

UW Board of Trustees Fiscal and Legal Affairs Committee
Agenda
March 26, 2025

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

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FISCAL AND LEGAL AFFAIRS COMMITTEE

COMMITTEE MEETING MATERIALS

AGENDA ITEM TITLE: Risk Management Cost Allocation

- ☒ 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:

Following several years requiring supplemental budget requests to the State to cover rising insurance premium costs, Risk Management and General Counsel worked with Budget and Finance to develop a model to allocate a portion of the University's cost of risk to departments beyond current pass-through billing of specialty insurance premiums (such as airplanes or athletic injury) and minimal fees to departments for automobile premiums and at-fault accident deductibles.

In addition to hopefully limiting the size and frequency of future funding requests to the State, the allocation of the University's cost of risk enhances financial accountability, encourages proactive risk management, and enables data-driven decision-making. A phased implementation approach is being considered to allow departments to build the funds into their individual budgets and ensure a smooth transition. Future phases may include adjustments to the allocations based on claims or other departmental risk performance. By aligning risk costs with exposure, this initiative fosters greater transparency, incentivizes risk mitigation, and supports long-term cost efficiency across the University.

The new allocation model recently went before the Fee Book Committee. They recommended it be included in the FY26 Fee Book and it is now being considered by the Budget Committee. Attached for your information are the materials provided to the Budget Committee.

PRIOR RELATED COMMITTEE DISCUSSIONS/ACTIONS: None

WHY THIS ITEM IS BEFORE THE COMMITTEE: Information

ACTION REQUIRED AT THIS COMMITTEE MEETING: None

PROPOSED MOTION: None

Memo

To: Tara Evans, General Counsel
From: Laura Betzold, Chief Risk Officer & Senior Associate General Counsel
Date: December 9, 2024
Re: Cost of Risk (Insurance) Allocation

Overview

Allocation of the cost of risk ensures greater financial accountability, fosters a culture of proactive risk management, and enables data-driven decision-making. This memo outlines the organizational value of allocating the University's cost of risk beyond the current auto allocation and pass-through billing of operation-specific insurance policies and includes a summary of the proposed allocation methodology and critical considerations for each type of risk to be allocated.

Allocation Phase-In

The allocations to each unit on the attached spreadsheet reflect allocation of the University's full insurance premium costs for demonstration purposes only. This comprehensive view is intended to illustrate the cost of risk by unit and how the full costs would be distributed across departments based on the developed allocation methodology. The actual amount billed to each unit will represent only a portion of the total premiums, not the full amount reflected in the spreadsheet. Additionally, the implementation of cost of risk allocations may be phased in over multiple fiscal years to ensure a smooth transition and alignment with budgetary considerations. Specific determinations regarding the portion of premiums allocated and the phasing timeline will be made by Budget & Finance and communicated as part of the budget process. This approach ensures fairness and minimizes disruptions to departmental budgets while gradually increasing financial accountability for risk costs.

Value of Allocating Cost of Risk

Allocating cost of risk (insurance premiums and claims costs) to departments enhances transparency, accountability, and proactive risk management by aligning costs with exposure, encouraging safer practices, and fostering collaboration with the Risk Management Office. When departments are aware of the specific costs of their risk exposures and bear a proportional financial responsibility for the risks they create or influence, they are better positioned and encouraged to align their strategies and budgets to consider and mitigate these risks effectively. By actively managing risks, departments contribute to fewer claims and lower losses. Over time, this can lead to reduced premiums or reduced premium increases for the University as a whole, creating cost efficiencies and freeing up resources for academic and operational priorities.

While this initial phase focuses on allocation of insurance premiums, future plans include allocating claims costs or adjusting the premium allocation based on departmental claims experience, allowing departments to directly benefit from positive risk outcomes. This phased approach not only supports improved budgeting and resource allocation but also incentivizes departments to actively understand and manage risks, contributing to lower overall costs and strengthening the University's resilience and mission alignment.

Allocation Methodology

The attached spreadsheet provides a detailed allocation model for each line of coverage. Below is a summary of the basis and rationale for the allocations:

1. Property Insurance

- **Included Coverage:** Property insurance premiums are made up of several different sub-coverages beyond the repair or replacement of the real property (i.e., buildings) and each component is evaluated separately by carriers and influences our overall property premium. These sub-coverages, each of which is reflected in the allocation methodology, include the following:
 1. Personal Property – includes building contents and mobile equipment
 2. Library Contents
 3. Fine Arts – includes valuable/historical papers, includes in transit and borrowed fine arts
 4. Property Terrorism – Covers repair to buildings required resulting from a terrorist or similar (active shooter, sabotage, riot, etc.) event
 5. Boilers – Covers regulatorily mandated inspections as well as loss resulting from boiler explosion or damage
 6. Business Interruption – Covers lost income and expenses while property is being repaired or rebuilt. For example, lost rent from housing facilities, lost ticket revenue from lost athletic or performing art facilities or cost of renting/relocating an event.
- **Allocation Basis:** Real property, contents, and terrorism are allocated based on share of total square footage of real property. Fine arts and library values are assigned to buildings with significant collections. Boiler cost is assigned to operations. Business interruption value is assigned to buildings/departments with BI eligible operations.
- **Rationale:** Size/value of the property has a significant impact on losses for real property and all types of contents. Departments managing larger or higher-value assets bear a higher share of the associated insurance costs, reflecting their greater exposure to property-related risks. Allocation of contents and business interruption costs separately will allow us to work directly with units to help improve the data we have regarding these exposures to ensure our premiums are based on valid data and to consider offering optional coverages in the future (for example, departments could choose to

have coverage for mobile equipment, contents, etc. as they can currently do for ATVs, snowcats, boats and other equipment not required to be insured).

2. General Liability

- **Included Coverage:** General liability for the purpose of this allocation includes coverage for personal injury to others, advertising injury, copyright or trademark liability, employment liability, educators legal liability, professional liability, and abuse/neglect of minors. Also included in this allocation is our crime insurance which covers employee theft, dishonesty, fraud, third party financial fraud and other similar causes of loss.
- **Allocation Basis:** Departmental employee headcount and budget.
- **Rationale:** Most liability ultimately stems from employee actions, so employee headcount is one component of the allocation. Most employment practices liability claims have a wage factor and most third-party or crime claims have a financial related element that can be linked to expenses or financial authority of the individual involved. Departmental budget incorporates both wages and departmental expenses, so it was used with employee headcount to allocate general liability premiums.

3. Out-of-State Workers' Compensation & Liability Insurance

- **Allocation Basis:** Number of employees working outside the State of Wyoming and the wages of those employees.
- **Rationale:** Wyoming is a monopolistic workers' compensation state, meaning workers' compensation is provided by paying into the state fund rather than purchase of commercial insurance. When an individual works outside of Wyoming, they have the right to file worker's compensation claims in the state where they are working and in many states we have an obligation as an employer in that state to cover them with commercial insurance. We also have an increased likelihood that our governmental immunities will not apply for a liability claim caused by an out-of-state worker. Worker's compensation insurance premiums are driven by number of employees and because workers' compensation provides wage replacement during an injury it is also driven by wage of the workers who are covered. Allocation of costs associated with the coverage will encourage consideration of risk when making decisions to hire out-of-state workers and will also encourage accurate reporting of work location.

4. Auto and UAV (Drone) Coverage

- **Allocation Basis:** Number and type of vehicles.
- **Rationale:** Auto insurance is the only current risk cost allocation other than pass-through costs of department specific insurance. The current auto allocation method assigns a minimal cost per vehicle based on type, with rates that have remained unchanged since at least 2009. These outdated rates do not reflect current market rates or the University's actual cost of our primary auto self-insurance program or excess insurance. The proposed allocation model updates the rates to better align with market conditions and risk exposure. It increases the rate for passenger vehicles to a level between the

current and market rates, adjusts the rate for buses to account for their higher repair costs compared to smaller vehicles, and introduces a rate for drones. Drones, which are relatively new to the University, were previously uninsured or insured through separate policies purchased by individual departments. This updated approach ensures fairness, improved risk management, and more accurate cost recovery. This also establishes a better foundation for adjusting department allocations based on loss history in the future.

5. **Cyber Insurance**

- **Allocation Basis:** Departmental employee headcount.
- **Rationale:** Most cyber losses stem from human/employee error, for example using weak passwords, clicking on malicious links in phishing emails, not updating software, making headcount a reasonable allocation basis. Future refinement of the allocation methodology may consider employee access levels, recognizing access impacts the amount of damage an attacker can cause if they gain access by employee error. Departments operating technology systems with third-party access, such as external websites or databases, may also incur additional charges to reflect the increased liability exposure from operating outside the University's security and compliance controls.

6. **Cargo Insurance**

- **Allocation Basis:** Number and value of high-dollar shipments.
- **Rationale:** Our cargo carrier determines our premium based on the number and value of shipments over \$1,000, along with our cargo loss history. The allocation in the spreadsheet is based on outgoing shipments over \$1,000 completed through Shipping and Receiving in FY 2024. Future refinement of the allocation methodology may use a multi-year average number and value of shipments to avoid large shifts in allocation year-to-year, and may be adjusted to factor in losses, particularly avoidable losses caused by things like sloppy packing, inappropriate addresses, etc.

7. **International and Domestic Travel/International Liability**

- **Allocation Basis:** This coverage should be allocated based on number of travelers, travel duration, and location of travel.
- **Rationale:** Work is underway to review and improve travel tracking. Once travel tracking is in place, this allocation will reflect actual travel volume and associated risks, ensuring costs align with exposure.

Attachments

1. **Allocation Spreadsheet:** Provides a full breakdown of costs by unit, including individual tabs for each line of coverage.
2. **Sample Invoice:** Demonstrates using Budget and Finance as a sample, how costs will appear on an annual invoice to each unit.

