

UW Board of Trustees Fiscal and Legal Affairs Committee  
Agenda  
November 20, 2024

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

Agenda #	Description	Page #
1.	Finance- Fiscal Year 2024 Audit Reports and Financial Statements- Reese/Keller/Forvis Mazars  *Note: Draft reports have been provided to the committee. A final draft will be forwarded before the Wednesday, November 20 <sup>th</sup> meeting.  Narrative-Annual Audited Financial Reports and Agreed upon Procedures Reports	2
2.	Finance-Quarterly Investment Update-September 2024-Reese/PFM Asset Management	6
3.	Internal Audit-Follow-up reports- Madère	44
4.	Internal Audit-Status of Internal Audit Plan- Madère	46

**AGENDA ITEM TITLE: Annual Audited Financial Reports and Agreed Upon Procedures Reports, Moore/Kean/Reese/Forvis Mazars**

**SESSION TYPE:**

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

**APPLIES TO STRATEGIC GOALS:**

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

☐ *Attachments are provided with the narrative.*

**EXECUTIVE SUMMARY:**

FORVIS; UW's external audit firm will lead a discussion on the annual audited financial statements for fiscal year 2024 for the University of Wyoming Independent Auditor's Report and Financial Statements, Single Audit Report and Schedule of Expenditures of Federal Awards, Wyoming Public Media's Independent Audit Report and Financial Statements and the Agreed-Upon procedure engagements for Intercollegiate Athletics and Cowboy Joe Club.

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

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

The purpose and deadlines for submission to regulatory agencies are:

- Financial Audit – In accordance with required reporting standards, the Financial Report has three components: 1) management's discussion and analysis 2) institution-wide financial statements; and 3) notes to the basic financial statements. Required supplementary information is included in addition to the basic financial statements. The auditors express an opinion about whether the financial statements present fairly, in all material respects, the financial position of the University of Wyoming as of the fiscal year-end, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. The University of Wyoming is a component unit of the State of Wyoming. As such, the University's Financial Report is part of the Annual Comprehensive Financial Report (ACFR) prepared by the State Auditor's Office in accordance with W.S. 9-1-403 (a)(v). The final ACFR must be issued by the State Auditor on or before December 31st.

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

- **Single Audit Report-** As part of obtaining reasonable assurance about whether the University complied with Federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs, the auditors perform tests of compliance with the applicable compliance requirements. The auditors express an opinion that the University has complied, in all material respects, with the applicable compliance requirements that have a direct and material effect on each of its major programs, which would include reporting instances of noncompliance, if any, that are required to be reported under the Uniform Grant Guidance. Similar to the above report, the auditors also consider the University's internal controls over compliance. The auditors do not express an opinion on the effectiveness of the University's controls, instead they report whether the results of their tests disclose any deficiencies in internal control that are required to be reported under the Uniform Grant Guidance.

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

- **Wyoming Public Media Financial Report –** These financial statements present only the operations of Wyoming Public Media (WPM). The auditors express an opinion on the fair presentation of WPM's financial position and results of operations. WPM's financial information will be submitted to the Corporation for Public Broadcasting before December 31st.
- **Intercollegiate Athletics Report –** This report constitutes an agreed-upon procedures engagement; its scope is less than that of an audit. The procedures include but are not limited to the examination of cash receipts and disbursements and identification of unique internal control aspects and various inquiries related to compliance issues. The external auditors evaluate whether the Schedule of Cash Receipts and Disbursements is in compliance with the National Collegiate Athletic Association (NCAA) Constitution. The sufficiency of these procedures is solely the responsibility of university management. Consequently, the auditors make no representation regarding the sufficiency of the procedures.

- **Cowboy Joe Club Report-** This report constitutes an agreed-upon procedures engagement; its scope is less than that of an audit. The sufficiency of these procedures is solely the responsibility of Cowboy Joe Club management. Consequently, the auditors make no representation regarding the sufficiency of the procedures.

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

*The Fiscal and Legal Affairs Committee is responsible for assuring that the University's organizational culture, capabilities, systems and processes are appropriate to protect the financial health and the reputation of the University in all audit-related areas enumerated below. Specifically the Fiscal and Legal Affairs Committee will review the financial reporting processes, the system of internal controls, the audit process, and the process for monitoring and ensuring compliance with financial laws and regulations. It will monitor the University's internal and external auditor's findings.*

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

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

Annual financial reports serve various functions and have numerous audiences. They not only serve to inform the campus community of the institution's financial condition and results of operations, but they are also required by various governmental, regulatory, and rating agencies; holders of the institution's bonds; and accrediting agencies. The Board of Trustees is held to a high standard of full financial disclosure, transparency, and accountability: public acceptance and approval of the financial reports completes the audit cycle, helps tell the University of Wyoming's financial story, and assists the Board in exercising their fiduciary responsibilities.

#### **PRIOR RELATED BOARD DISCUSSIONS/ACTIONS:**

The Board accepts the University of Wyoming Independent Auditor's Report and Financial Statements, Single Audit Report and Schedule of Expenditures of Federal Awards, Wyoming Public Media's Independent Audit Report and Financial Statements, and the Agreed-Up on procedure engagements for Intercollegiate Athletics and Cowboy Joe Club each year.

#### **WHY THIS ITEM IS BEFORE THE BOARD:**

The Board of Trustees is responsible for assuring that the University's organizational culture, capabilities, systems, and processes are appropriate to protect the financial health and the reputation of the University in audit-related areas. The presentation of annual audited financial

reports is intended to inform the Board about significant matters related to the results of the annual audit so that they can appropriately discharge their oversight responsibility.

**ACTION REQUIRED AT THIS BOARD MEETING:**

Subject to recommendation by the Fiscal and Legal Affairs Committee Chair, it is recommended that the Board of Trustees of the University of Wyoming accept and approve the University of Wyoming Independent Auditor's Report and Financial Statements, University of Wyoming Single Audit Report and Schedule of Expenditures of Federal Awards, Wyoming Public Media's Independent Audit Report and Financial Statements, and the Agreed-Upon procedure reports for Intercollegiate Athletics and Cowboy Joe Club for the fiscal year ended June 30, 2024.

**PROPOSED MOTION for FLAC:**

I move to recommend to the full board to approve the University of Wyoming Independent Auditor's Report and Financial Statements, University of Wyoming Single Audit Report and Schedule of Expenditures of Federal Awards, Wyoming Public Media's Independent Audit Report and Financial Statements, and the Agreed-Upon procedure reports for Intercollegiate Athletics and Cowboy Joe Club for the fiscal year ended June 30, 2024.

**PRESIDENT'S RECOMMENDATION:**

The President recommends approval of the reports as described above.

**FISCAL AND LEGAL AFFAIRS COMMITTEE**  
**COMMITTEE MEETING MATERIALS**

**AGENDA ITEM TITLE:** Quarterly Investment Performance Report

- ☒ OPEN SESSION  
☐ CLOSED SESSION

**PREVIOUSLY DISCUSSED BY COMMITTEE:**

- ☒ Yes  
☐ No

**FOR FULL BOARD CONSIDERATION:**

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

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

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

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

**ACTION REQUIRED AT THIS COMMITTEE MEETING:** None

**PROPOSED MOTION:** None



# University of Wyoming

## Investment Performance Review For the Quarter Ended September 30, 2024

**Client Management Team**

Joan Evans, Director  
Gray Lepley, Sr. Director  
Amber Cannegieter, Key Account Manager

**PFM Asset Management LLC**

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Cheyenne, WY 82001	Harrisburg, PA 17101-2141
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# **Agenda**

- Market Update
- Account Summary
- Portfolio Review



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## Market Update

## Current Market Themes



- ▶ The U.S. economy is characterized by:
  - ▶ A labor market that reached better balance and supports consumer activity
  - ▶ Inflation that has made meaningful progress towards the Federal Reserve's (Fed) 2% target, although shelter costs remain a headwind
  - ▶ Resilient economic growth and consumer spending that support the 'soft landing' scenario



- ▶ Fed begins the easing cycle
  - ▶ The Fed cut the federal funds target rate by 50 basis points (bps) to 4.75% - 5.00% at its September FOMC meeting
  - ▶ Fed officials note they have gained greater confidence the risks to their dual mandate are "roughly" in balance
  - ▶ The Fed's September "dot plot" implies 50 bps of additional cuts in 2024 and 100 bps through 2025



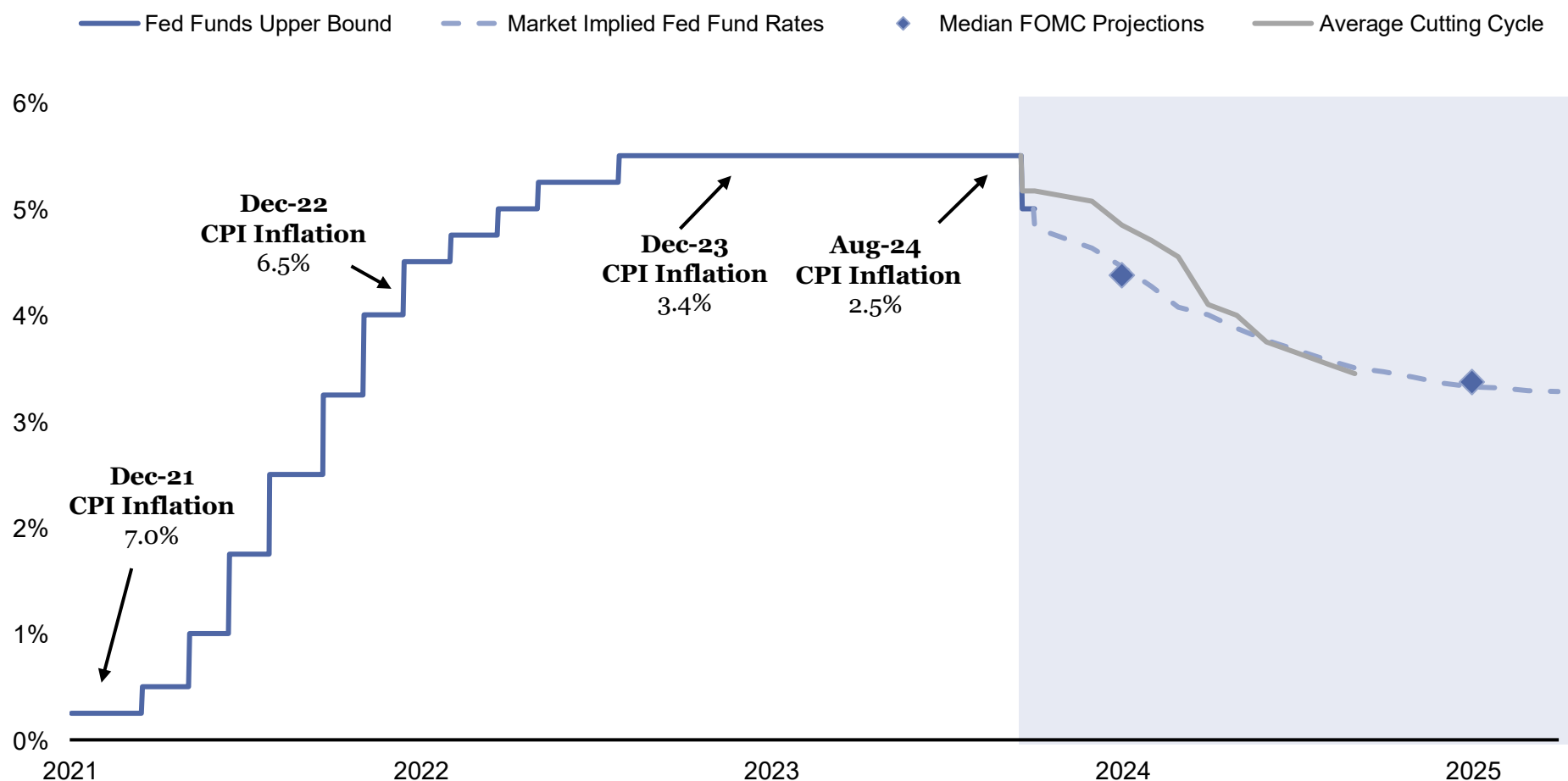
- ▶ Treasury yields continued their descent
  - ▶ Yields on maturities between 3 months and 10 years fell 62-112 bps during the 3<sup>rd</sup> quarter
  - ▶ The yield curve began to disinvert in the 3<sup>rd</sup> quarter as the spread between the 2-year and 10-year Treasury reached positive territory for the first time in over 2 years
  - ▶ Despite intra-quarter spread widening, yield spreads across most credit sectors were range bound at tight levels, reflecting the strength of the economy

Source: Bloomberg Finance L.P., as of September 30, 2024.

## The Fed Begins the Cutting Cycle With 50bps

*Fed Chair Powell: “[I]f we’d have gotten the July [jobs] report before the [July FOMC] meeting would we have cut, well we might have.”*

### Federal Funds Rate

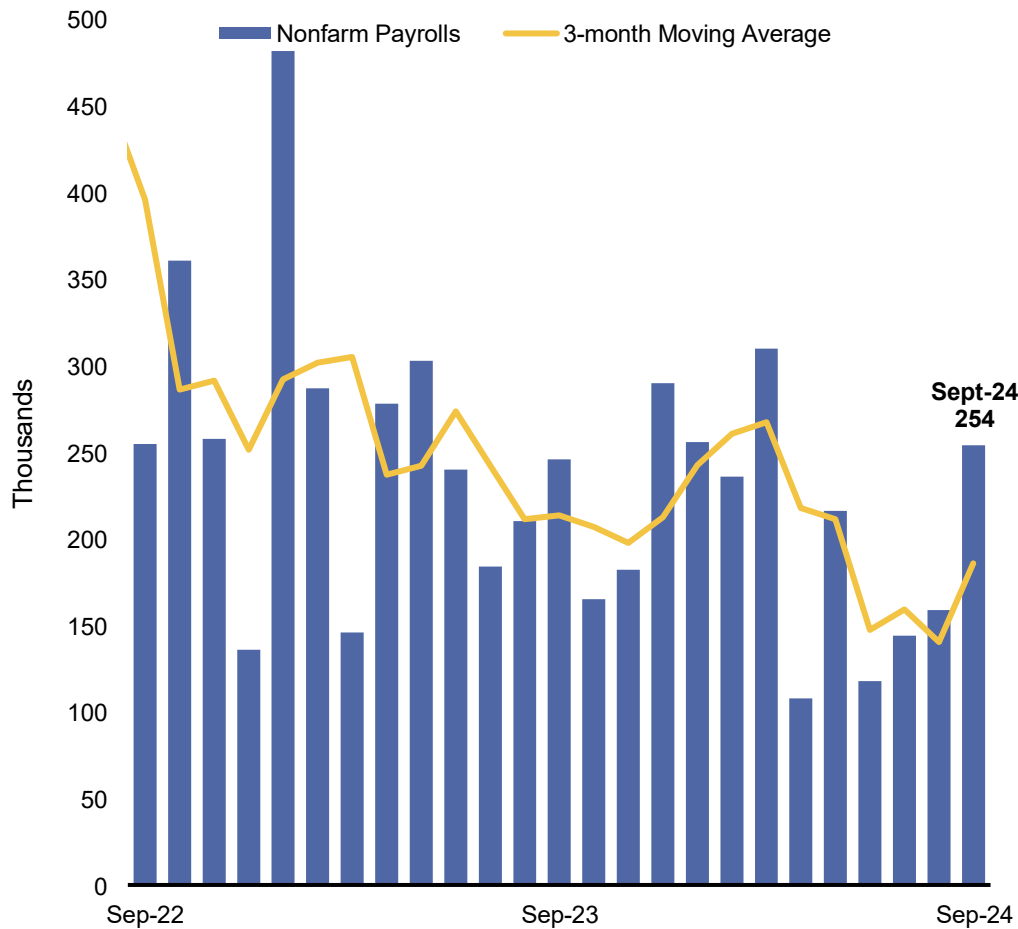


Source: Federal Reserve Chair Jerome Powell Press Conference as of September 18, 2024; Average Cutting Cycle represents the average change in the Fed Funds Rate for the first 10 months of a cutting cycle back to 1988. Market Implied Fed Funds as of September 30, 2024. Bloomberg Finance L.P. CPI inflation and Nonfarm payrolls from Bureau of Labor Statistics and Bloomberg Finance L.P.

