021 CONSTRUCTION FUND<sup>1</sup>

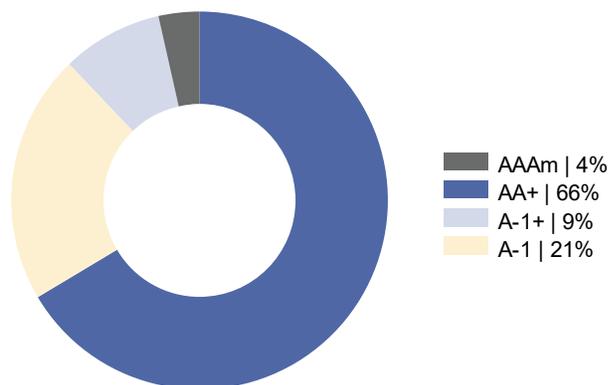
### Portfolio Statistics

<b>Total Market Value</b>	\$222,501,568.07
Managed Account Sub-Total	\$214,093,330.91
Accrued Interest	\$646,062.17
Pool	\$7,762,174.99
<b>Portfolio Effective Duration</b>	1.12 years
<b>Yield At Cost</b>	0.27%
<b>Yield At Market</b>	1.75%
<b>Portfolio Credit Quality</b>	AA

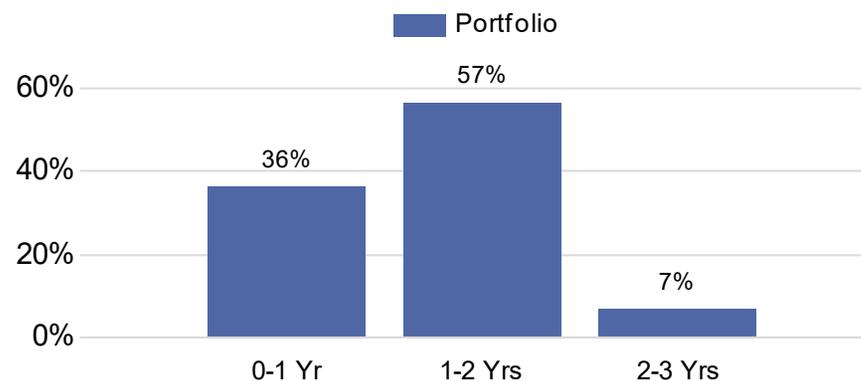
### Sector Allocation



### Credit Quality - S&P



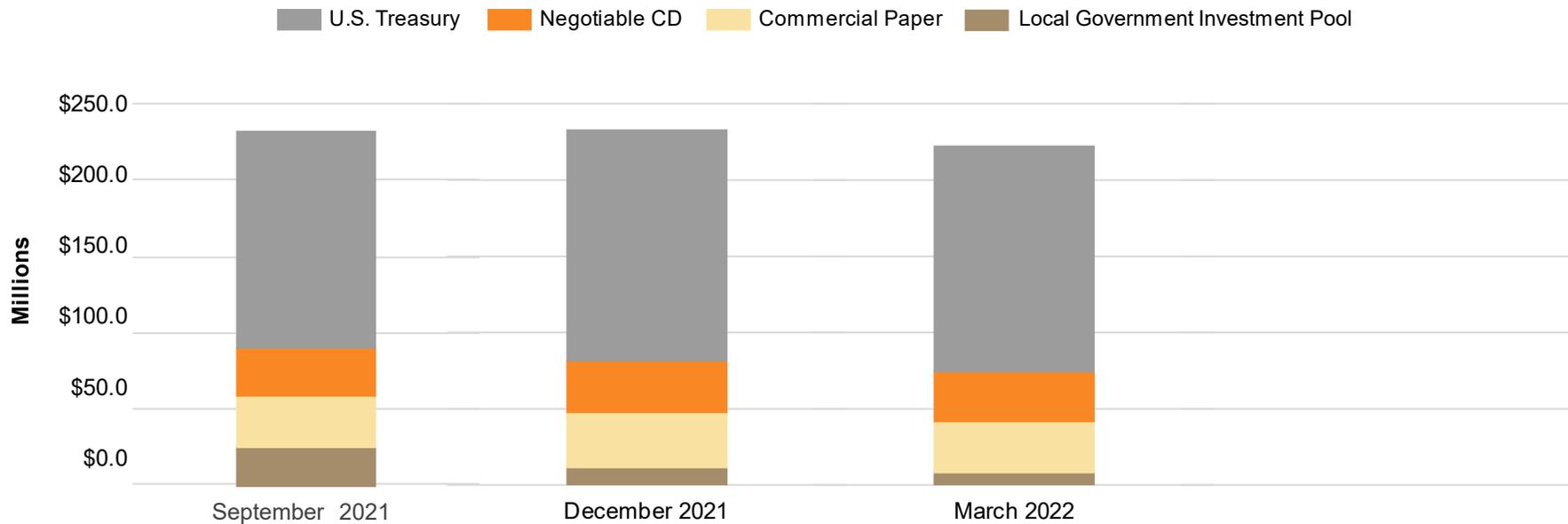
### Duration Distribution



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

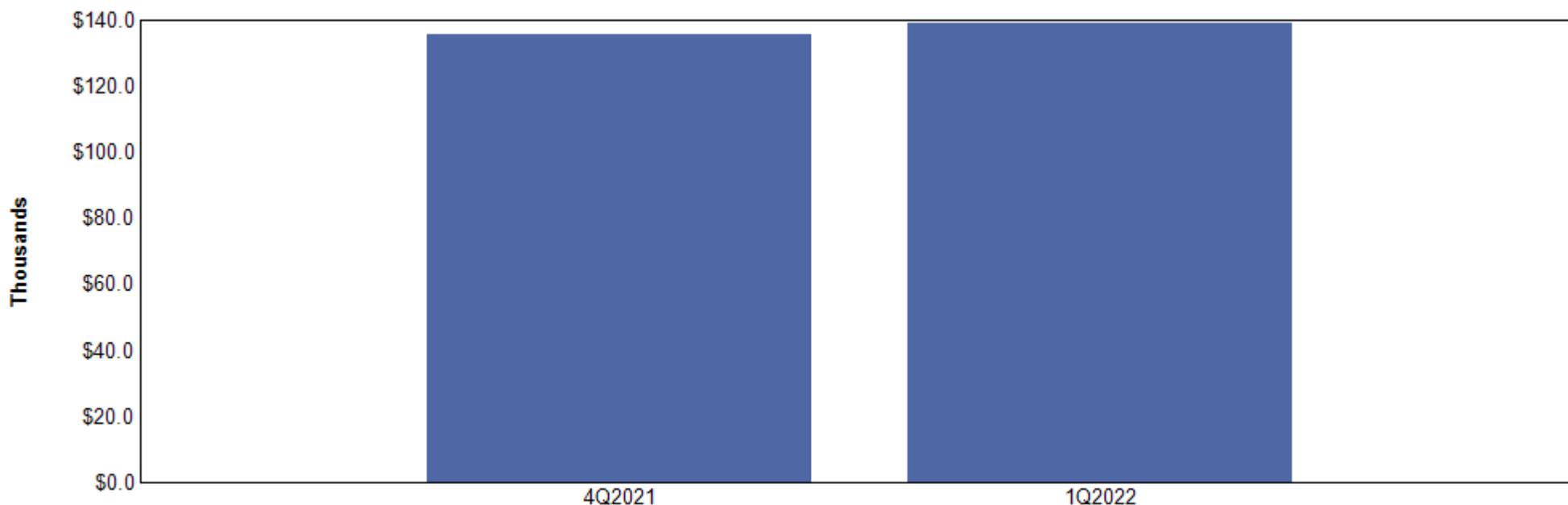
### Sector Allocation Review - WGIF-UOW 2021 CONSTRUCTION FUND

Security Type	Sep-21	% of Total	Dec-21	% of Total	Mar-22	% of Total
U.S. Treasury	\$152.7	61.3%	\$151.1	65.0%	\$147.5	66.5%
Negotiable CD	\$33.4	13.4%	\$33.4	14.4%	\$33.3	15.0%
Commercial Paper	\$36.5	14.6%	\$36.5	15.7%	\$33.3	15.0%
Local Government Investment Pool	\$26.7	10.7%	\$11.4	4.9%	\$7.8	3.5%
<b>Total</b>	<b>\$249.3</b>	<b>100.0%</b>	<b>\$232.4</b>	<b>100.0%</b>	<b>\$221.9</b>	<b>100.0%</b>



Market values, excluding accrued interest. Only includes fixed-income securities held within the separately managed account(s) and LGIPs managed by PFMAM. Detail may not add to total due to rounding.

### Accrual Basis Earnings - WGIF-UW 2021 CONSTRUCTION FUND



Accrual Basis Earnings	2Q2021	3Q2021	4Q2021	1Q2022
Interest Earned <sup>1</sup>	-	-	\$701,408	\$689,155
Realized Gains / (Losses) <sup>2</sup>	-	-	-	-
Change in Amortized Cost	-	-	(\$565,758)	(\$549,946)
<b>Total Earnings</b>	-	-	<b>\$135,651</b>	<b>\$139,210</b>

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

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

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

## Glossary

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

## Glossary

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