Risk Management & Insurance
 1000 E. University Avenue
 Laramie, WY 82071
 Email: risk@uwyo.edu



INVOICE #: «IDT_NUMBER»
 DATE: 01/29/2025

TO:
 Alex Kean
 akean@uwyo.edu

FOR:
 2025-2026 Risk & Insurance Premium
 Cost Allocation

CONTINUING ALLOCATIONS

AUTOMOBILE

DESCRIPTION	QUANTITY/ BASIS	FY25 RATE	FY26 RATE	FY25 ACTUAL	FY26 ESTIMATE
Automobile					
Passenger Automobiles (Sedans, SUVs, Trucks, Etc.)	20	\$375	\$750	\$7,500	\$15,000
MPV (ATV, Gator, Ranger, Etc.)	6	\$100	\$325	\$600	\$1,950
Trailers	2	\$100	\$250	\$200	\$500
Total Automobile Allocation				\$8,300	\$17,450

DEPARTMENT SPECIFIC PASS-THROUGH PREMIUMS*

None				\$0	\$0
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**Note: for this sample invoice, a 10% increase year to year was used for all pass-through premiums. Actual premiums will continue to be passed through; departments should budget based on discussion with Risk and premium expectations and not this sample.*

Total Continuing Allocation FY2026 & Beyond **\$17,450**

NEW COST OF RISK ALLOCATIONS

DESCRIPTION	Quantity/Basis	SHARE	ALLOCATION
PROPERTY			
Property			
Real Property	957,555 Building Sq. Ft.	19.49%	\$484,862.77
Personal Property		19.49%	\$113,915.79
Property Terrorism		19.49%	\$8,993.69
Library Contents	Institutional Value \$338M		\$0
Fine Arts/Valuable Papers	Institutional Value \$502M		\$0
Business Interruption	Institutional Value \$118M	12%	\$15,017.02
Total Property			\$622,789.26
GENERAL LIABILITY			
General Liability	Employee Headcount: 699 (10.5% Share) Unit Budget \$64,186,230.71 (10.2% Share)	10.3%	\$60,643.48
CYBER			
Cyber	Employee Headcount: 699	10.5%	\$36,098.03
CARGO			
Cargo (<i>Domestic & International Incoming & Outgoing Shipping</i>)	# of Shipments: 0 (0% share) Value of Shipments: \$0 (0% share)	0%	\$0
OUT OF STATE WORKERS' COMPENSATION & LIABILITY			
Out of State (OS) Work Comp	OS Employee Count: 2 (4% share) OS Wages: \$168,318.00 (3% Share)	3%	\$1,842.72

NEW COST OF RISK ALLOCATIONS

DESCRIPTION	Quantity/Basis	SHARE	ALLOCATION
UAV (Drones)			
UAV (Drones)	Number of Drones: 0	0%	\$0
Note: Coverage previously purchased individually by departments; payload value may be added as a basis in the future.			
International & Domestic Travel & International Liability			
Placeholder for future allocation based on number of travelers			\$0
Department Total Cost of Risk			\$721,373.50
Portion to be Allocated to Department			\$216,412.05
Due FY26 (Year 1 of 3 Year Phase-in)			\$72,137.35
Due FY27 (Year 2 of 3 Year Phase-In)			\$144,274.70
Due FY28 (Phase-In Complete)			\$216,412.05

Note: the above reflects only new cost of risk allocations, which must be added to continuing allocations (reflected on page 1).

FISCAL AND LEGAL AFFAIRS COMMITTEE
COMMITTEE MEETING MATERIALS

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

- ☒ OPEN SESSION
☐ CLOSED SESSION

PREVIOUSLY DISCUSSED BY COMMITTEE:

- ☒ Yes
☐ No

FOR FULL BOARD CONSIDERATION:

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

EXECUTIVE SUMMARY: [UW Regulation 7-7 Investment and Management of University Funds](#) outlines the general guidelines and procedures for the investment of University funds and is established by the University of Wyoming Board of Trustees to guide the Board, its Fiscal and Legal Affairs Committee, and the University administration in the process of fund investment. Section XI.E. of Regulation 7-7 requires the Fiscal and Legal Affairs Committee of the Board of Trustees to review the policy annually.

PRIOR RELATED COMMITTEE DISCUSSIONS/ACTIONS: FLAC last reviewed UW Regulation 7-7 in January 2024. No changes were proposed or made at that time.

WHY THIS ITEM IS BEFORE THE COMMITTEE: Section XI.E. of Regulation 7-7 requires the Fiscal and Legal Affairs Committee of the Board of Trustees to review the policy annually.

ACTION REQUIRED AT THIS COMMITTEE MEETING: The Division of Budget and Finance recommends no changes to the regulation at this time.

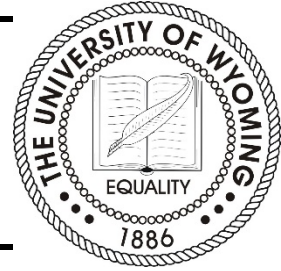
In the event the committee desires a change to the regulation, a motion would be in order to take those proposed changes to the full board for action.

PROPOSED MOTION: N/A

UNIVERSITY OF WYOMING REGULATIONS

Subject: Investment and Management of University Funds

Number: UW Regulation 7-7



I. PURPOSE

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

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

II. SCOPE OF FUNDS

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

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

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

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

III. STANDARDS OF CARE

A. Prudence

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

B. Ethics and Conflicts of Interest

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

IV. SAFEGUARDS AND CONTROLS

A. Third-party or Bank Safekeeping

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

B. Sales Prior to Maturity

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

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

V. USE OF MANAGER AND ADVISORS

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

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

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

VI. INVESTED FUNDS

A. Endowment Type Funds

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

B. Operating Funds (including University Reserves)

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

VII. INVESTMENT OBJECTIVES

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

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

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

VIII. ASSET ALLOCATIONS

A. Endowment type funds

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

B. Operating Funds

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

IX. AUTHORIZED AND SUITABLE INVESTMENTS

A. Security Type Limits

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

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

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

B. Issuer Limit

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

C. Collateralization

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

D. Portfolio Maturities

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

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

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

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

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

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

E. DIVERSIFICATION

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

X. INCOME DISTRIBUTION

A. Return Allocations

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

XI. PERFORMANCE EVALUATION AND REPORTING

A. Reporting

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

B. Performance Standards

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

C. Marking to Market

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

D. Credit Downgrades

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

E. Policy Considerations

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

XII. AUTHORITY AND RESPONSIBILITIES

A. Board of Trustees

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

B. Fiscal and Legal Affairs Committee

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

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

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

D. Vice President for Budget and Finance

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

E. Associate Vice President, Finance

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

F. External Managers

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

XIII. AUTHORIZATION FOR STOCK TRANSFERS

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

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

XIV. FUNDS MANAGED BY THE UW FOUNDATION LIKE AN ENDOWMENT

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

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

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

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

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

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

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

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

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

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

Responsible Division/Unit: Division of Administration

Source: None

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

Associated Regulations, Policies, and Forms: None

History:

UW Regulation 1-102(I)(G) adopted Minutes of the Trustees, July 25, 1998

Moved to UW Regulation 7-7 on 11/15/2018 Board of Trustees meeting

UW Regulation 1-102, Attachment B; adopted 6/15/2015 Board of Trustees meeting

Revisions adopted and moved to UW Regulation 7-7 on 11/15/2018 Board of Trustees meeting

Revisions adopted 5/11/2023 Board of Trustees meeting

Investment and Management of University Funds

Page 11 of 11

FISCAL AND LEGAL AFFAIRS COMMITTEE
COMMITTEE MEETING MATERIALS

AGENDA ITEM TITLE: Market Update and 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

PFM Asset Management Introduction to FLAC Committee

March 26, 2025

Gray Lepley, Senior Director

Joan Evans, Director

Who We Are



Structure of Organizational Support and Resources

U.S. Bancorp

- Parent company of U.S. Bank, N.A.
- 70k+ employees and \$678b in assets

U.S. Bank, N.A.

- Among the largest commercial banks in the U.S. by assets

U.S. Bancorp Asset Management, Inc.

- Institutionally focused Registered Investment Adviser
- Fixed income and multi-asset solutions for institutional investors
- \$394b in assets under management*

PFM Asset Management

- A division of U.S. Bancorp Asset Management, Inc.
- 40+ years of providing public sector investment solutions



Built to Serve the Public Sector

We serve state and local governments, public pensions, higher education, other post employment benefit trusts (OPEB), and public insurance and captives

- Public sector investment and relationship management teams experienced in the specific investment codes & needs of public sector clients
- Strong performance track record, transparent reporting and commitment to client education

Our Solutions

- Local Government Investment Pools (LGIPs)
- Fixed Income Strategies
 - Cash & Enhanced Cash
 - Short & Intermediate Duration
 - Core Aggregate
- Outsourced Chief Investment Officer (OCIO)
- Specialized Solutions
 - Structured Products
 - Arbitrage Rebate

\$197b

in Public Sector Assets Under Management

40+

Years Serving the Public Sector

700+

Public Sector Clients

Totals as of 12/31/2024.

Responsive and Dedicated Service

Initially and Periodically	Daily	Quarterly	Annually	Ongoing
Detailed discussions with staff to: <ul style="list-style-type: none">• Understand risk tolerances and preferences• Collectively determine long-term investment strategy• Select benchmark to measure risk and return of investments	Actively manage portfolio to: <ul style="list-style-type: none">• Reflect investment objectives and relative value opportunities among sectors, maturities, issuers• Monitor compliance before and after trade execution• Coordinate trade settlement	In-person or virtual meetings to: <ul style="list-style-type: none">• Review strategy implementation• Confirm how strategy was implemented in prior and will be in upcoming quarter• Address changes to risk tolerances or strategy	Collaborative reviews of: <ul style="list-style-type: none">• Broad investment strategy• Investment policy review• Benchmarks• Reaffirm strategy continues to meet client needs	Proactive analysis and communication about: <ul style="list-style-type: none">• Markets, sectors, issuers and credit• Portfolio opportunities

We pride ourselves on partnering with clients.



Scope of Services

Client Parameters

Investment Policy Development

- Initial and annual review
- Focus on goals, risk management, and best practices

Cash Flow Analysis

- Optimize allocation between liquidity and “core” balances
- Develop custom strategy based on anticipated cash needs

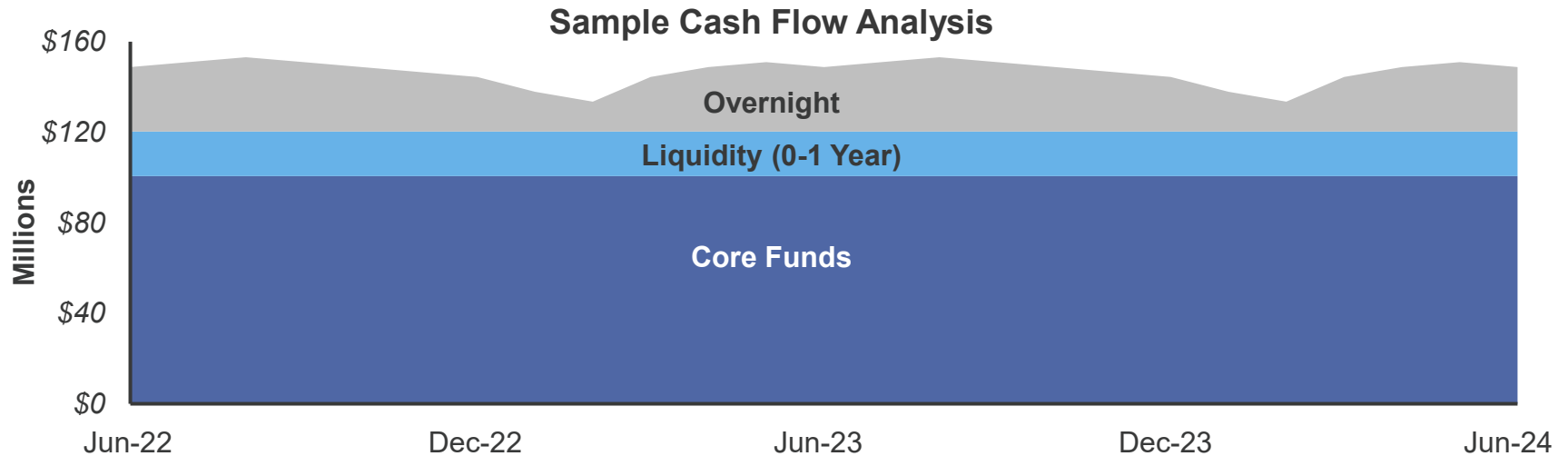
Strategy Development

- Prioritize goals including safety, liquidity, return, and diversification
- Maintain discipline to a tailored investment strategy that seeks to add value
- Select benchmark to measure risk and return of investments

Portfolio Management

- Market-driven approach based on analysis of macroeconomic climate, asset classes, and sectors
- Portfolio positioning relying on both short-term and long-term views
- Active trading within portfolio to reflect relative value opportunities among asset classes, sectors, duration, industries, and issuers
- Monitor compliance before and after trade execution