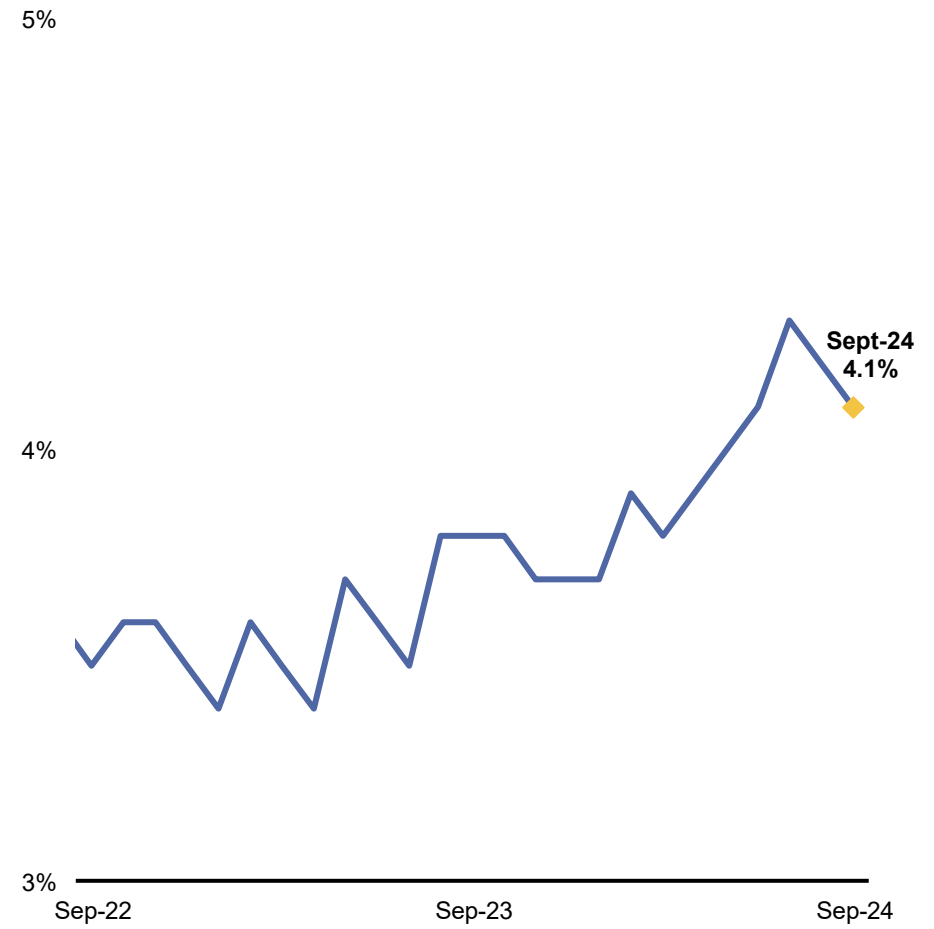
## Labor Market Moves Into Better Balance

*Fed Chair Powell: "...labor market conditions have cooled off by any measure ... [but] the level of those conditions is actually pretty close to what I would call maximum employment"*

### Monthly Change In Nonfarm Payrolls



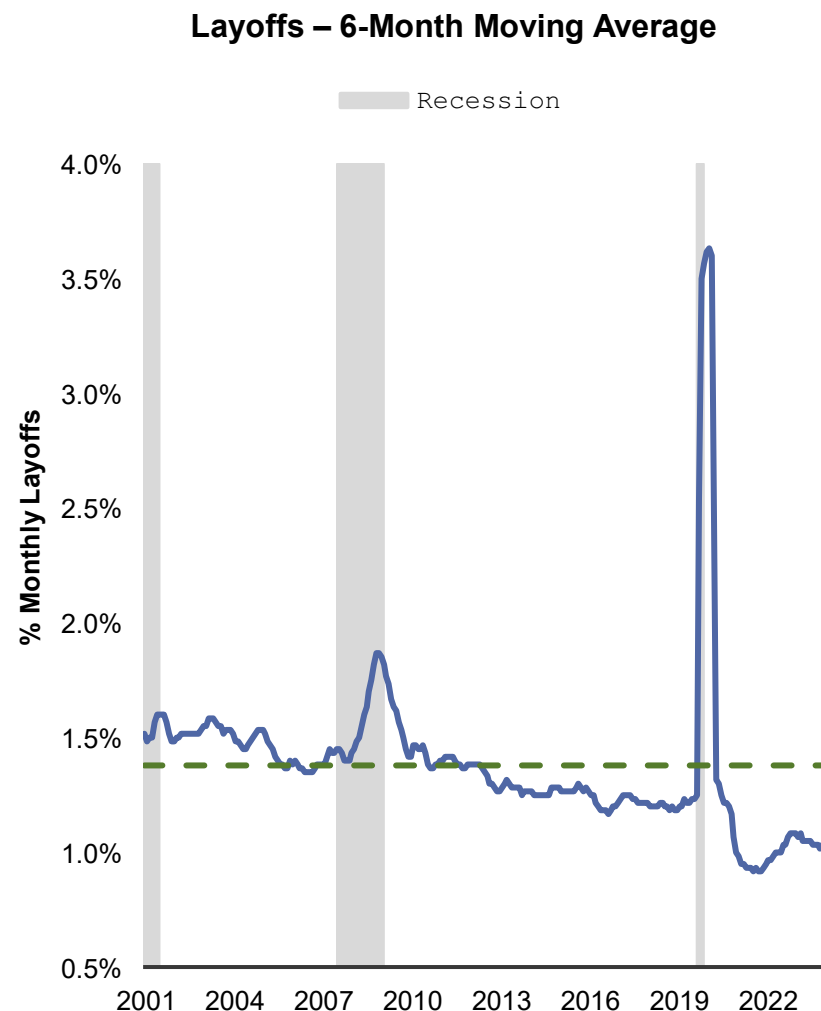
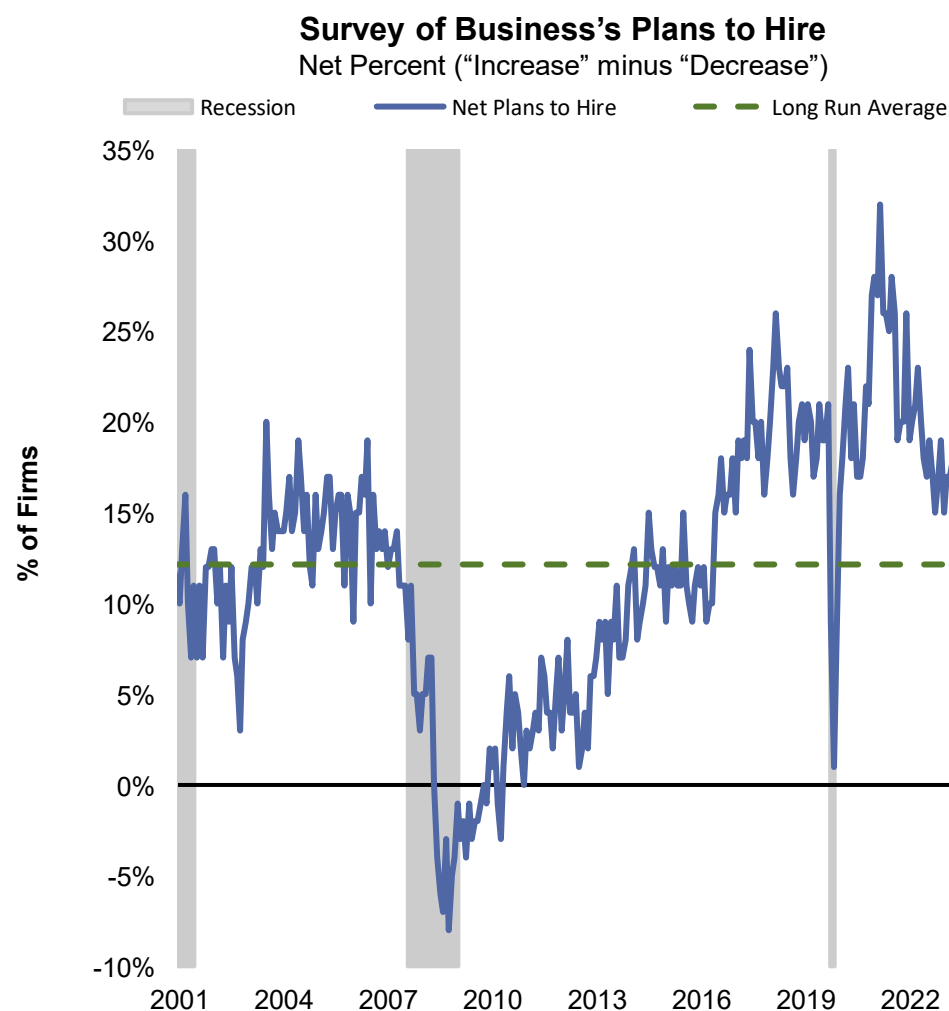
### Unemployment Rate



Source: Federal Reserve Chair Jerome Powell Press Conference as of September 18, 2024; Bureau of Labor Statistics and Bloomberg Finance L.P., as of September 2024. Data is seasonally adjusted.

## Hiring Plans Return to Long Run Averages While Layoffs Remain Near Historic Lows

*Fed Chair Powell: "...we're not seeing rising claims. We're not seeing rising layoffs ... there is thinking that the time to support the labor market is when it's strong and not when you begin to see the layoffs"*



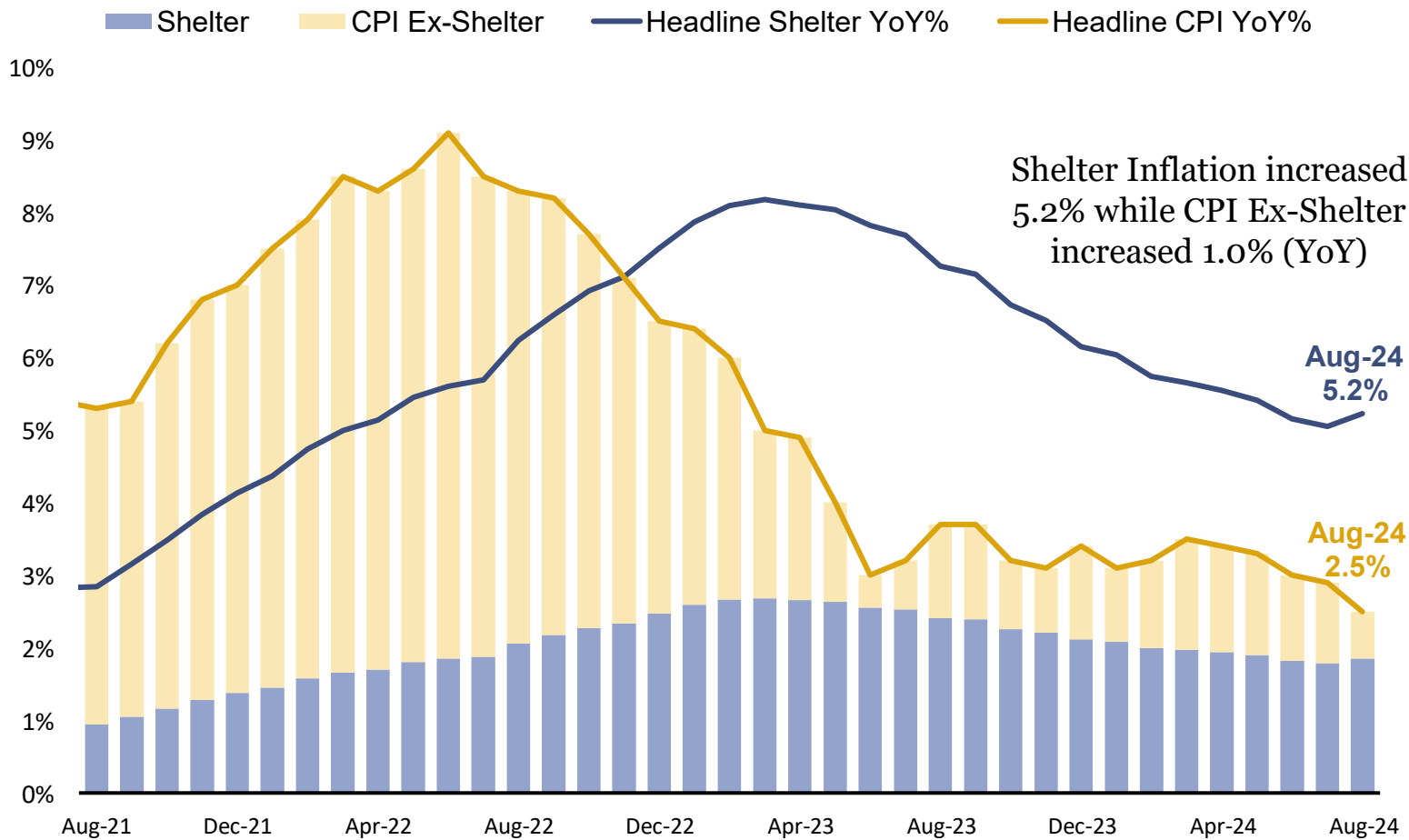
Source: Federal Reserve Chair Jerome Powell Press Conference as of September 18, 2024; National Federation of Independent Businesses, Bureau of Labor Statistics, and Bloomberg Finance L.P., as of August 31, 2024.