Optimizing Portfolio Segmentation



Overnight

- Cash and cash equivalents, providing immediate access
- Targeted to meet draws in the near future
- Highly liquid for daily needs and unforeseen expenditures

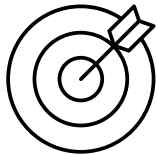
Liquidity

- Laddered investments to known and expected cash flows
- High-quality fixed income

Core

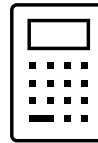
- Reserve funds not expected to be spent for the foreseeable future
- Intermediate- and longer-term investments

Building a Fixed Income Strategy



Sector Focus

- Sector specialists conduct research and analysis
- Recommendations presented to the Investment Committee



Relative Value

- Strategy-specific teams follow market developments
- Market opportunities identified and internally modeled



Active Management

- Identify trades that capitalize on changing market dynamics
- Exercise disciplined focus on safety, liquidity, and return

Fixed Income Investment Resources

Portfolio Management Leadership

Ken Schiebel, CFA

CIO – Public Sector Management
and OCIO Strategies

Greg Haendel, CFA

Head of Core Fixed Income

Jeff Rowe, CFA

Head of Liquidity Products
Portfolio Management

Robert Cheddar, CFA

Co-Head of Short & Intermediate
Fixed Income (Credit)

James Sims, CFA

Co-Head of Short & Intermediate
Fixed Income (Securitized)

Credit Research Group

- Preserve Principal
- Generate Alpha
- Manage Approved Lists

Investment Services Group

Trading Support | Trade Settlement | Data Management

Portfolio Strategies Group

Portfolio Construction | Investment Analytics & Attribution
Structured Products Group

45+

Investment professionals*

20+

Average Years Experience*

Sector Specialists & Investment Strategies

Sectors:

- Agencies
- Asset-Backed Securities
- Certificates of Deposits
- Commercial Paper
- Corporates
- Mortgage-Backed Securities
- Municipals
- Repurchase Agreements
- Supranationals
- Treasuries

Portfolio Types:

- Money Market Funds and Securities Lending
- Local Government Investment Pools
- Fixed Maturity TERM Investments
- Cash & Enhanced Cash
- Short & Intermediate Duration
- Core Aggregate Fixed Income
- Structured/Escrow
- Asset/Liability Matched

Investment Resources and Tools

Proprietary Models | Bloomberg AIM | TradeWeb | MarketAxess
S&P Global | CreditSights | Sustainability

As of 10/1/2024.

*Investment professionals include fixed income portfolio managers, traders, credit research, portfolio strategy teams of U.S. Bancorp Asset Management, Inc. including those serving public sector strategies as PFM Asset Management. Average years of industry experience.

Building Blocks of Portfolio Management

Interest rates are the headline, but they are not the foundation.

Duration

Manage interest rate risk | Disciplined approach to maintaining target duration

Issuer & Industry Selection

Analyze applicable security structures | Thorough review of issuer-specific trends and credit profile | Macroeconomic factors unique to the industry

Yield Curve

“Roll down the curve” for enhanced earnings | Take advantage of steepness | Identify attractive portions of the curve

Sector Allocation

Increased income potential | Relative sector value analysis | Focused sector allocation

Our team is your team.



PFMAM is an extension of your team:

- Dedicated engagement team
- Comprehensive reporting suite
- Fiduciary to the University of Wyoming
- Education

Rely on our industry knowledge to:

- Work with you to develop your investment program
- Review investment policy
- Systematize credit analysis
- Maintain compliance

What we will work to deliver:

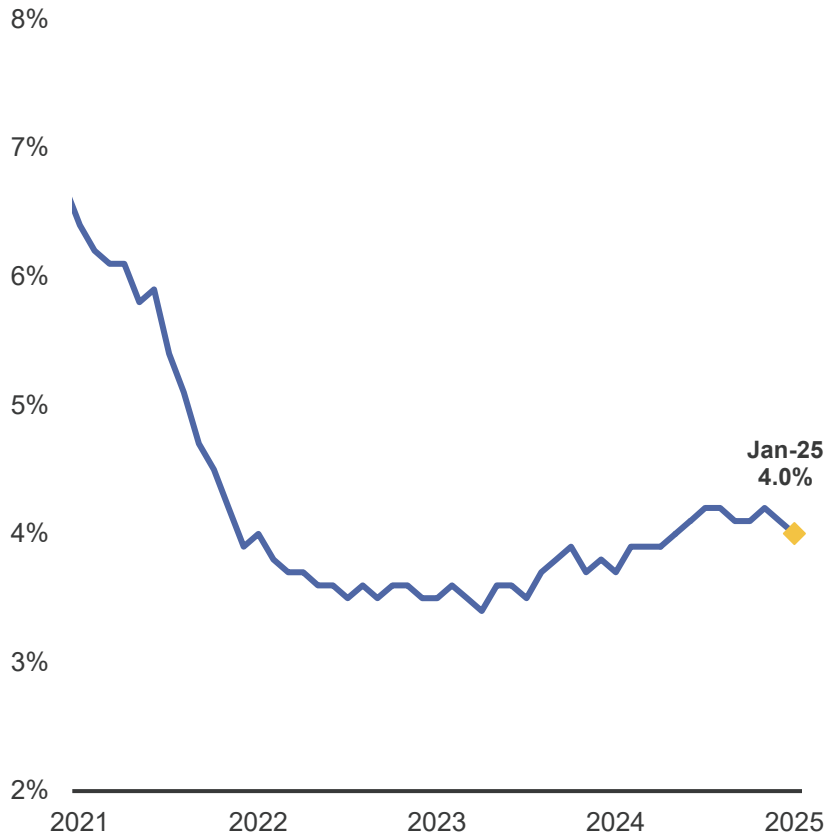
- Strategy in line with your return objectives and risk tolerances
- Reduced income volatility in the portfolios
- Mitigated credit, optionality, and interest rate risks