## Inflation Trends Lower

*Fed Chair Powell: “[H]ousing inflation is the ... one piece that is kind of dragging a bit ... it’s been slower than we expected”*

### Consumer Price Index (CPI)

Top-Line Contributions, Year-over-Year Changes



The shelter component of CPI continues to remain outsized accounting for 74% of the increase in the headline figure

Source: Federal Reserve Chair Jerome Powell Press Conference as of September 18, 2024; Bureau of Labor Statistics and Bloomberg Finance L.P., as of August 2024.

## Inflation and Labor Market Conditions Leave the Consumer Well-Positioned

The “**Misery Index**” is a measure of economic distress and is calculated as the sum of CPI and the Unemployment Rate. The Fed’s long-run estimate of full employment at 4 - 5% and an inflation target of 2% would produce a Misery Index reading of 6 - 7%.

### Misery Index

CPI Inflation + Unemployment Rate



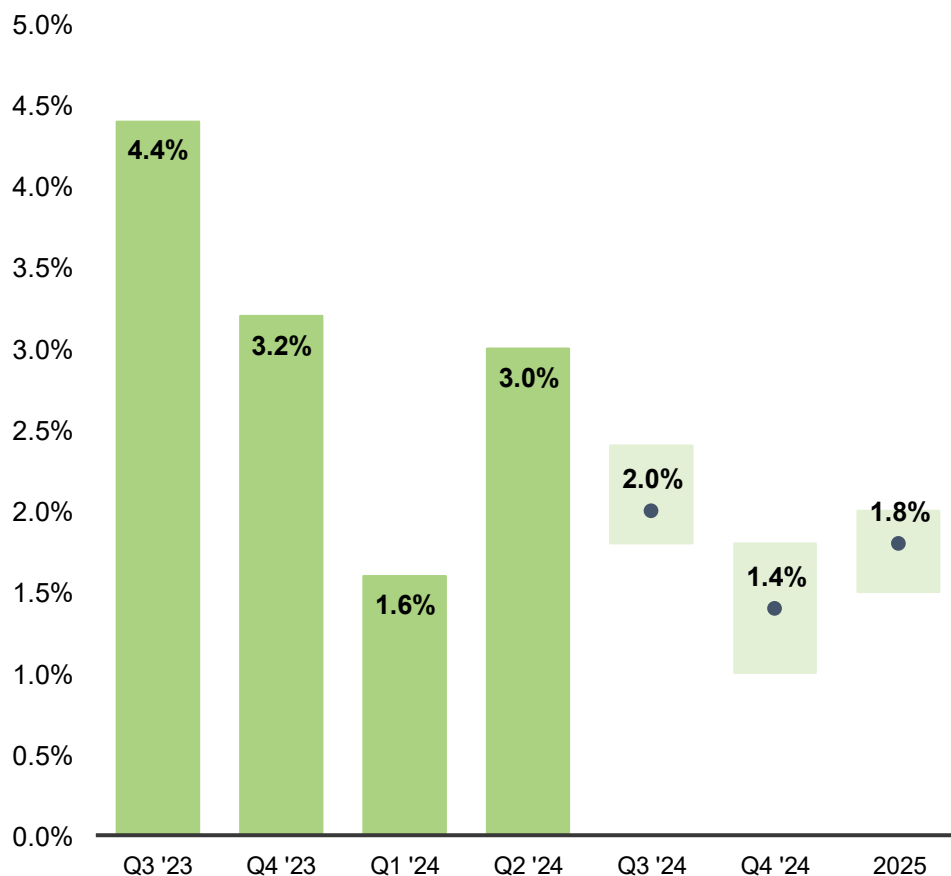
Source: Bloomberg Finance L.P., as of September 2024.

## Consumer Activity Remains Solid

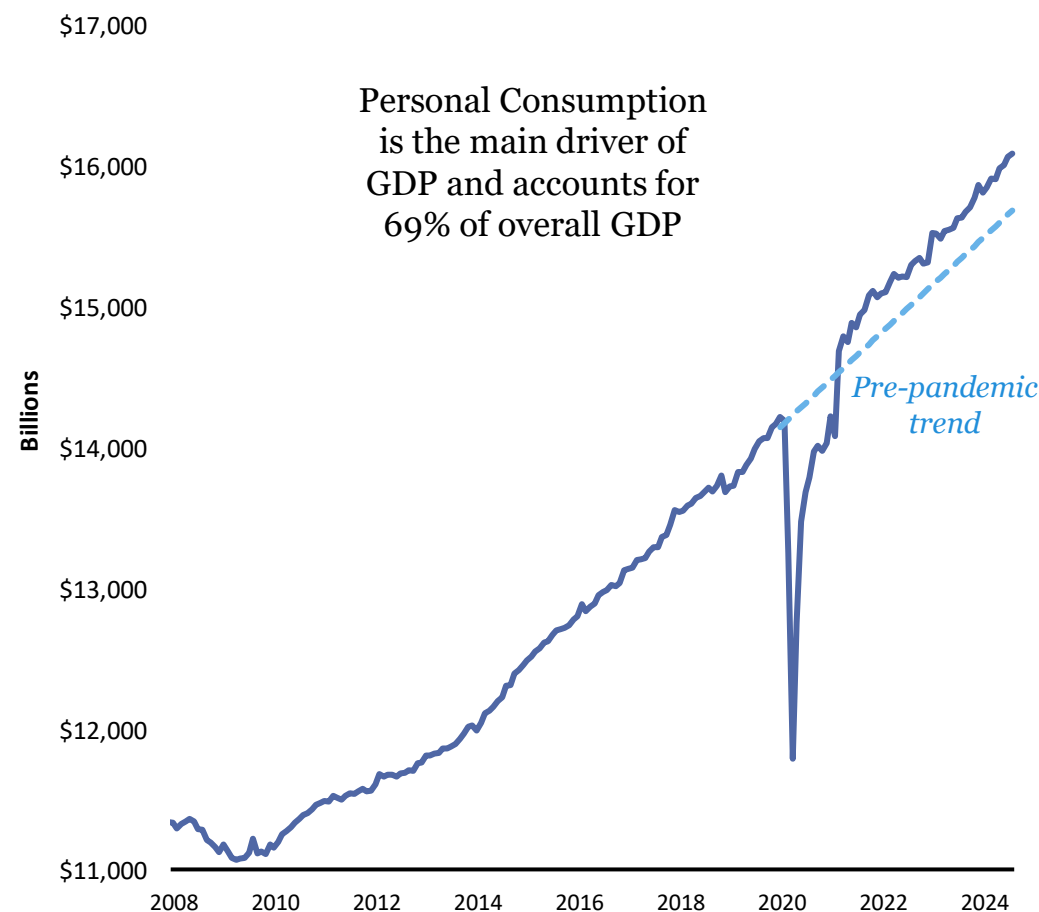
*Fed Chair Powell: "...if you look at the growth in economic activity data—the [September] retail sales data [and] second quarter GDP—all of this indicates an economy that is still growing at a solid pace."*

### U.S. GDP Forecasts Annualized Rate

■ Actual    ■ Range    ● Median of Forecasts



### U.S. Real Personal Consumption Expenditure



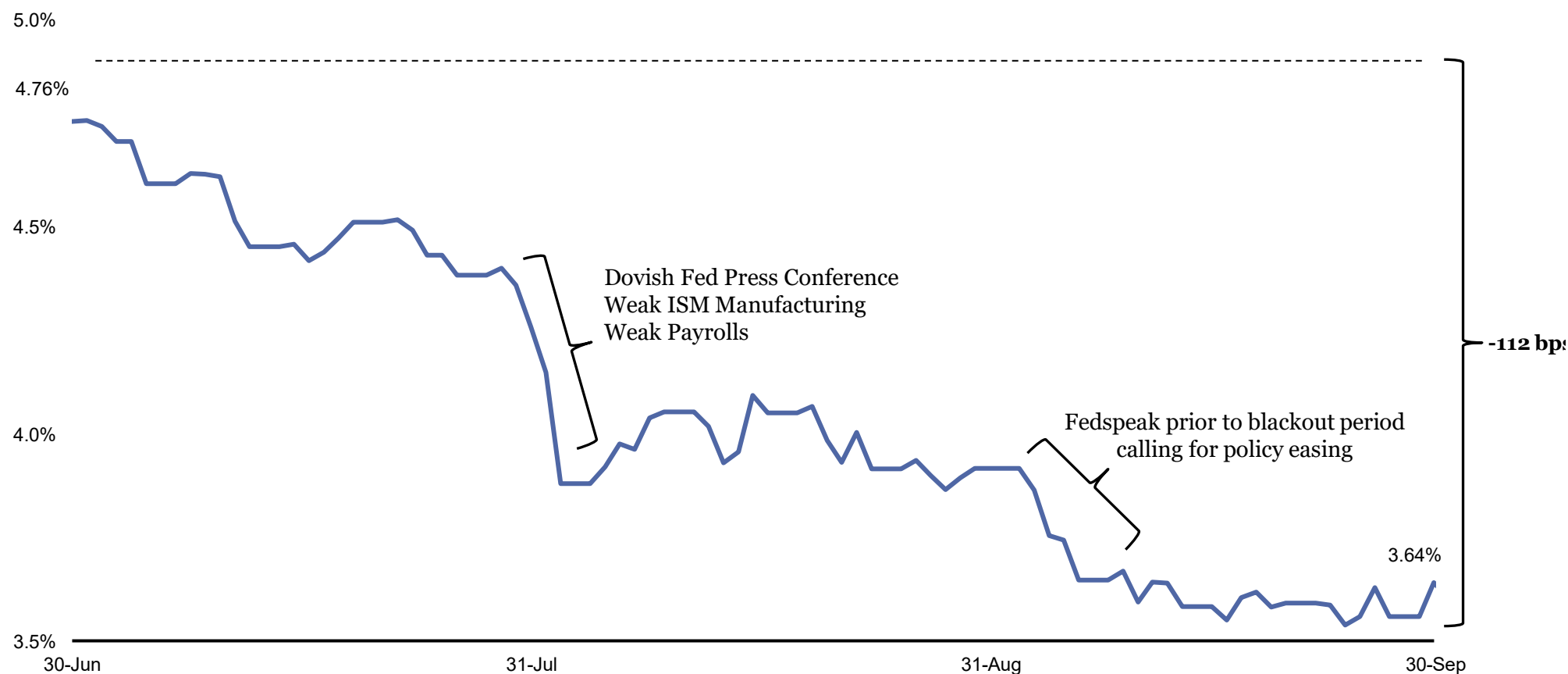
Source: Federal Reserve Chair Jerome Powell Press Conference as of September 18, 2024; (Left) Bureau of Economic Analysis and Bloomberg Finance L.P. as of September 2024. (Right) U.S. Census Bureau and Bloomberg Finance L.P., as of August 2024.



## Yields Reprice Lower In Anticipation of Fed Cuts

*Fed Chair Powell: "...we're recalibrating policy down over time to a more neutral level. And we're moving at the pace that we think is appropriate given developments in the economy... The economy can develop in a way that would cause us to go faster or slower..."*

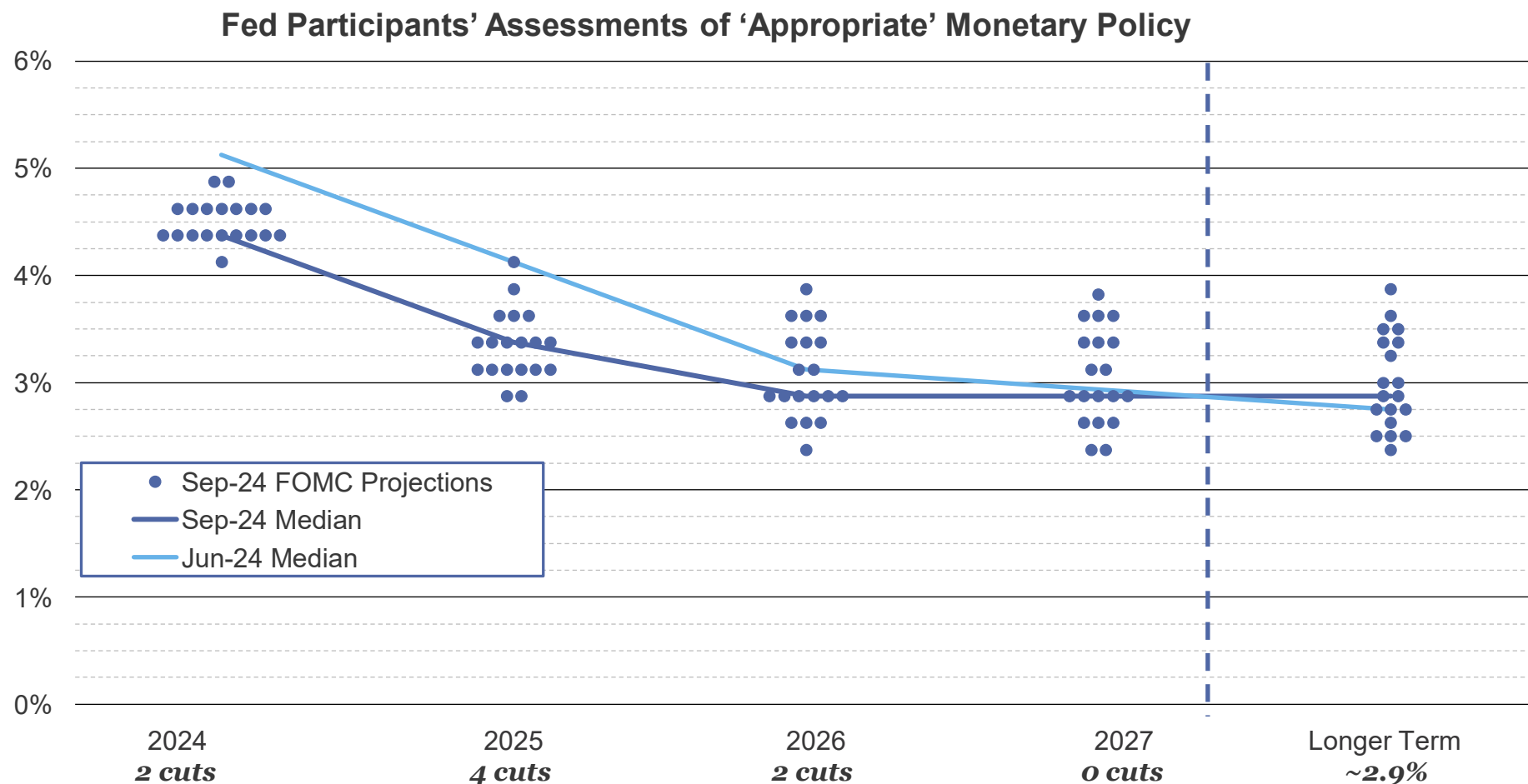
### 2-Year U.S. Treasury Yield June 30, 2024 – September 30, 2024



Source: Federal Reserve Chair Jerome Powell Press Conference as of September 18, 2024; Bloomberg Finance L.P., as of September 30, 2024.