Current Economy



Labor Market: Unemployment and Labor Force Participation Rates

Unemployment Rate

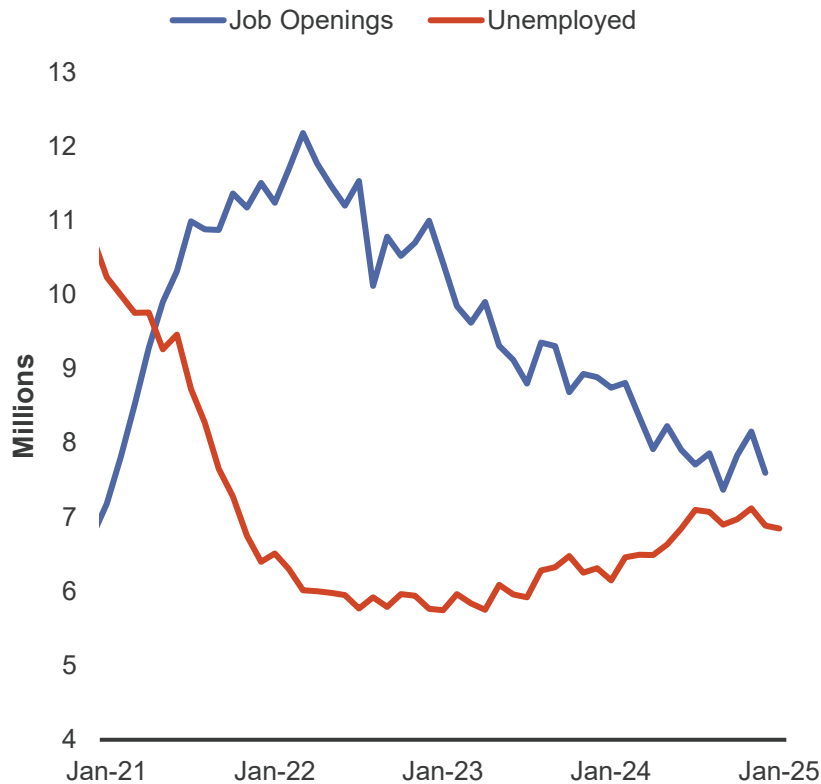


Labor Force Participation Rate

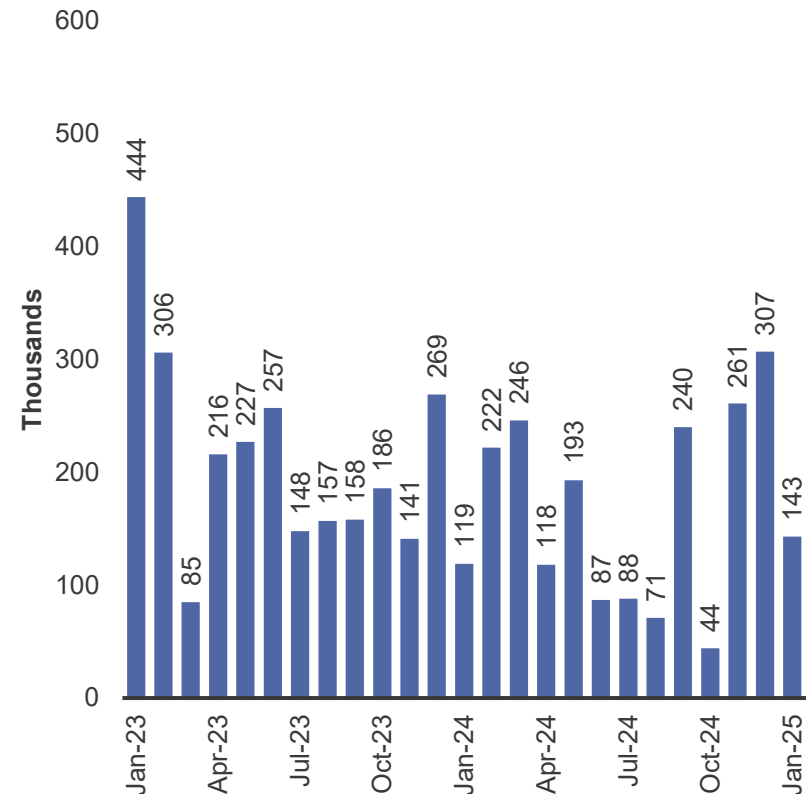


Labor Market: Job Openings and Changes to Nonfarm Payrolls

Job Openings vs. Unemployed Workers



Monthly Change In Nonfarm Payrolls

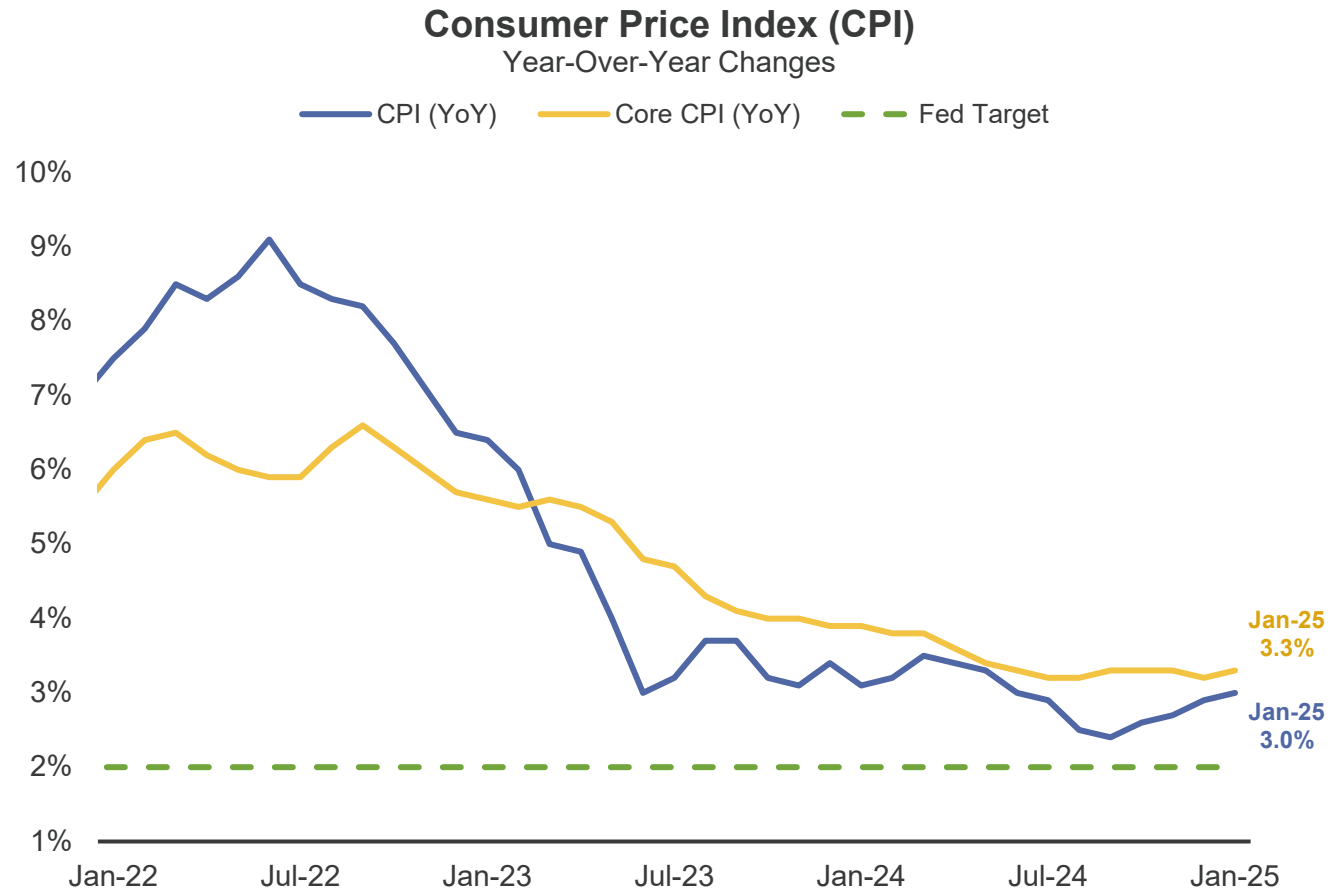


Core Inflation Remains Flat

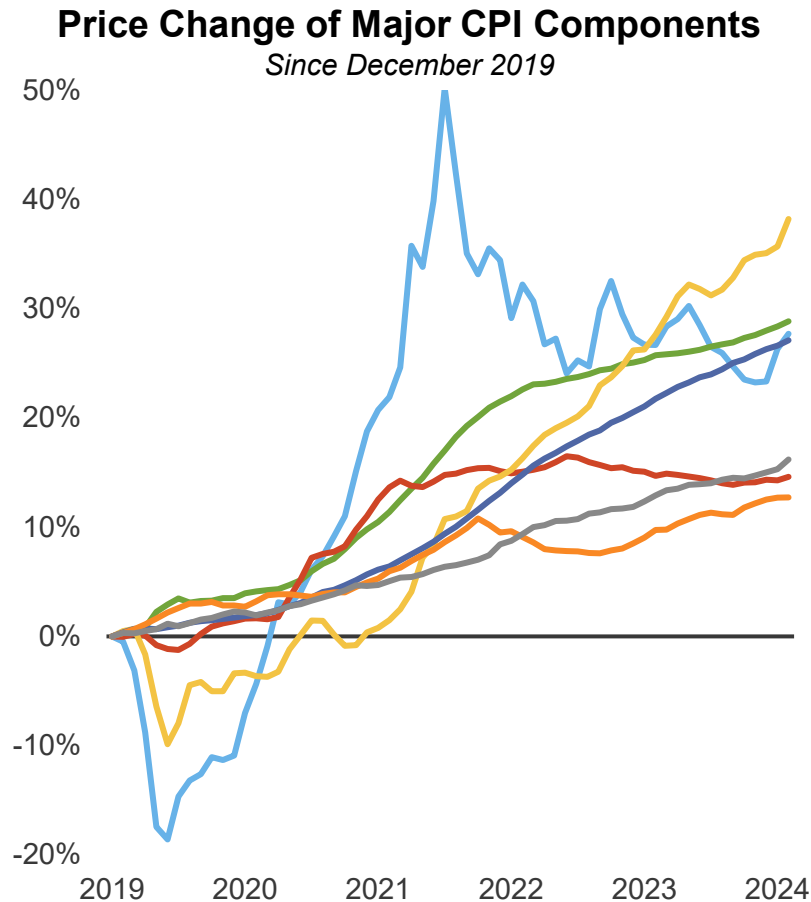
13

The Consumer Price Index (“CPI”), commonly referred to as the “headline inflation number”, measures the change in the cost of a representative basket of goods paid by consumers.

Core CPI strips out volatile food and energy components.



Inflation: Changes to CPI Components



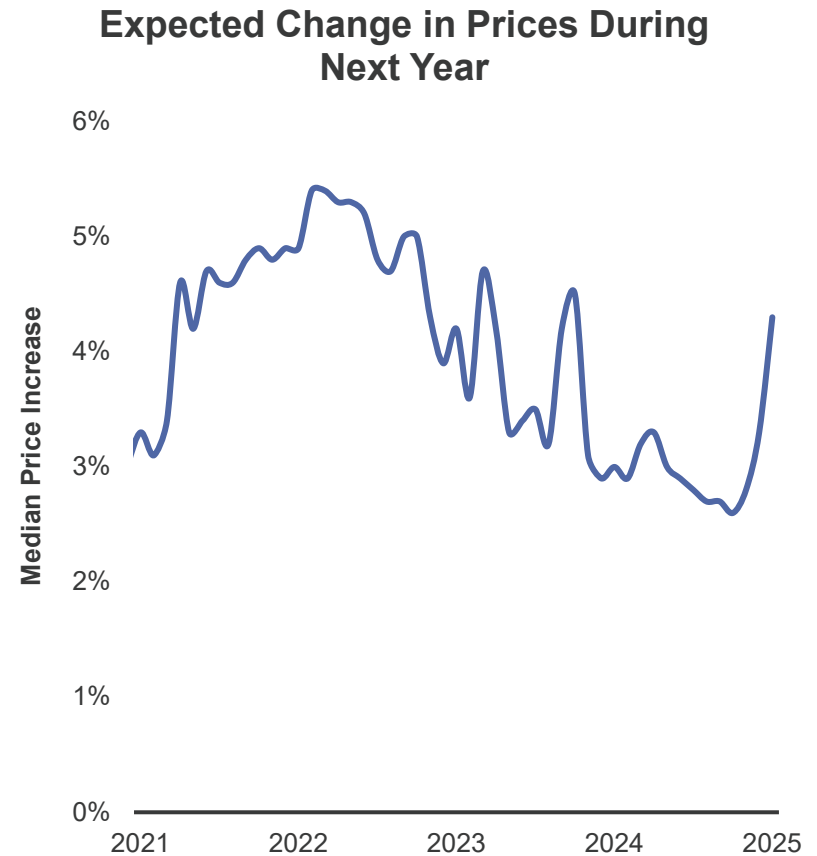
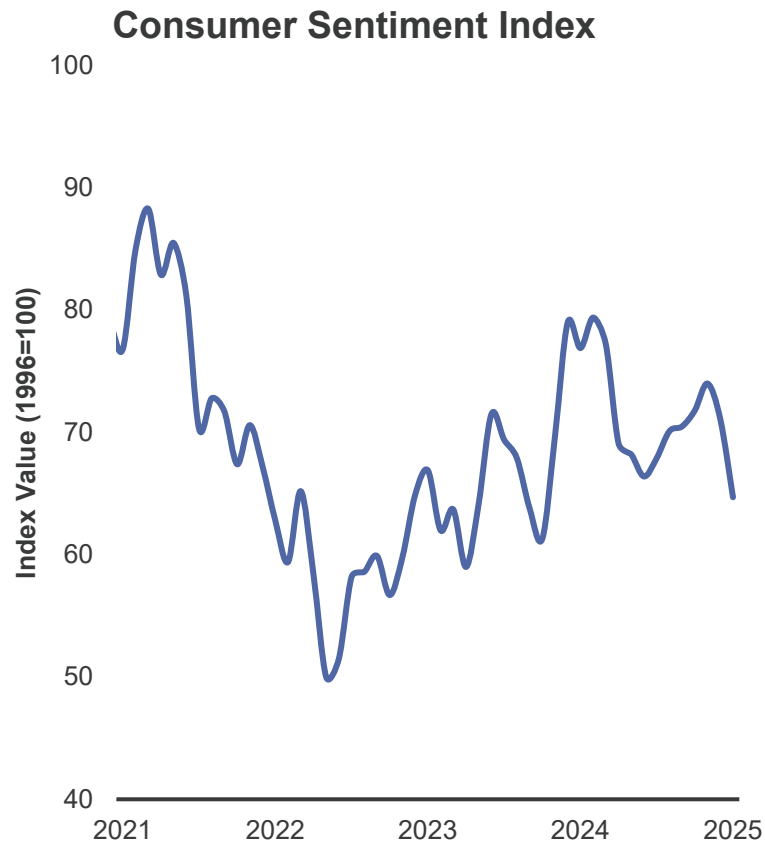
CPI Component	12-mo. Change	Weight ¹	Contribution to YoY CPI
Energy	0.8%	6.2%	0.0%
Food	2.5%	13.7%	0.3%
Transportation	8.3%	6.3%	0.5%
Shelter	4.4%	35.5%	1.6%
Goods	-0.1%	19.4%	0.0%
Other Services ²	2.8%	12.2%	0.3%
Medical Services	2.7%	6.7%	0.2%
Overall	3.0%		

Source: Bloomberg Finance L.P., Bureau of Labor Statistics as of January 2025.

¹Index weights are as of December 2024 as they are published on a one-month lag.