## The Fed's Latest "Dot Plot"

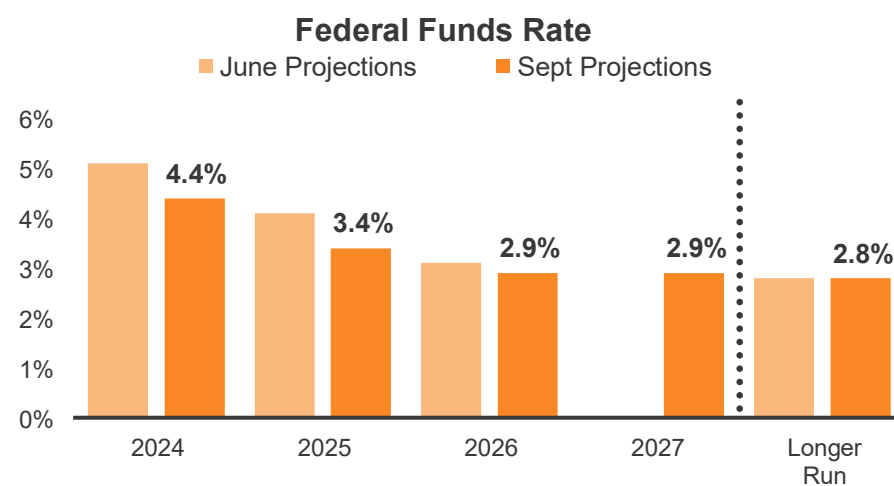
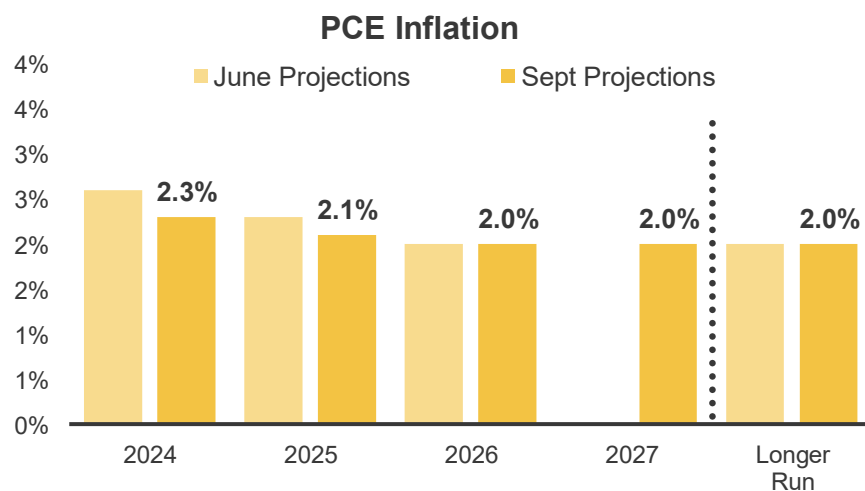
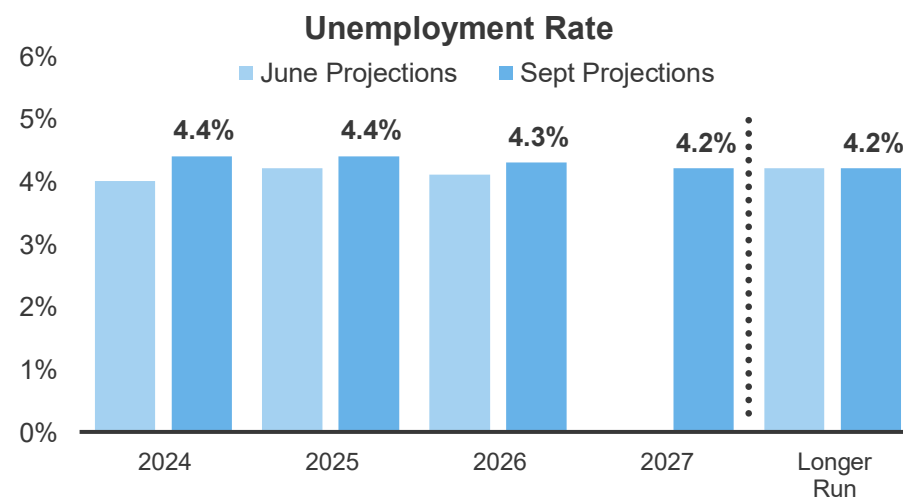
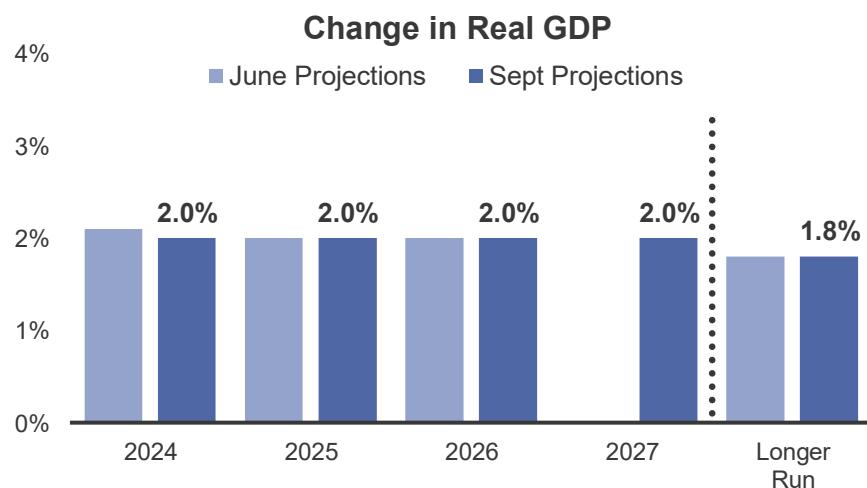
*Fed Chair Powell: "There's nothing in the [dots] that suggests the committee is in a rush to get this done."*



Source: Federal Reserve Chair Jerome Powell Press Conference as of September 18, 2024; Federal Reserve; Bloomberg Finance L.P.. Individual dots represent each Fed members' judgement of the midpoint of the appropriate target range for the federal funds rate at each year-end.

## Fed's Updated Summary of Economic Projections

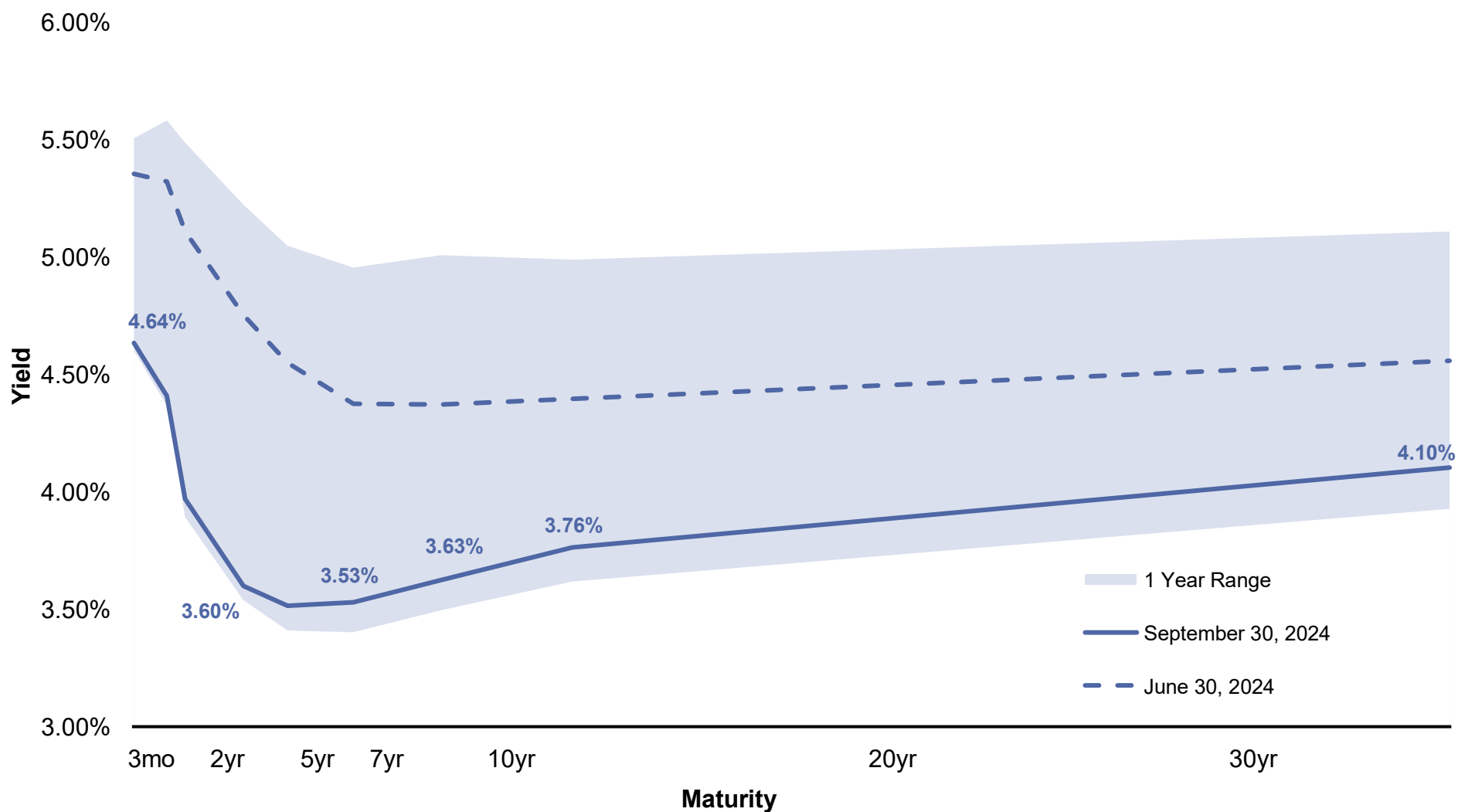
*Fed Chair Powell: "These median projections are lower than in June, consistent with projections for lower inflation and higher unemployment, as well as the change to balance of risks."*



Source: Federal Reserve Chair Jerome Powell Press Conference; Federal Reserve. As of September 2024.

## U.S. Treasury Yields Fall as the Yield Curve Begins to Disinvert

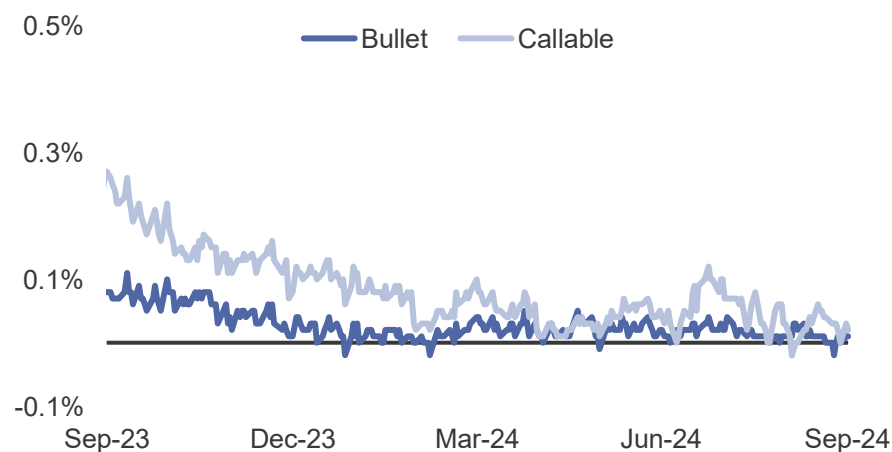
## U.S. Treasury Yield Curve



Source: Bloomberg Finance L.P., as of September 30, 2024

## Sector Yield Spreads

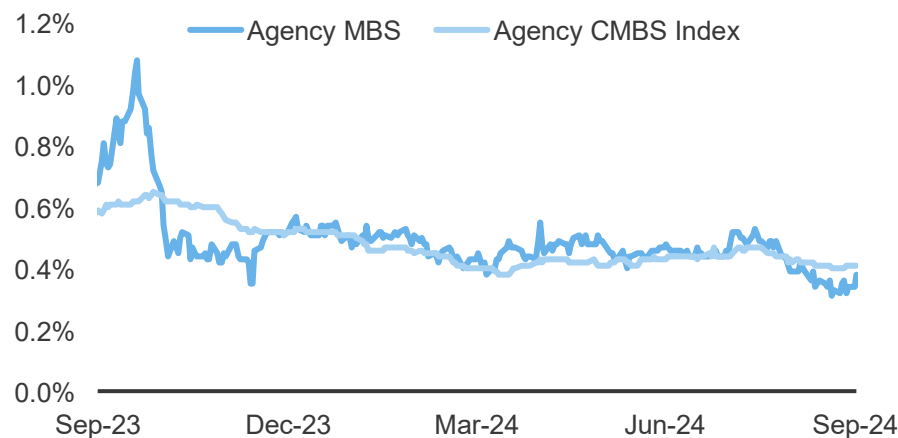
### Federal Agency Yield Spreads



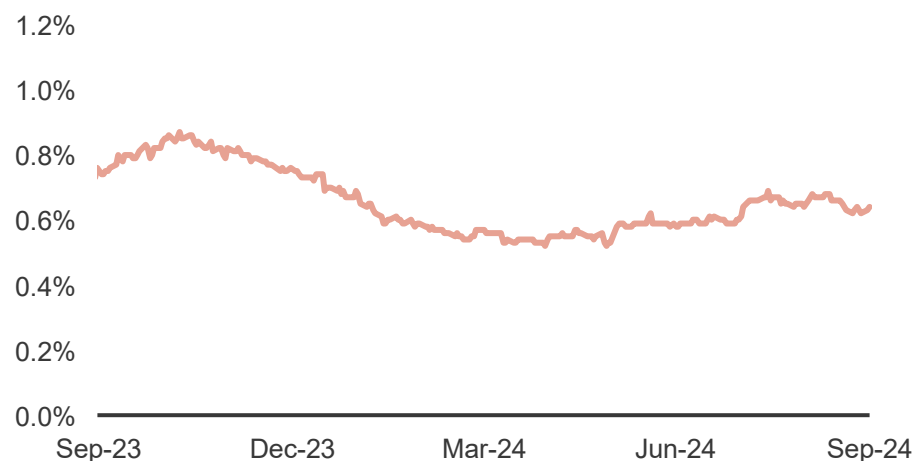
### Corporate Notes A-AAA Yield Spreads



### Mortgage-Backed Securities Yield Spreads

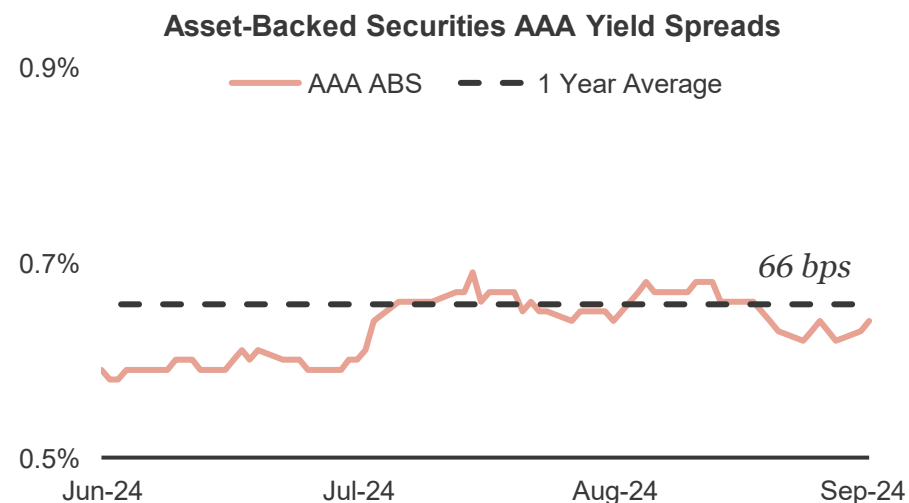
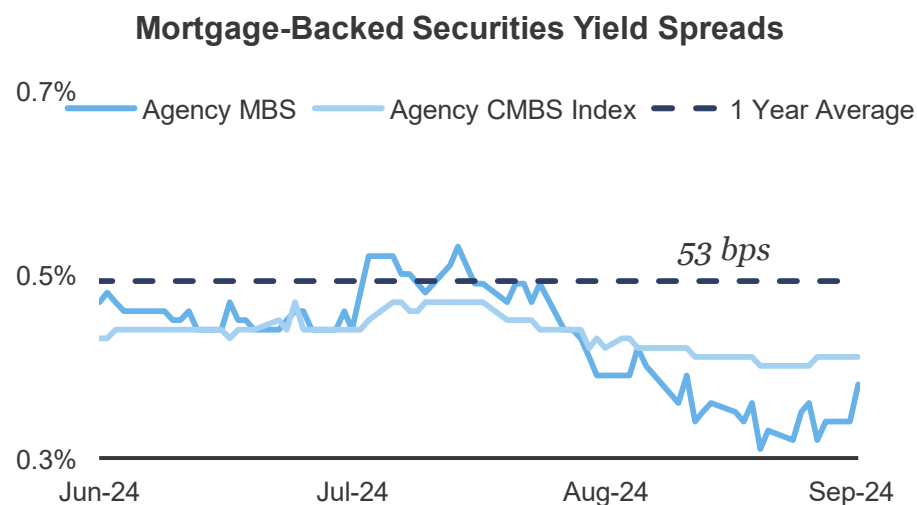
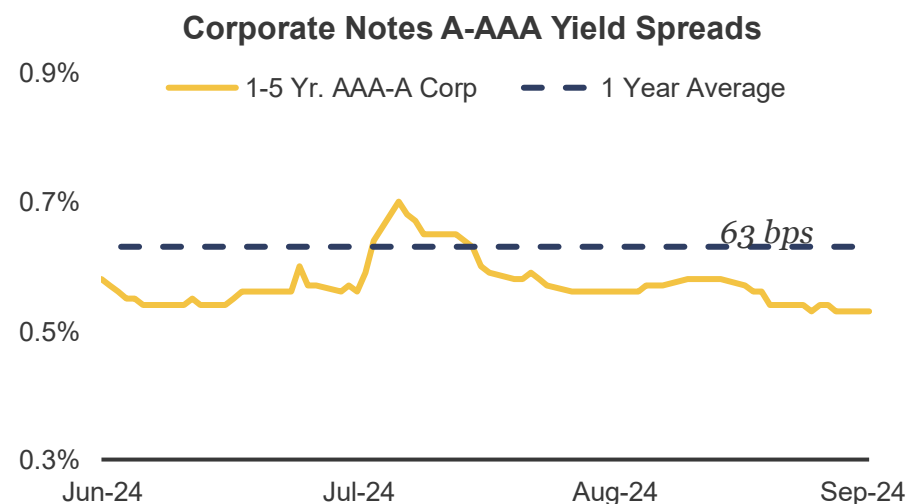
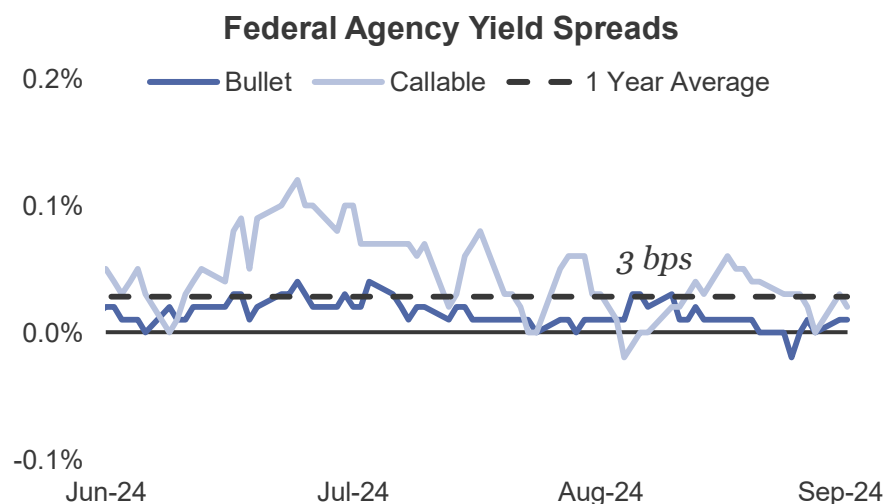


### Asset-Backed Securities AAA Yield Spreads



Source: ICE BofA 1-5 year Indices via Bloomberg, MarketAxess and PFMAM as of September 30, 2024. Spreads on ABS and MBS are option-adjusted spreads of 0-5 year indices based on weighted average life; spreads on agencies are relative to comparable maturity Treasuries. CMBS is Commercial Mortgage-Backed Securities and represented by the ICE BofA Agency CMBS Index.

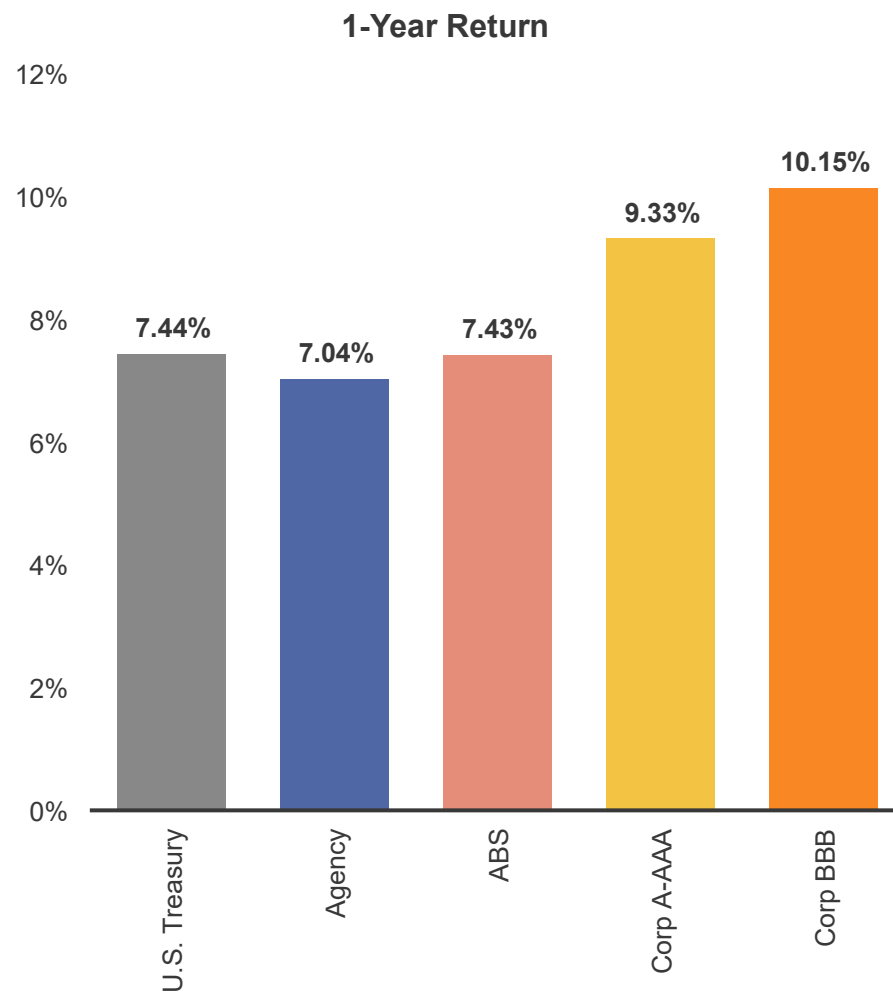
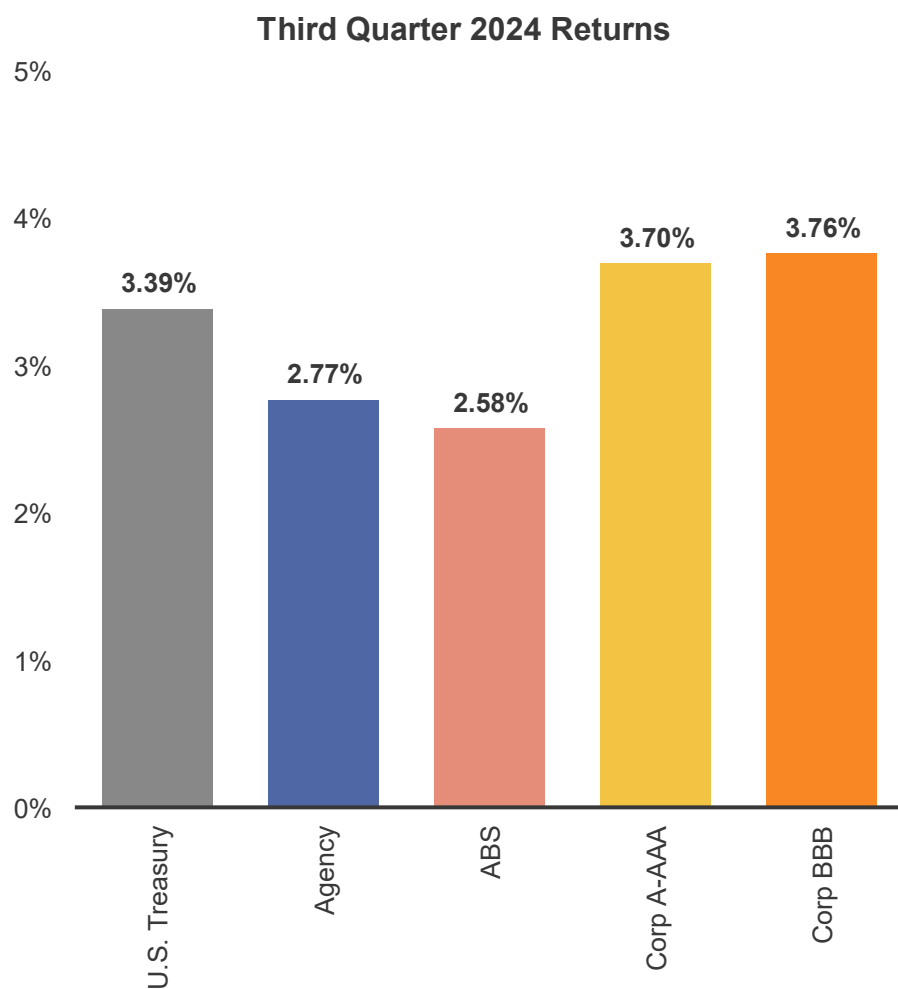
## Sector Yield Spreads



Source: ICE BofA 1-5 year Indices via Bloomberg, MarketAxess and PFMAM as of September 30, 2024. Spreads on ABS and MBS are option-adjusted spreads of 0-5 year indices based on weighted average life; spreads on agencies are relative to comparable maturity Treasuries. CMBS is Commercial Mortgage-Backed Securities and represented by the ICE BofA Agency CMBS Index.

## Fixed-Income Index Total Returns in 3Q 2024

## 1-5 Year Indices



Source: ICE BofA Indices. ABS indices are 0-5 year, based on weighted average life. As of September 30, 2024.

## Factors to Consider for 6-12 Months

### Monetary Policy (Global):



- The Fed has begun its easing cycle with a 50 basis point (bp) cut. The FOMC's September median "dot plot" projection suggests an additional 50 bps in rate cuts by the end of the year "if the economy performs as expected". The projections also calls for an additional full percentage point of cuts in 2025.
- The global easing cycle is underway with nearly all major central banks (excluding the Bank of Japan) completing multiple rate cuts.

### Economic Growth (Global):



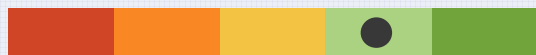
- U.S. economic growth remains strong reflecting a consumer who continues to spend at elevated levels.
- Economic growth outside the U.S. remains mixed.
- China has moved forward with a package of stimulus measures aimed to boost growth. The country remains poised to take additional swift action should it be deemed necessary.

### Inflation (U.S.):



- Inflation continues its trend lower but has been buoyed by stubborn housing costs.
- The broad-based inflation cooling helped fuel the Fed's decision to cut by 50 bps but policy makers note they are not declaring victory on price stability.