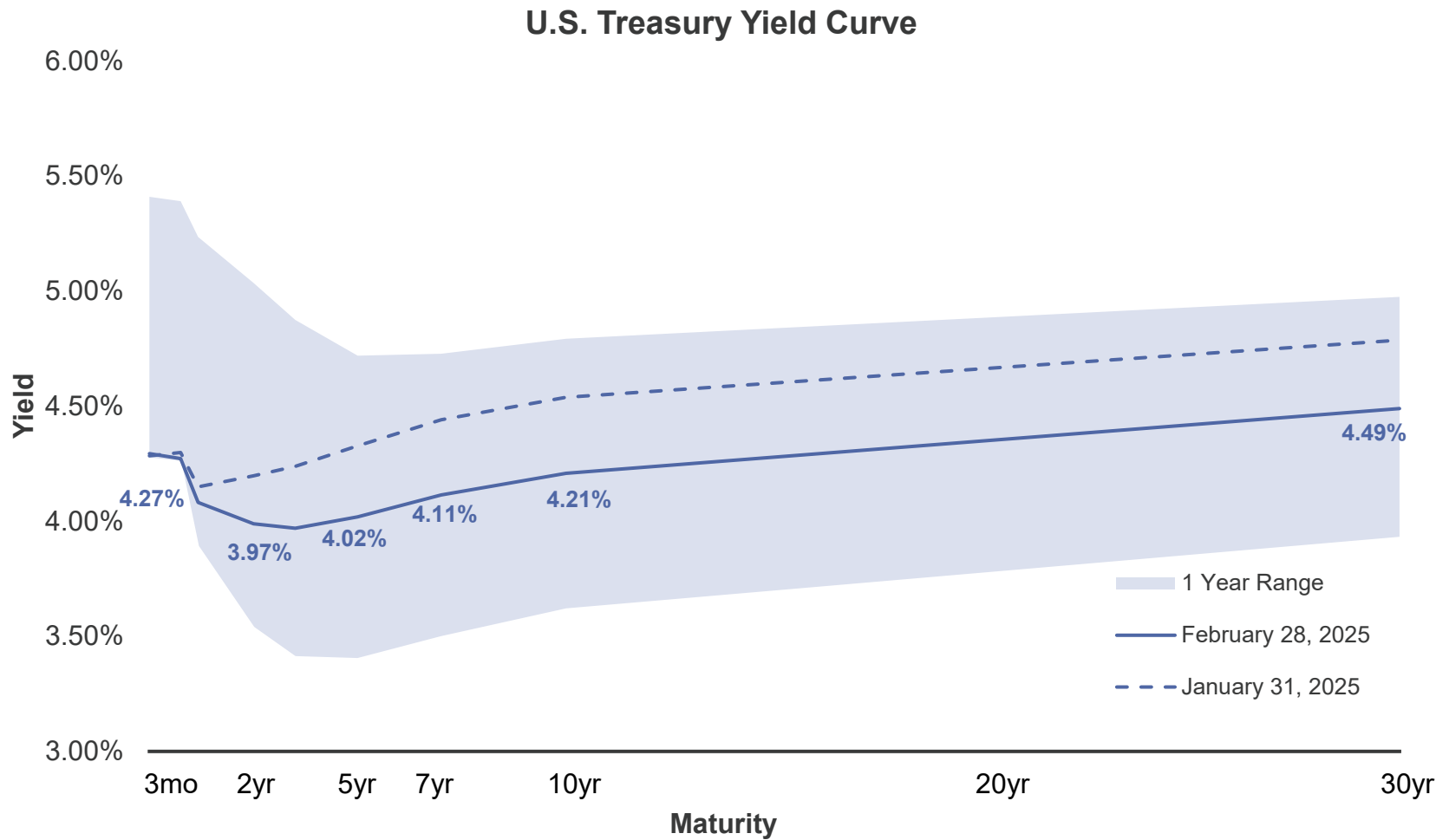
²Other services is a weighted blend of Water/Sewer/Trash, Household Operations, Recreation, and Education and Communication services.

Consumer Sentiment



Source: Bloomberg Finance L.P., University of Michigan Consumer Sentiment and underlying index components, as of February 2025.

Treasury Curve



Disclosures

The views expressed within this material constitute the perspective and judgment of U.S. Bancorp Asset Management, Inc. at the time of distribution and are subject to change. Any forecast, projection, or prediction of the market, the economy, economic trends, and equity or fixed-income markets are based upon current opinion as of the date of issue and are also subject to change. Opinions and data presented are not necessarily indicative of future events or expected performance. Information contained herein is based on data obtained from recognized statistical services, issuer reports or communications, or other sources, believed to be reliable. No representation is made as to its accuracy or completeness.

PFM Asset Management serves clients in the public sector and is a division of U.S. Bancorp Asset Management, Inc., which is the legal entity providing investment advisory services. U.S. Bancorp Asset Management, Inc. is a registered investment adviser, a direct subsidiary of U.S. Bank N.A. and an indirect subsidiary of U.S. Bancorp. U.S. Bank N.A. is not responsible for and does not guarantee the products, services, or performance of U.S. Bancorp Asset Management, Inc.

NOT FDIC INSURED : NO BANK GUARANTEE : MAY LOSE VALUE





University of Wyoming

Investment Performance Review For the Quarter Ended December 31, 2024

Client Management Team	PFM Asset Management A division of U.S. Bancorp Asset Management, Inc	
Joan Evans, Director Gray Lepley, Sr. Director Amber Cannegieter, Key Account Manager	1720 Carey Avenue, Suite 520 Cheyenne, WY 82001 307-287-1514	213 Market Street Harrisburg, PA 17101-2141 717-232-2723

Certificate of Compliance

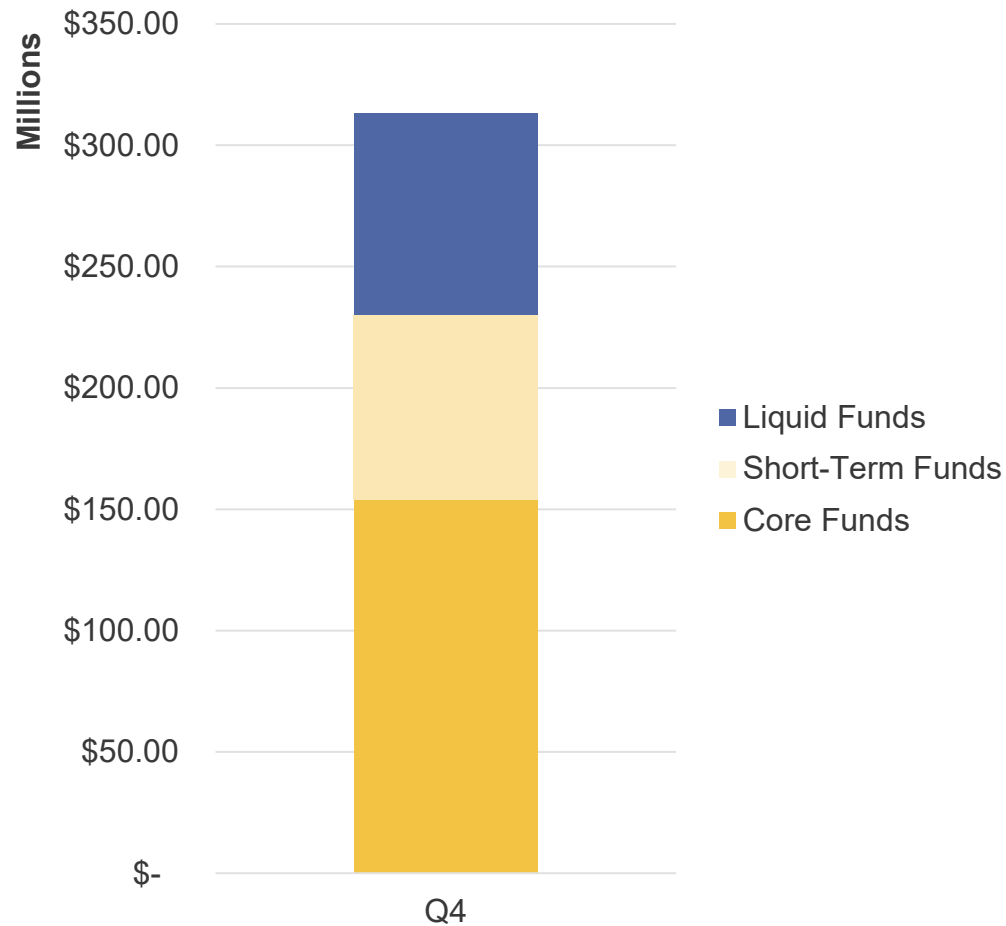
During the reporting period for the quarter ended December 31, 2024, the account(s) managed by PFM Asset Management ("PFMAM") were in compliance with the applicable investment policy and guidelines as furnished to PFMAM.

Acknowledged : *PFM Asset Management, a division of U.S. Bancorp Asset Management, Inc.*

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

Account Summary

University of Wyoming Portfolio as of 12/31/2024



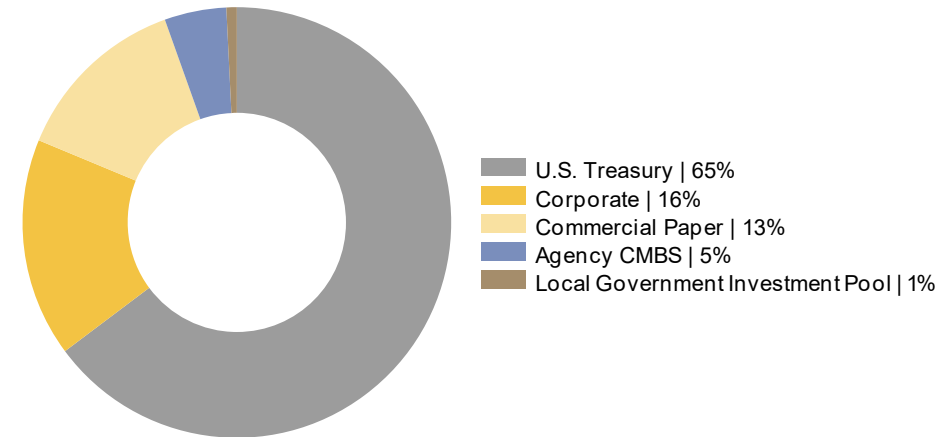
- ▶ **Liquidity and Short-Term Funds:** Funds must mature in less than one year, with a weighted average maturity not exceeding 90 days
- ▶ **Core Portfolio:** Maximum maturity of 120 months; duration of account no greater than duration of Bloomberg Barclays Agg Index +0.5 years

Consolidated Summary

Account Summary

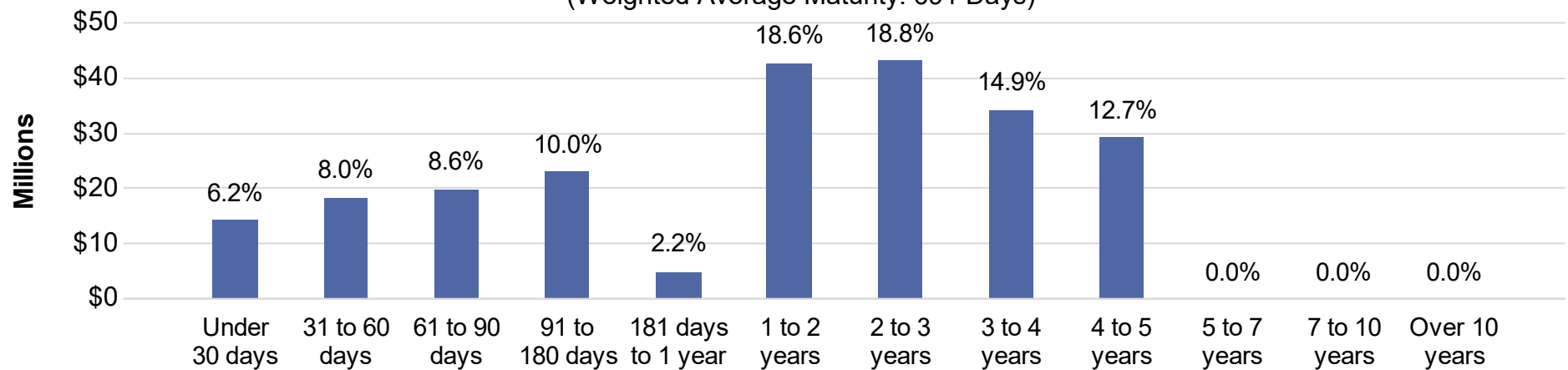
WGIF	\$92,916,357
WGIF Managed Account	\$228,028,060
Total Program	\$320,944,417

Sector Allocation



Maturity Distribution

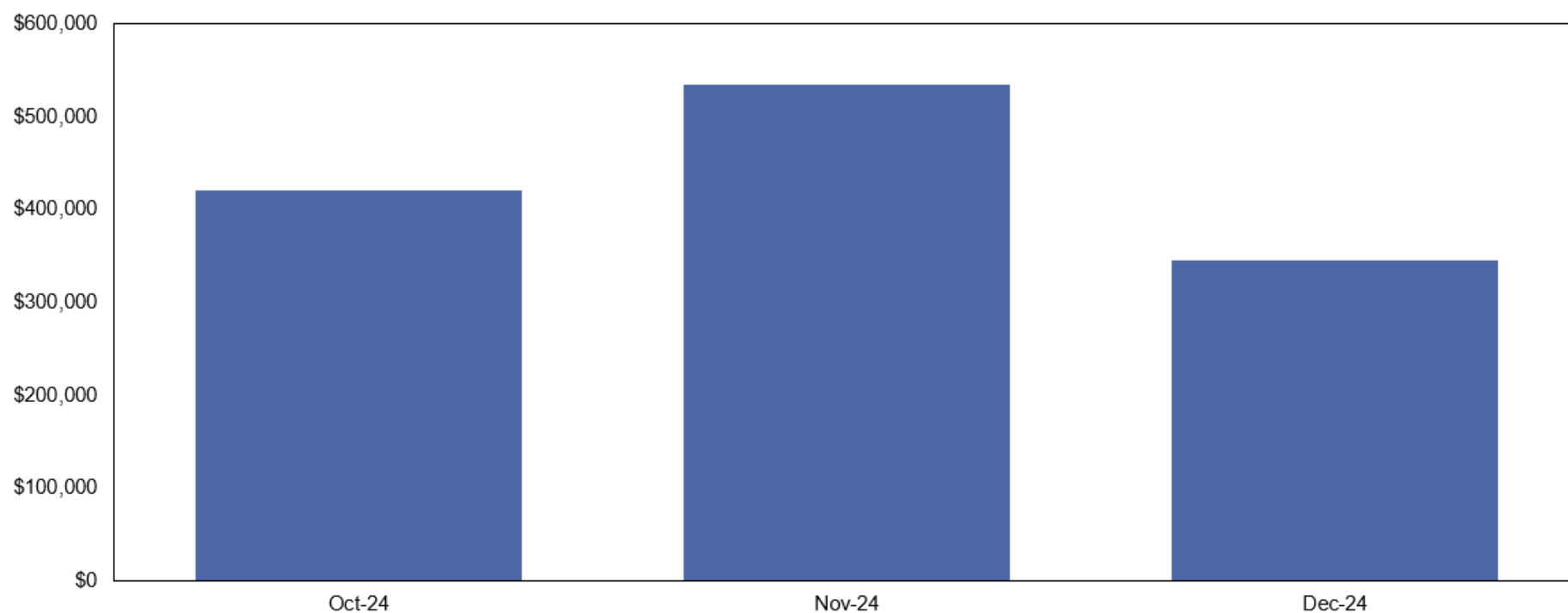
(Weighted Average Maturity: 691 Days)



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, & 2021 Construction Fund



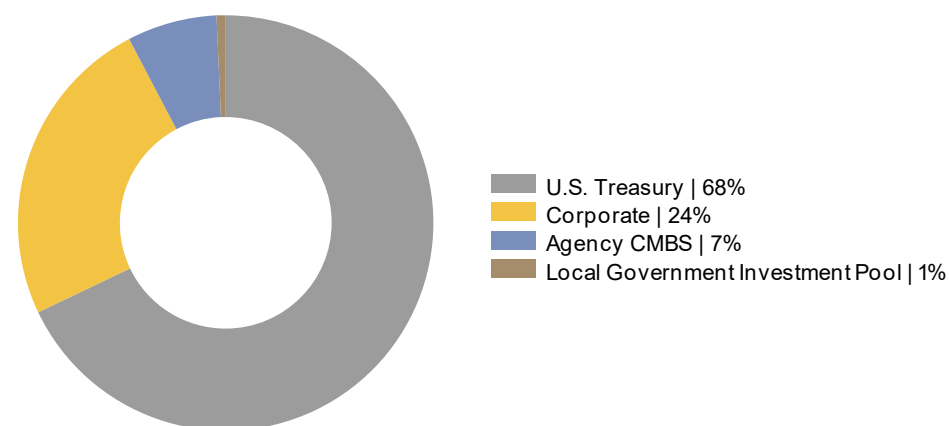
	October 2024	November 2024	December 2024
UW General Fund UW	\$379,762	\$496,287	\$310,511
University Deposit	\$31,516	\$29,445	\$29,548
2021 Construction Fund	\$9,728	\$9,089	\$5,080
Total Accrual Income	\$421,006	\$534,821	\$345,139

Portfolio Snapshot - WGIF-UNIVERSITY OF WYOMING CORE¹

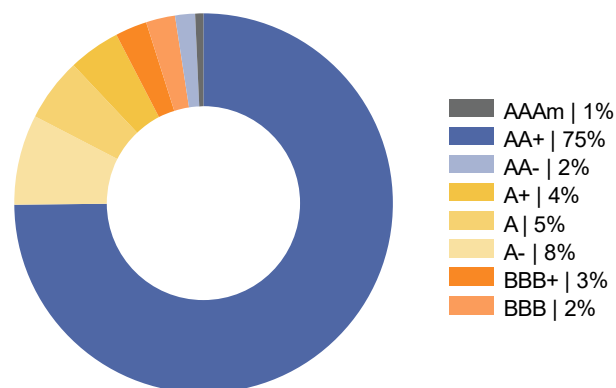
Portfolio Statistics

Total Market Value	\$153,962,289.43
Managed Account Sub-Total	\$151,512,154.14
Accrued Interest	\$1,372,446.86
Pool	\$1,077,688.43
Portfolio Effective Duration	2.49 years
Benchmark Effective Duration	2.48 years
Yield At Cost	4.01%
Yield At Market	4.45%
Portfolio Credit Quality	AA

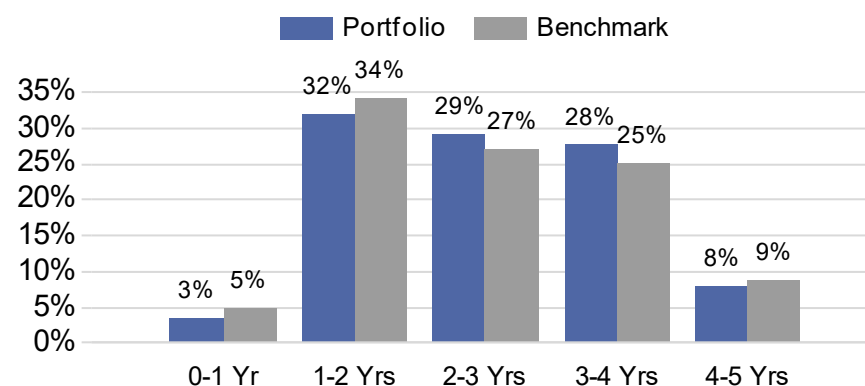
Sector Allocation



Credit Quality - S&P



Duration Distribution

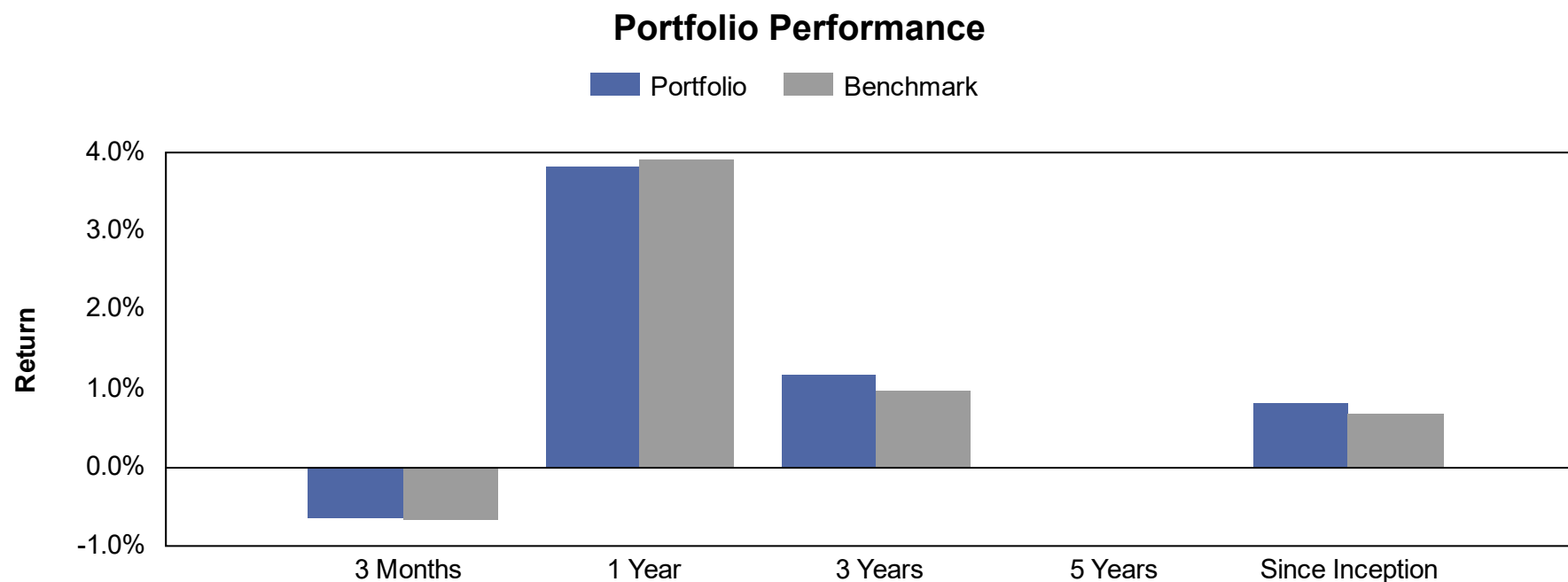


1. Total market value includes accrued interest and balances invested in WGIF, as of December 31, 2024.

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.