### Financial Conditions (U.S.):



- The continuation of stable market measures, such as narrow corporate yield spreads, record equity index levels and low volatility, reflect economic confidence.
- We remain focused on the cooling labor market and effects this might have on the consumer as potential catalysts for a broader slow down, but that is not our base case expectation.

### Consumer Spending (U.S.):



- The consumer continues to spend and support economic strength. Upward revisions to the personal savings rate paint the consumer in better light than previously thought but the trend of consumers dipping into savings continues.
- Moderation in the pace of overall spending is expected given slowing wage growth and cooling labor market conditions.

### Labor Markets:



- The labor market continues to moderate from extremely strong levels seen in prior quarters. The recent downward revisions to nonfarm payrolls through March 2024 further emphasized the cooling.
- Other labor metrics remain well positioned such as the layoffs and discharge rate pointing towards moderation rather than deterioration.













● Current outlook    ○ Outlook one quarter ago



Statements and opinions expressed about the next 6-12 months were developed based on our independent research with information obtained from Bloomberg and FactSet. The views expressed within this material constitute the perspective and judgment of PFM Asset Management LLC at the time of distribution (9/30/2024) and are subject to change. Information is obtained from sources generally believed to be reliable and available to the public; however, PFM Asset Management LLC cannot guarantee its accuracy, completeness, or suitability.



## Fixed-Income Sector Outlook – 4Q 2024

Sector	Our Investment Preferences
COMMERCIAL PAPER / CD	
TREASURIES	
T-Bill	
T-Note	
FEDERAL AGENCIES	
Bullets	
Callables	
SUPRANATIONALS	
CORPORATES	
Financials	
Industrials	
SECURITIZED	
Asset-Backed	
Agency Mortgage-Backed	
Agency CMBS	
MUNICIPALS	

● Current outlook

○ Outlook one quarter ago

Negative

Slightly Negative

Neutral

Slightly Positive

Positive

## Certificate of Compliance

During the reporting period for the quarter ended September 30, 2024, the account(s) managed by PFM Asset Management ("PFMAM") were in compliance with the applicable investment policy and guidelines as furnished to PFMAM.

Acknowledged : *PFM Asset Management LLC*

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

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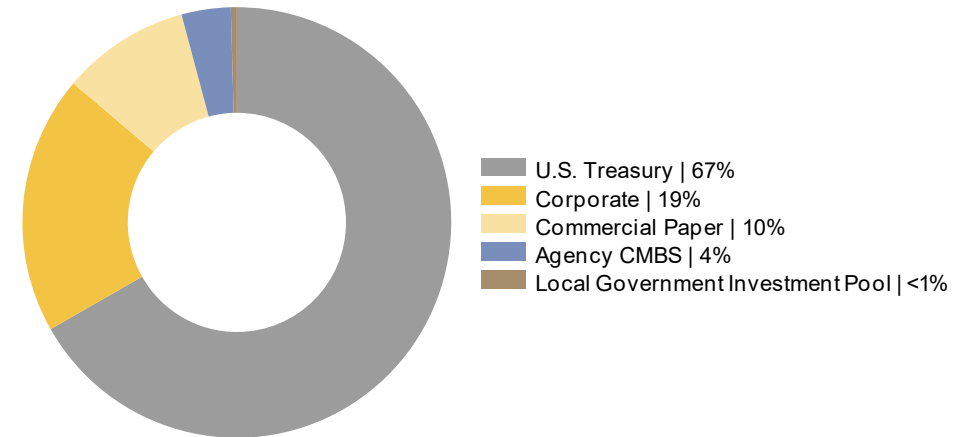
## Account Summary

## Consolidated Summary

## Account Summary

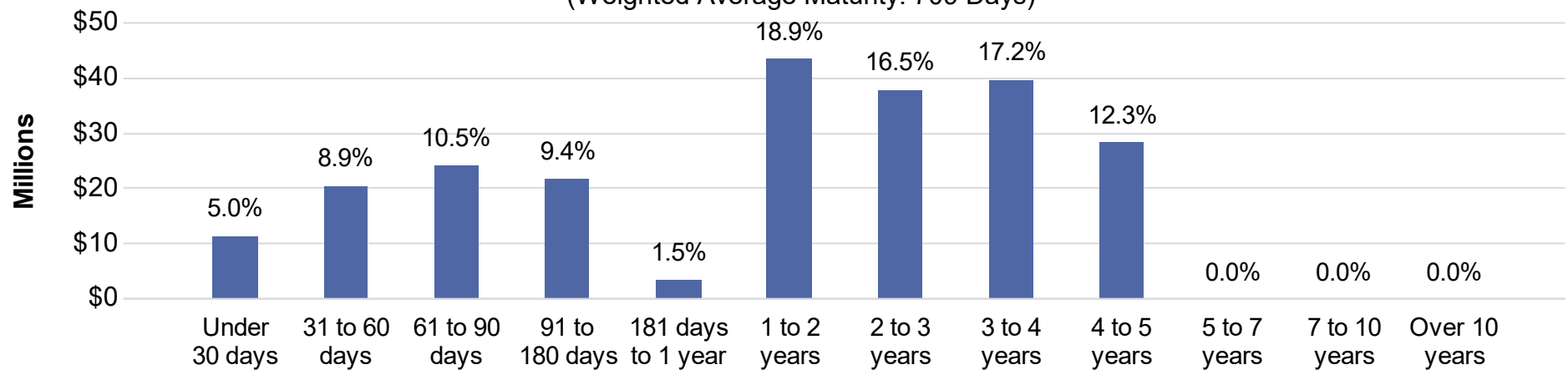
<b>WGIF</b>	\$107,903,829
<b>WGIF Managed Account</b>	\$229,065,568
<b>Total Program</b>	<b>\$336,969,397</b>

## Sector Allocation



## Maturity Distribution

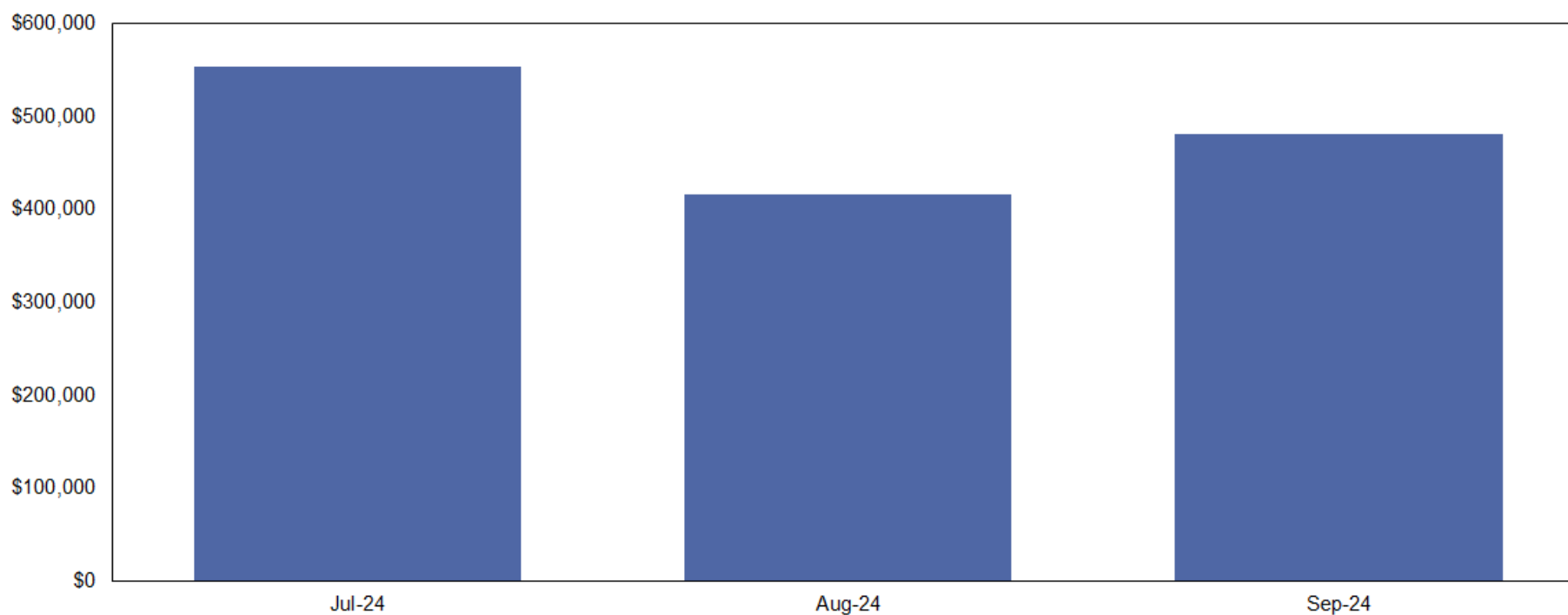
(Weighted Average Maturity: 709 Days)



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

2. Sector allocation and maturity distribution only include Core and Short Term portfolios

### Accrual Income Dividend Reinvestment UW General Fund & UW University Deposit



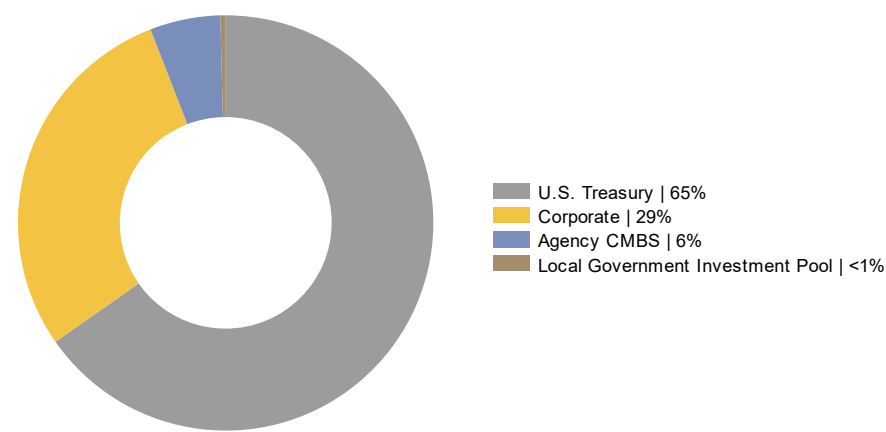
	July 2024	August 2024	September 2024
UW General Fund	\$520,320	\$382,574	\$450,027
UW University Deposit	\$33,909	\$33,478	\$31,859
<b>Total Accrual Income</b>	<b>\$554,229</b>	<b>\$416,052</b>	<b>\$481,886</b>

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

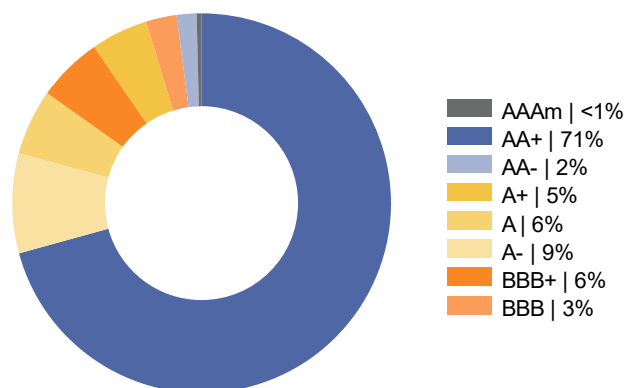
### Portfolio Statistics

<b>Total Market Value</b>	\$155,137,620.49
Managed Account Sub-Total	\$153,263,368.03
Accrued Interest	\$1,230,083.66
Pool	\$644,168.80
<b>Portfolio Effective Duration</b>	2.54 years
<b>Benchmark Effective Duration</b>	2.51 years
<b>Yield At Cost</b>	3.92%
<b>Yield At Market</b>	3.80%
<b>Portfolio Credit Quality</b>	AA

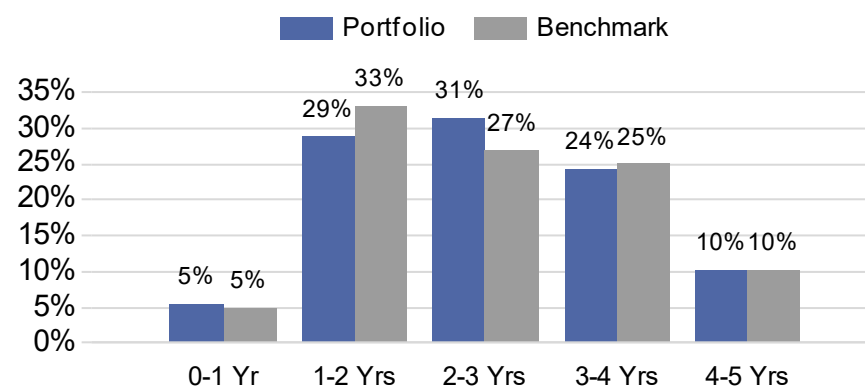
### Sector Allocation



### Credit Quality - S&P



### Duration Distribution



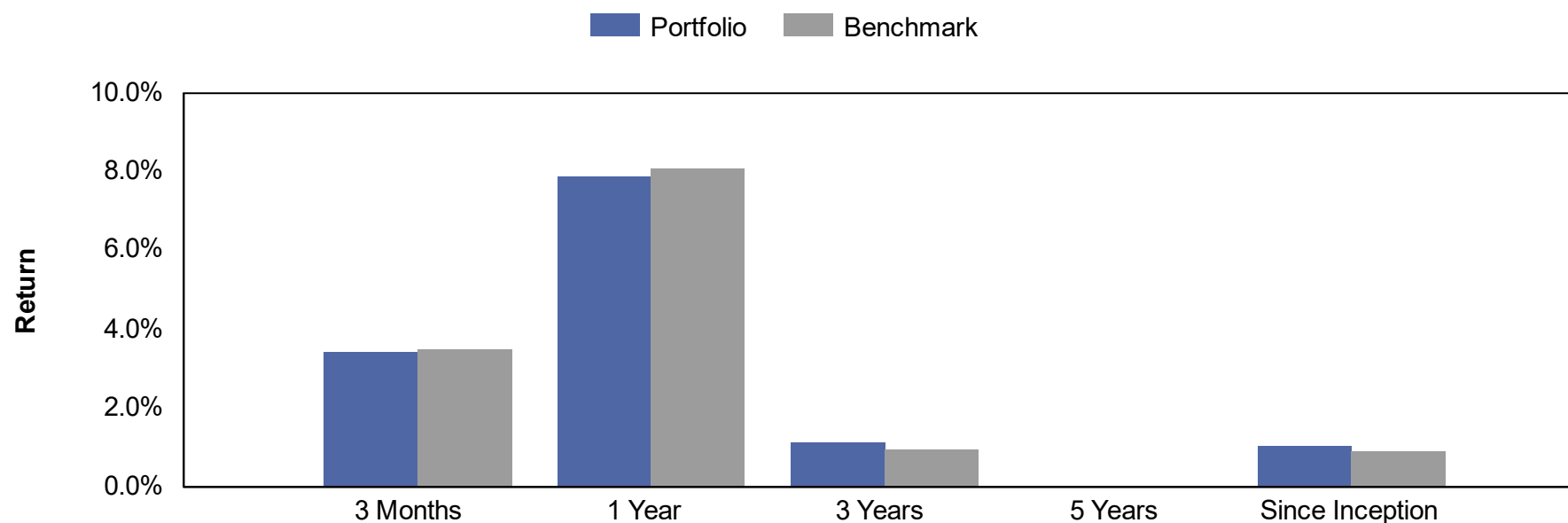
1. Total market value includes accrued interest and balances invested in WGIF, as of September 30, 2024.