Market Value Basis Earnings	3 Months	1 Year	3 Years	5 Years	Since Inception ¹
Interest Earned ²	\$1,416,519	\$4,166,500	\$7,676,384	-	\$8,264,318
Change in Market Value	(\$2,394,950)	\$740,565	(\$2,791,371)	-	(\$3,721,436)
Total Dollar Return	(\$978,431)	\$4,907,065	\$4,885,013	-	\$4,542,882
Total Return³					
Portfolio	-0.63%	3.81%	1.17%	-	0.81%
Benchmark ⁴	-0.66%	3.91%	0.98%	-	0.68%
Difference	0.03%	-0.10%	0.19%	-	0.13%

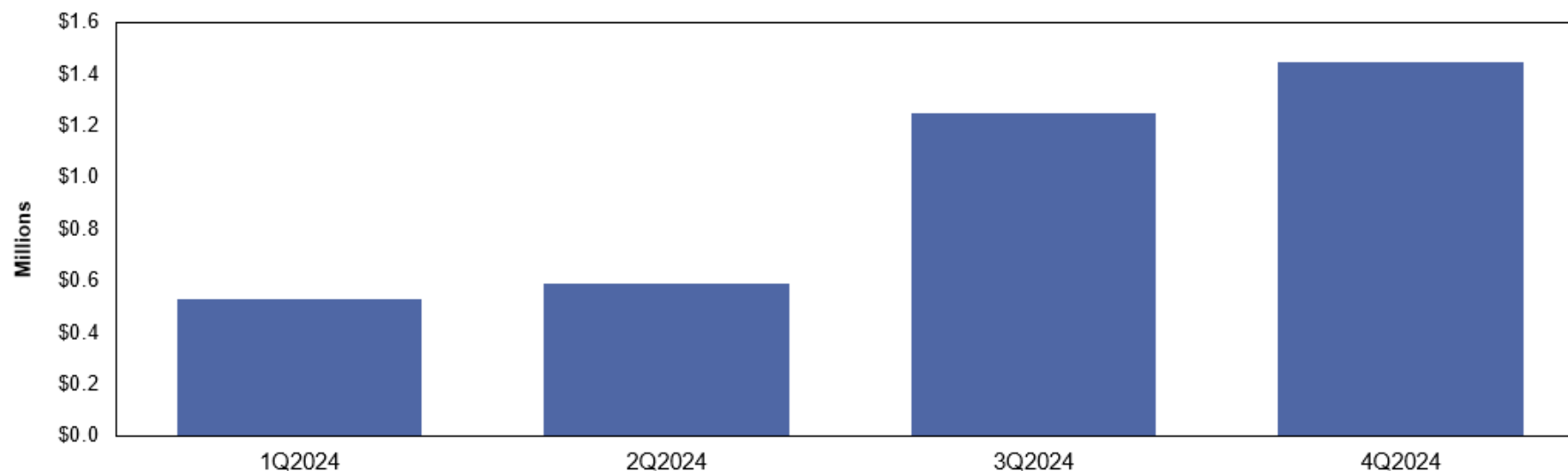
1. The lesser of 10 years or since inception is shown. Since inception returns for periods one year or less are not shown. Performance inception date is March 31, 2021.

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	1Q2024	2Q2024	3Q2024	4Q2024
Interest Earned ¹	\$686,611	\$761,656	\$1,301,715	\$1,416,519
Realized Gains / (Losses) ²	(\$231,528)	(\$278,045)	(\$163,869)	(\$79,820)
Change in Amortized Cost	\$73,343	\$101,900	\$111,439	\$107,354
Total Earnings	\$528,426	\$585,512	\$1,249,284	\$1,444,053

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

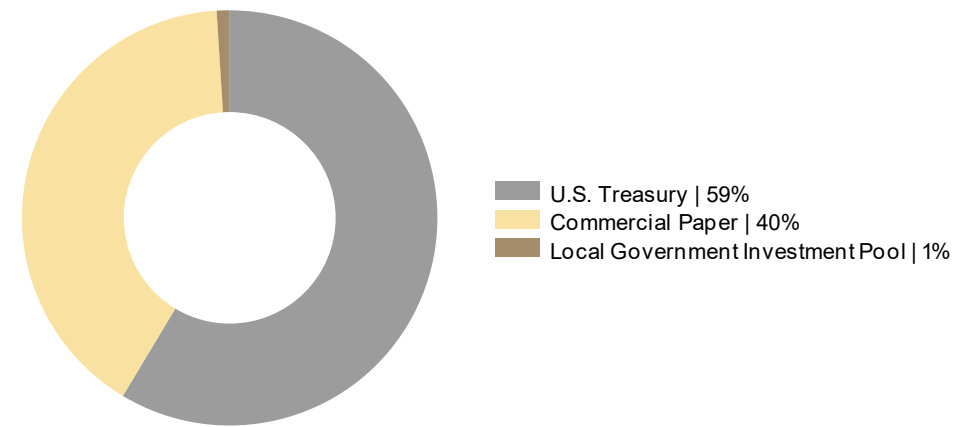
2. Realized gains / (losses) are shown on an amortized cost basis.

Portfolio Snapshot - WGIF-UNIVERSITY OF WYOMING SHORT TERM¹

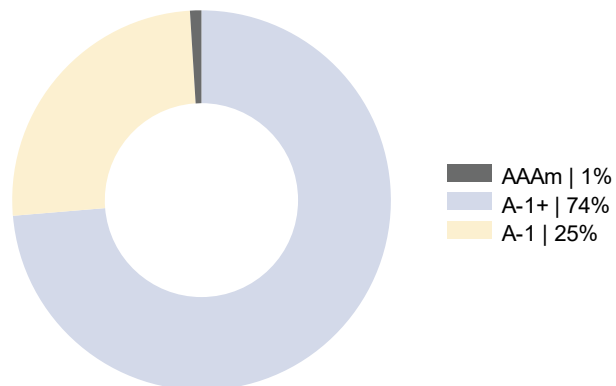
Portfolio Statistics

Total Market Value	\$75,883,753.28
Managed Account Sub-Total	\$75,143,458.75
Accrued Interest	\$0.00
Pool	\$740,294.53
Portfolio Effective Duration	0.19 years
Benchmark Effective Duration	0.39 years
Yield At Cost	4.46%
Yield At Market	4.44%
Portfolio Credit Quality	AA

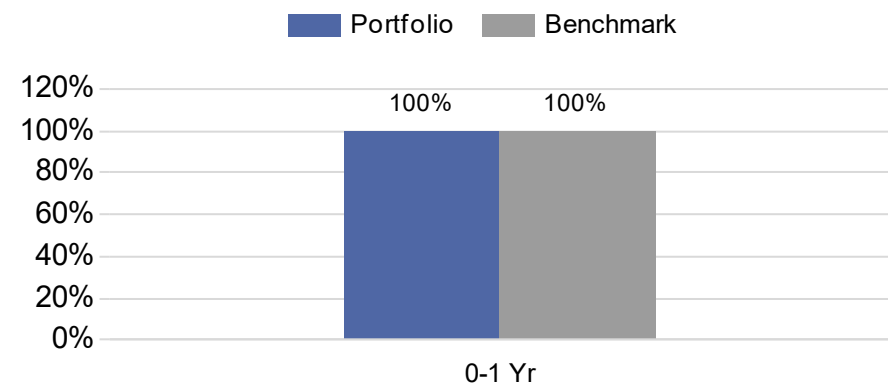
Sector Allocation



Credit Quality - S&P



Duration Distribution



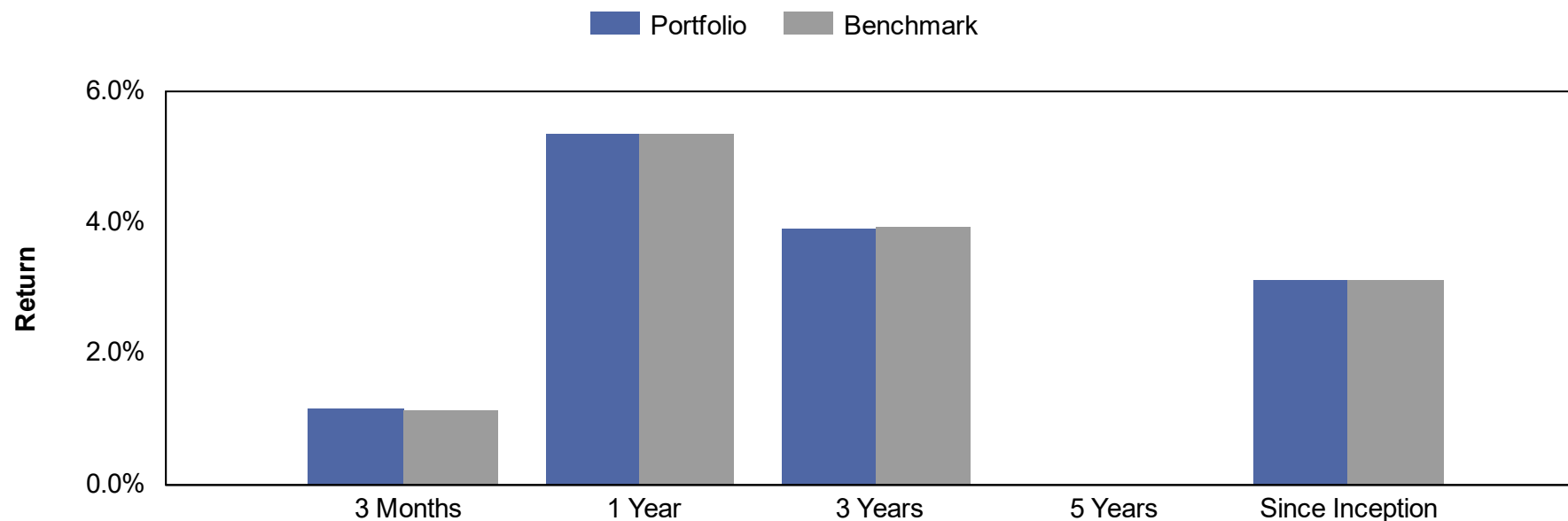
1. Total market value includes accrued interest and balances invested in WGIF, as of December 31, 2024.

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 ¹
Interest Earned ²	\$7,457	\$397,260	\$1,505,731	-	\$1,663,164
Change in Market Value	\$881,157	\$4,150,532	\$9,468,592	-	\$9,334,110
Total Dollar Return	\$888,614	\$4,547,792	\$10,974,323	-	\$10,997,274
Total Return³					
Portfolio	1.17%	5.34%	3.92%	-	3.13%
Benchmark ⁴	1.13%	5.35%	3.93%	-	3.14%
Difference	0.04%	-0.01%	-0.01%	-	-0.01%

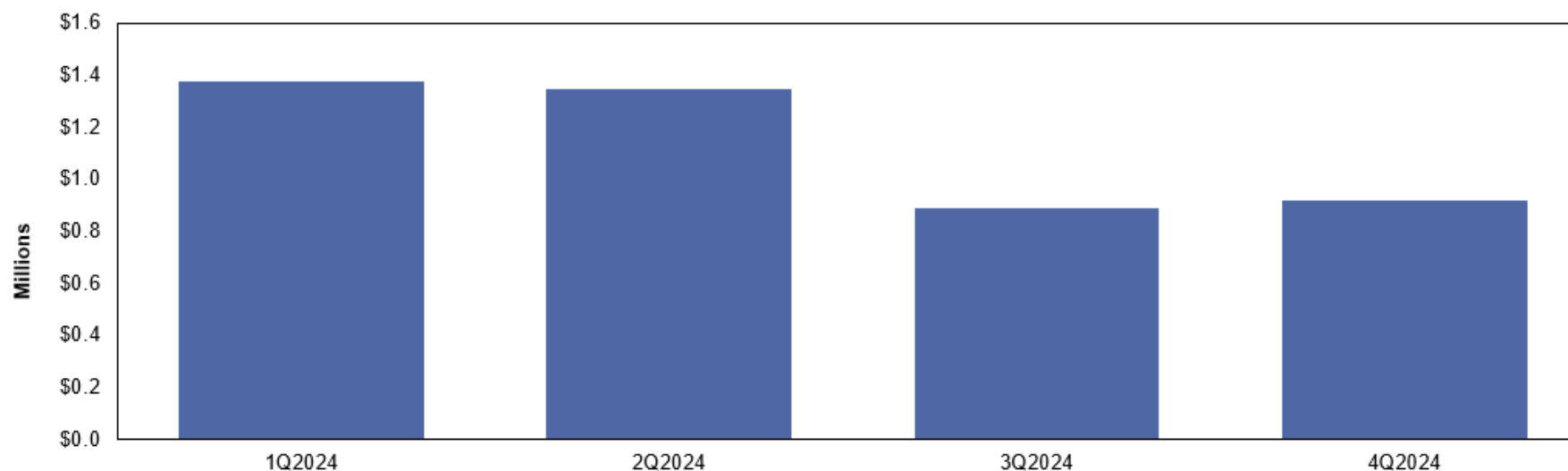
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2. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.