Yield and duration calculations exclude balances invested in WGIF.

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

An average of each security's credit rating was assigned a numeric value and adjusted for its relative weighting in the portfolio.

## Portfolio Performance



Market Value Basis Earnings	3 Months	1 Year	3 Years	5 Years	Since Inception <sup>1</sup>
Interest Earned <sup>2</sup>	\$1,301,715	\$3,393,634	\$6,470,144	-	\$6,847,799
Change in Market Value	\$3,546,662	\$5,631,498	(\$1,139,281)	-	(\$1,326,486)
<b>Total Dollar Return</b>	<b>\$4,848,377</b>	<b>\$9,025,132</b>	<b>\$5,330,863</b>	<b>-</b>	<b>\$5,521,313</b>
<b>Total Return<sup>3</sup></b>					
Portfolio	3.44%	7.89%	1.14%	-	1.05%
Benchmark <sup>4</sup>	3.48%	8.10%	0.97%	-	0.92%
<b>Difference</b>	<b>-0.04%</b>	<b>-0.21%</b>	<b>0.18%</b>	<b>-</b>	<b>0.13%</b>

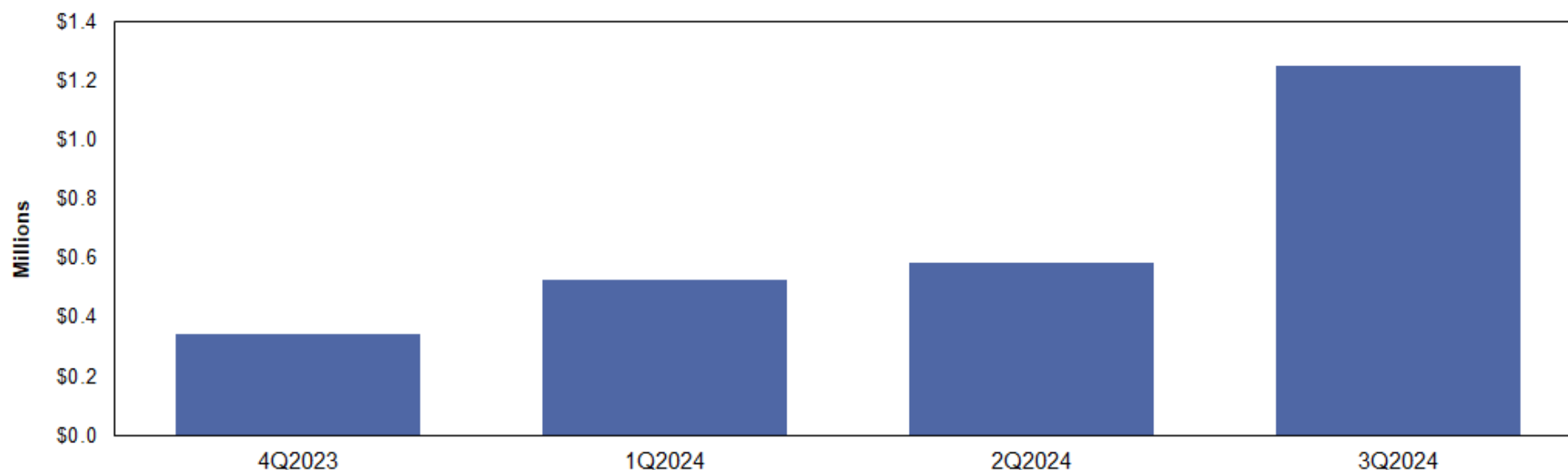
1. The lesser of 10 years or since inception is shown. Since inception returns for periods one year or less are not shown. Performance inception date is March 31, 2021.

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

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



Accrual Basis Earnings	4Q2023	1Q2024	2Q2024	3Q2024
Interest Earned <sup>1</sup>	\$643,653	\$686,611	\$761,656	\$1,301,715
Realized Gains / (Losses) <sup>2</sup>	(\$332,052)	(\$231,528)	(\$278,045)	(\$163,869)
Change in Amortized Cost	\$30,072	\$73,343	\$101,900	\$111,439
<b>Total Earnings</b>	<b>\$341,673</b>	<b>\$528,426</b>	<b>\$585,512</b>	<b>\$1,249,284</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.

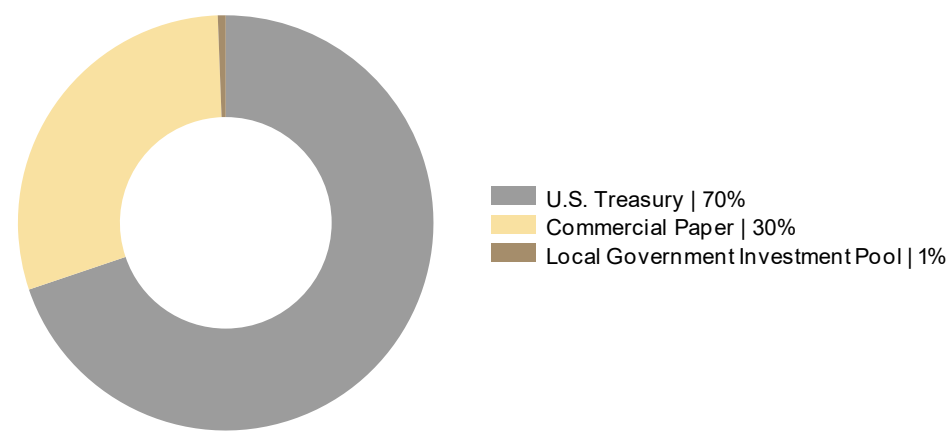


## Portfolio Snapshot - WGIF-UNIVERSITY OF WYOMING SHORT TERM<sup>1</sup>

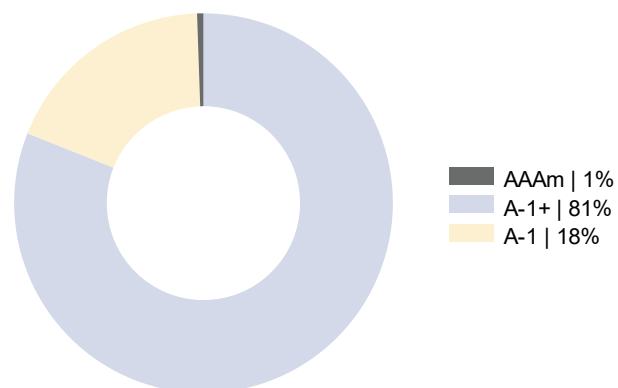
### Portfolio Statistics

<b>Total Market Value</b>	\$74,995,139.12
Managed Account Sub-Total	\$74,572,116.24
Accrued Interest	\$0.00
Pool	\$423,022.88
<b>Portfolio Effective Duration</b>	0.19 years
<b>Benchmark Effective Duration</b>	0.40 years
<b>Yield At Cost</b>	4.96%
<b>Yield At Market</b>	5.08%
<b>Portfolio Credit Quality</b>	AA

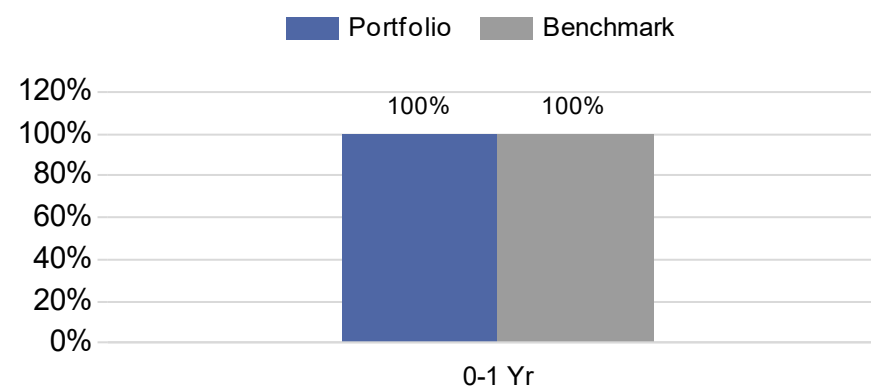
### Sector Allocation



### Credit Quality - S&P



### Duration Distribution



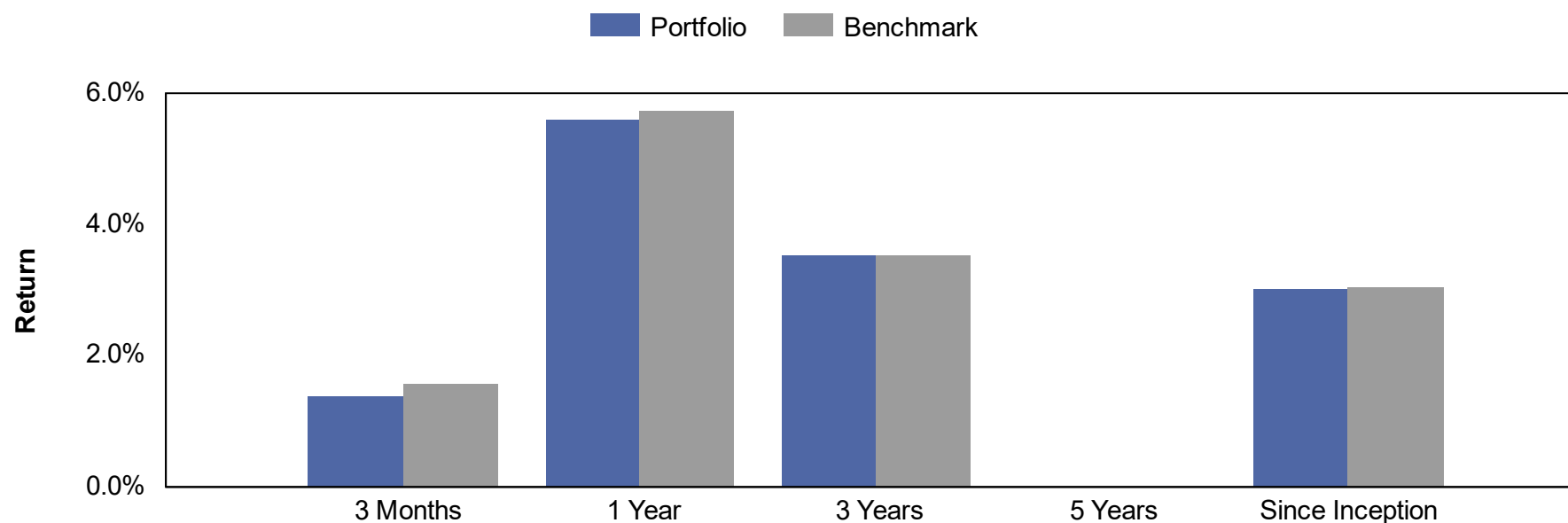
1. Total market value includes accrued interest and balances invested in WGIF, as of September 30, 2024.

Yield and duration calculations exclude balances invested in WGIF.

The portfolio's benchmark is the ICE BofA 6 Month U.S. Treasury Bills Index. Source: Bloomberg Financial LP.

An average of each security's credit rating was assigned a numeric value and adjusted for its relative weighting in the portfolio.

## Portfolio Performance



Market Value Basis Earnings	3 Months	1 Year	3 Years	5 Years	Since Inception <sup>1</sup>
Interest Earned <sup>2</sup>	\$48,981	\$551,055	\$1,522,118	-	\$1,655,707
Change in Market Value	\$908,097	\$4,516,551	\$8,568,977	-	\$8,452,952
<b>Total Dollar Return</b>	<b>\$957,078</b>	<b>\$5,067,606</b>	<b>\$10,091,095</b>	<b>-</b>	<b>\$10,108,659</b>
<b>Total Return<sup>3</sup></b>					
Portfolio	1.39%	5.59%	3.52%	-	3.01%
Benchmark <sup>4</sup>	1.58%	5.73%	3.54%	-	3.03%
<b>Difference</b>	<b>-0.19%</b>	<b>-0.14%</b>	<b>-0.02%</b>	<b>-</b>	<b>-0.02%</b>

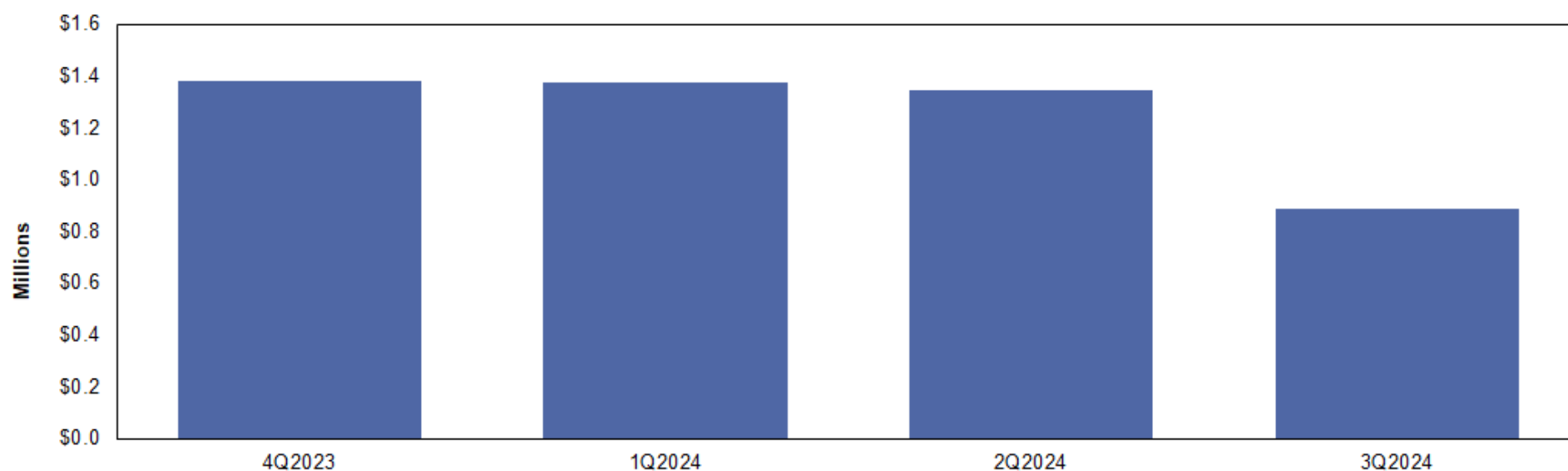
1. The lesser of 10 years or since inception is shown. Since inception returns for periods one year or less are not shown. Performance inception date is March 31, 2021.

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

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



Accrual Basis Earnings	4Q2023	1Q2024	2Q2024	3Q2024
Interest Earned <sup>1</sup>	\$161,252	\$265,695	\$75,127	\$48,981
Realized Gains / (Losses) <sup>2</sup>	-	-	-	-
Change in Amortized Cost	\$1,216,907	\$1,107,905	\$1,270,043	\$839,975
<b>Total Earnings</b>	<b>\$1,378,159</b>	<b>\$1,373,600</b>	<b>\$1,345,171</b>	<b>\$888,956</b>

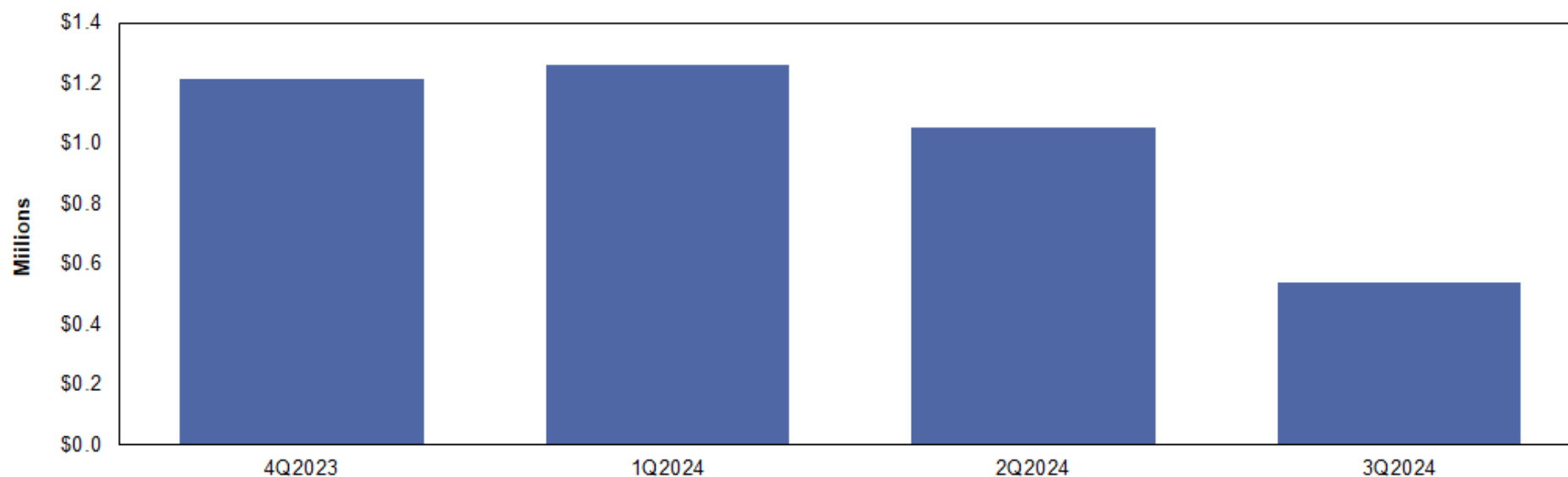
1. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.

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

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## Portfolio Review: WGIF-UOW 2021 Construction Funds

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



Accrual Basis Earnings	4Q2023	1Q2024	2Q2024	3Q2024
Interest Earned <sup>1</sup>	\$881,859	\$544,987	\$420,775	\$449,905
Realized Gains / (Losses) <sup>2</sup>	-	-	-	(\$70,339)
Change in Amortized Cost	\$330,716	\$714,847	\$630,721	\$159,571
<b>Total Earnings</b>	<b>\$1,212,575</b>	<b>\$1,259,834</b>	<b>\$1,051,496</b>	<b>\$539,136</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.

## 2021C Bond Proceeds

Remaining Bond Proceeds at 9/30/24:	Total
WGIF	\$ 2,381,896
Demand Deposit SLGS (avg annualized effective rate 3.77%)	<u>46,460,316</u>
Total	\$48,842,212

- \$46,300,000 was invested in Demand Deposit SLGS (State and Local Government Series) in early September 2024.
- Earnings on demand deposit SLGS for September was \$118,079.
- Additional investment income of \$42,237 was earned on the funds while held in a trust account for 10 days before they could be invested in demand deposit SLGS.

# Total UW Portfolio

Account	Total as of September 30, 2024
WGIF	\$107,903,829
Short Term	74,995,139
Core	155,137,620
Construction Funds-WGIF	2,381,896
Construction Funds-Demand Deposit SLGS	<u>46,460,316</u>
<b>Total UW Portfolio</b>	<b>\$386,878,800</b>

**FISCAL AND LEGAL AFFAIRS COMMITTEE**  
**COMMITTEE MEETING MATERIALS**

**AGENDA ITEM TITLE:** Status of Follow-up Activity

- ☒ OPEN SESSION  
☐ CLOSED SESSION

**PREVIOUSLY DISCUSSED BY COMMITTEE:**

- ☐ Yes  
☒ No

**FOR FULL BOARD CONSIDERATION:**

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

**EXECUTIVE SUMMARY:** According to the Institute of Internal Auditors Global Internal Audit Standards, internal auditors must establish a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the residual risks associated with maintaining the status quo and not taking further corrective action.

**PRIOR RELATED COMMITTEE DISCUSSIONS/ACTIONS:** None

**WHY THIS ITEM IS BEFORE THE COMMITTEE:** Regular report to the Committee regarding status of Internal Audit activities.

**ACTION REQUIRED AT THIS COMMITTEE MEETING:** None

**PROPOSED MOTION:** None

## Background:





Institute of Internal Auditors' Standards state that the chief audit executive must establish and maintain a system to monitor the disposition of results previously communicated to management and must establish a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking the recommended action(s).

The Internal Audit team will present all management action plans for which a follow-up may be required, even if the planned implementation date is well into the future. The current status of the open Management Action Plans is presented below.

### Management Action Plans that Internal Audit is currently monitoring:

Index	Audit Period	Issued	Entity Name	Nature of Management Action Plan	# of Action Plans	Completed	Remaining	Latest Target Completion Date	Past Due?	Internal Audit Notes
21-2x	2020-2021	1/7/2021	Art Museum	Carried forward - ongoing	1	1	0	July 20, 2021	No	Considered complete. See executive session.
21-3	2020-2021	9/14/2022	Academic Affairs (COM)	Policies and procedures documentation	1	0	1	September 22, 2024	No	Original date: Mar 13, 2023
22-2	2021-2022	11/1/2022	Student Course/Program Fees	Banner - Inaccurate billing	1	1	0	May 3, 2024	No	Complete.
22-3	2021-2022	9/8/2022	Student Health Services	Quality controls for accreditation	4	0	4	June 20, 2025	No	Original date: June 8, 2023
22-5	2021-2022	1/25/2023	HR/Payroll	Onboarding I-9 & funding forms	2	0	2	September 22, 2024	No	Original date: Oct. 1, 2023
22-6	2021-2022	7/17/2023	Capital Construction Projects	Revisions to documentation	2	1	1	April 17, 2024	Yes	Pending validation (10/31)
23-1	2022-2023	3/2/2023	General Facility and Deferred Maintenance	Revisions to documentation	2	1	1	September 1, 2023	Yes	Pending validation (10/31)
23-2	2022-2023	7/18/2023	College of Health Sciences (COM)	Aligning strategic objectives	3	2	1	October 1, 2024	No	Original date: July 18, 2023
23-6	2022-2023	12/13/2023	HR/Payroll On/offboarding	Access controls New employee training Part-time offboarding checklists	3	3	0	June 13, 2024	No	1. Complete. 2. Complete. 3. Complete.
23-7	2022-2023	11/28/2023	Research and Economic Development (COM)	Strat. plan, Accounting transparency	3	0	3	September 15, 2024	No	Pending validation
24-1x	2023-2024	10/26/2023	College of Agriculture	Carried forward - ongoing	7	6	1	April 1, 2024	Yes	See executive session.
24-2	2023-2024	12/13/2023	Information Technology	On/Off boarding procedures	1	1	0	June 13, 2024	No	Complete.
24-3	2023-2024	10/17/2023	ASUW	Fin. Mgmt, budgeting, fees	3	0	3	July 17, 2024	No	Pending validation
24-4	2023-2024	12/14/2023	Alumni Association	Fund mgmt, Documentation, WyoCloud	3	0	3	September 30, 2024	No	Pending validation
Total Tracked:					36	16	20			

The table above summarizes all management action plans outstanding, showing:

- 36 management action plans are being monitored
- 11 more have been completed since the last meeting 
- 20 remain open. Of the 20...
  - 12 are awaiting internal audit validation 
    - 3 Action Plans pending validation are past due 
  - 8 had been extended by former auditors  and have not yet been addressed
  - All MAPs being tracked are now due and ready for follow-up by Internal Auditors.

Note that items 22-2, 23-6 and 24-2 involved collaboration with the Application Security Office (ASO), which has been systematically automating processes to remove terminated employees from the Active Directory, so that no applications can be accessed. This activity occurs nightly at midnight.

Some processes for individuals who are transferred/promoted, or who continue to need access (such as students) are still manual, and the ASO identifies application access changes and corresponds with these individuals and department leaders to ensure only appropriate access is granted. It is unlikely that these processes can be fully automated, as human intervention and decision-making is essential.

**FISCAL AND LEGAL AFFAIRS COMMITTEE**  
**COMMITTEE MEETING MATERIALS**

**AGENDA ITEM TITLE:** Status of Internal Audit Plan

- ☒ OPEN SESSION  
☐ CLOSED SESSION

**PREVIOUSLY DISCUSSED BY COMMITTEE:**

- ☐ Yes  
☒ No

**FOR FULL BOARD CONSIDERATION:**

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

☒ *Attachments/materials are provided in advance of the meeting.*

**EXECUTIVE SUMMARY:** The annual Internal Audit Plan was approved by the Fiscal and Legal Affairs Committee (FLAC) of the Board of Trustees in May 2024. No audits have been completed, and the plan has been presented here noting prioritization of audits/projects for the current plan year.

**PRIOR RELATED COMMITTEE DISCUSSIONS/ACTIONS:** None

**WHY THIS ITEM IS BEFORE THE COMMITTEE:** Regular reporting to the Committee regarding the status of progress made on completion of the Internal Audit Plan.

**ACTION REQUIRED AT THIS COMMITTEE MEETING:** None

**PROPOSED MOTION:** None

## Background:

The annual Internal Audit Plan was reviewed and approved by the Fiscal and Legal Affairs Committee (FLAC) of the Board of Trustees in the regular meeting in May of 2024. The audit plan will run through the end of the fiscal year

The approved Internal Audit Plan is presented below in its original form, and priorities have been noted in the sixth column, and effort/time incurred since the last FLAC meeting are included in column seven.

## 2024-2025 Internal Audit Plan

Hour Type	Description	Hours	(%)	Priority	Incurred
<b>GROSS HOURS</b>	<b>Total Hours Available (3 FTE)</b>	<b>6,240</b>			
<b>Holiday</b>	Hours UW is closed	864	14%		
<b>Annual Leave</b>	Vacation accrual	432	7%		16.0
<b>Sick</b>	Sick leave accrual	288	5%		
<b>Hour Type</b>		<b>4,656</b>			
<b>Training</b>	Hours assigned for UW required training and continuing education credits for certifications. Also includes 300 hours of onboarding for 2 new FTE.	544	12%		21.0
<b>Certification</b>	Quality Improvement Plan, prepare for independent verification of self-assessment of internal audit function	80	1%	3	1.5
<b>Administration</b>	research/development, web-site update, strategic planning, etc.	480	10%		47.0
<b>Advising</b>	Consultative and special projects, (i.e., collaboration with Procurement, Foundation, Risk, etc.)	240	5%		1.5
<b>Audits</b>	<b>Area</b>	<b>Reason/Risk</b>			
	NCAA (Annual)	Annual	160	3%	6
	Continuous Monitoring Progress (Annual)	Annual	80	2%	
	Risk Assessment Survey (Annual)	Planning	80	2%	
	Results and Reporting (Annual)	Planning	80	2%	
	Audit Schedule Development (Annual)	Planning	40	1%	
	Fraud, Waste, and Abuse (FWA) Investigations	As needed	312	7%	11.0
	Follow-Up Reports	Required	120	3%	1
	Cashiers (biannual review)	Biannual	120	3%	
	UW Libraries - Change of Management	Risk Assessment	140	3%	4
	Extension - Rotating Sample	Risk Assessment	160	3%	
	UW Outdoor Program	Risk Assessment	140	3%	
	Global Engagement	Risk Assessment	140	2%	
	Supplemental Pay	Risk Assessment	160	3%	
	Banner - Segregation of Duties	Risk Assessment	140	3%	
	Surplus Property	Risk Assessment	140	3%	
	Student Media	Risk Assessment	140	3%	
	Union Operations	Risk Assessment	140	3%	
	College of Agriculture - Consultative Review	Risk Assessment	120	2%	
	College of Health Sciences - Consultative Review	Risk Assessment	120	3%	
	College of Law - Change of Management	Risk Assessment	140	3%	2
	College of Education - Change of Management	Risk Assessment	140	3%	5
	Management of Reserve and Designated Fund Balances	Risk Assessment	140	3%	
	<b>Postponed from previous year</b>	<b>Reason/Risk</b>			
	HR/Payroll Incremental Review - Hiring and Recruiting	Risk Assessment	160	3%	
	Student Mental Health Resources	Risk Assessment	200	4%	
	<b>Total Remaining Hours</b>	<b>-</b>	<b>0%</b>		
				<b>0</b>	<b>257.0</b>

### Summary:

Total normal working hours available	240	(40 hrs x 6 weeks)
Vacation/Annual Leave	-16	
Sick Leave	-4	
Available Project Hours	220	

Additionally, 32 hours were incurred by the MHP Accounting firm at a cost of < \$12,500.