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	1Q2024	2Q2024	3Q2024	4Q2024
Interest Earned ¹	\$265,695	\$75,127	\$48,981	\$7,457
Realized Gains / (Losses) ²	-	-	-	-
Change in Amortized Cost	\$1,107,905	\$1,270,043	\$839,975	\$909,363
Total Earnings	\$1,373,600	\$1,345,171	\$888,956	\$916,820

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

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

Important Disclosures

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

PFMAM professionals have exercised reasonable professional care in the preparation of this performance report. Information in this report is obtained from sources external to PFMAM and is generally believed to be reliable and available to the public; however, we cannot guarantee its accuracy, completeness or suitability. We rely on the client's custodian for security holdings and market values. Transaction dates reported by the custodian may differ from money manager statements. While efforts are made to ensure the data contained herein is accurate and complete, we disclaim all responsibility for any errors that may occur. References to particular issuers are for illustrative purposes only and are not intended to be recommendations or advice regarding such issuers. Fixed income manager and index characteristics are gathered from external sources. When average credit quality is not available, it is estimated by taking the market value weights of individual credit tiers on the portion of the strategy rated by a NRSRO.

It is not possible to invest directly in an index. The index returns shown throughout this material do not represent the results of actual trading of investor assets. Third-party providers maintain the indices shown and calculate the index levels and performance shown or discussed. Index returns do not reflect payment of any sales charges or fees an investor would pay to purchase the securities they represent. The imposition of these fees and charges would cause investment performance to be lower than the performance shown.

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- 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.**
- ICE Bank of America 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 12/31/24:	Total
WGIF	\$ 5,079
Demand Deposit SLGS	<u>23,183,605</u>
Total	\$23,188,684

- \$46,300,000 was invested in Demand Deposit SLGS (State and Local Government Series) in early September 2024.
- \$23,543,326 was withdrawn in December 2024 to reimburse the University for eligible expenditures on the Housing and Dining Project.
- Earnings through December were \$426,932.

Total UW Portfolio

Account	Total as of December 31, 2024
WGIF	\$92,911,277
Short Term	75,143,458
Core	152,884,601
Construction Funds-WGIF	5,079
Construction Funds-Demand Deposit SLGS	<u>23,183,605</u>
Total UW Portfolio	\$344,133,100

FISCAL AND LEGAL AFFAIRS COMMITTEE

COMMITTEE MEETING MATERIALS

AGENDA ITEM TITLE: External Auditor Selection and Timeline & Investment Advisor Selection and Timeline

- ☒ 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:

External Auditor Selection: Per the [University of Wyoming Trustee Bylaws](#), FLAC is responsible for the external audit process, including the responsibility of “Following appropriate consultation with management, recommend to the Board the selection and retention of the external audit firm. Approve external auditor’s fees.” (section IV)

Investment Advisor Selection: Per the [University of Wyoming Trustee Bylaws](#), FLAC is responsible for reviewing the management of invested University Funds and University of Wyoming [Regulation 7-7: Investment and Management of University Funds](#) Section V.A. outlines that “The University shall obtain requests for qualifications, requests for proposals, bids or quotes or competitively bid the services of any externally contracted, professional registered investment advisor(s) at least every five (5) years.”

PRIOR RELATED COMMITTEE DISCUSSIONS/ACTIONS: The External Auditor Selection and Investment Advisor Selection requirements and timelines were discussed at the January 2025 FLAC meeting.

WHY THIS ITEM IS BEFORE THE COMMITTEE:

External Auditor Selection

UW’s current external audit firm, FORVIS Mazars has been UW’s external auditor since fiscal year 2018, and fiscal year 2025 will be the eighth year of engagement and end of the current contract.

Financial Affairs will initiate a formal RFP process per the University of Wyoming’s [Quote and Bid Threshold Policy](#) SAPP. We anticipate posting the formal RFP in early April and conducting selections, including on-campus presentations by the finalists, in June 2025.

The final external auditor selection will come before this committee for approval.

Investment Advisor Selection

UW's current contract for investment advising with PFM Asset Management ends on December 31, 2025, which will be the fifth year of the agreement.

Financial Affairs will initiate a formal RFP process per the University of Wyoming's [Quote and Bid Threshold Policy](#) SAPP. The timing of this process is being determined.

The final investment advisor selection will come before this committee for approval.

ACTION REQUIRED AT THIS COMMITTEE MEETING: None

PROPOSED MOTION: None

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. The attached chart shows the status of the Audit Plan. Considerable effort has been spent on the development and roll-out of the Annual Risk Assessment process that will provide information to inform the creation of the Fiscal 2026 Internal Audit Plan that will be shared with the Committee in May 2025.

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 (with Proposed Priority Revision)

INTERNAL AUDIT PLAN	Description		Planned Hours	Priority	Team Hours Since Jan. 21, 2025
GROSS HOURS	Total Hours Available (3 FTE)		6,240		616
Holiday	Hours UW is closed		864		-
Annual Leave	Vacation accrual		432		8
Sick	Sick leave accrual		288		-
Hours Available			4,656	-	608
Training	Hours assigned for UW required training and continuing education credits for certifications. Also includes 300 hours of onboarding for 2 new FTE.		544		180
Certification	Quality Improvement Plan, prepare for independent verification of self-assessment of internal audit function		80		
Administration	research/development, web-site update, strategic planning, recruiting, etc.		480		159
Advising	Consultative and special projects, (i.e., collaboration with Procurement, Foundation, Risk, etc.)		240		22
Audits	Area	Reason/Risk			
	NCAA (Annual)	Annual	160	6	
	Continuous Monitoring Progress (Annual)	Annual	80		
	Risk Assessment (Annual)	Planning	80		72
	Results and Reporting (Annual)	Planning	80		
	Audit Schedule Development (Annual)	Planning	40		9
	Fraud, Waste, and Abuse (FWA) Investigations	As needed	312		13
	Follow-Up Reports	Required	120	1	35
	Cashiers (biannual review)	Biannual	120		
	UW Libraries - Change of Management	Risk Assessment	140	4	
	Extension - Rotating Sample (Laramie County 4-H)	Risk Assessment	160	3	110
	UW Outdoor Program	Risk Assessment	140		
	Global Engagement	Risk Assessment	140		
	Supplemental Pay	Risk Assessment	160		
	Banner - Segregation of Duties	Risk Assessment	140		
	Surplus Property	Risk Assessment	140		
	Student Media	Risk Assessment	140		
	Union Operations	Risk Assessment	140		
	College of Agriculture - Consult/Review	Risk Assessment	120		
	College of Health Sciences - Consultative Review	Risk Assessment	120		
	College of Law - Change of Management	Risk Assessment	140	2	8
	College of Education - Change of Management	Risk Assessment	140	5	
	Management of Reserve and Designated Fund Balances	Risk Assessment	140		
	Postponed from previous year	Reason/Risk			
	HR/Payroll Incremental Review - Hiring and Recuriting	Risk Assessment	160		
	Student Mental Health Resources	Risk Assessment	200		
	Total Hours Assigned		4,656		608
	Total Remaining Hours		-		-

Summary:

Gross hours available	616	(Since Jan. 21, 2025, FLAC meeting)
Personal Time Off	-8	
Available Project Hours	608	

Discussion:

- Two new employees joined the team in February.
- Training hours include orientation and required training sessions as well as some audit-specific training and familiarization with Internal Audit processes.
- Administrative time include the redesign of audit work programs and questionnaires.
- Significant activities primarily included the Laramie County 4-H audit and the Annual Risk Assessment activities.

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:



The 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 presents all management action plans for which a follow-up may be required, even if the planned implementation date is well into the future. The 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
21-3	2020-2021	9/14/2022	Academic Affairs (COM)	1a. Reassessment of Central Position Mgmt. 1b. Policies and procedures documentation	2	1	1	Complete Two open sections. See discussion below.	Yes	Original date: Feb. 22, 2023 Meeting with Provost 1/30/25
22-3	2021-2022	9/8/2022	Student Health Services	1. Updated and regularly scheduled training 2. Quality controls for accreditation	2	0	2	June 20, 2025	No	Original date: June 8, 2023
22-5	2021-2022	1/25/2023	HR/Payroll Onboarding I-9 & funding forms	1. Proper use of Fringe Reserve Account 2. Compliance with I-9 Processes	2	2	0	Complete Robust process in place - Complete	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)	Documentation of fund handling procedures Alignment of Strategic Objectives with EHCW Procedures for independent verification	3	2	1	Complete In progress July 2025 Complete	Yes	Original date: July 18, 2023
24-1x	2023-2024	10/26/2023	College of Agriculture	Carried forward - ongoing	8	8	0	April 1, 2024	Yes	See executive session.
24-3	2023-2024	10/17/2023	ASUW	1a. Evaluate Unrestricted Reserve acct. 1b. Timely presentation of financial data 1c. Present fees to Central Fee Committee 2a. Clarify uses of Student Fees in Fee Book 2b. Formalize ASUW documentation 2c. Alignment of Strategic Plans 2d. Working group to review/revise documentation	7	3	4	June 30, 2025 Completed January 2026 Completed September 1, 2025 Completed September 1, 2025	Yes	Pending validation
24-4	2023-2024	12/14/2023	Alumni Association	1a. Presentation of financial information 1b. Review & amend MOA 2a. Update Policies & Procedures 2b. Procedural documentation 3a. Management of financial activities 3b. Training for financial responsibilities	6	3	3	Complete 6/30/2025 6/30/2025 6/30/2025 Complete Completed	Yes	Pending validation
24-5	2023-2024	6/3/2024	Foundation Sister Accounts	Develop criteria and training regarding allowable expenditures	1	0	1	May 1, 2025	Yes	Original date: Sep 30, 2024
Total Tracked:					35	21	14			

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

- 35 management action plans are being monitored
- 8 more have been completed since the last meeting 
- 14 remain open. Of the 14, all are past due or partially past due 

Note that several Management Action Plans contained multiple actions, some of which may have been completed. Those actions have been split to reflect the number of outstanding items and will be tracked until all action plans have been closed.

Discussion:

21-3 Academic Affairs Change in Leadership (Provost)

- Audit Report Date: September 14, 2022
- Original Follow-Up Due: February 22, 2023
- The report contained one observation with two parts as follows:
 - **Observation #1a:** It is recommended that the Central Position Management (CPM) process be reviewed to ensure effectiveness and efficiency, that the benefits exceed the costs. If maintained, the process requires functional re-engineering to document procedures and incorporate an element of reconciliation in the university's financial system to regularly validate calculations that drive management decisions. **(Complete)**
 - **Observation #1b:** It is recommended the Office of the Provost continue to fulfill its compliance with Regulation 1-1 by orchestrating a review of procedures with constituents as necessary to ensure accuracy, applicability, and alignment with strategic objectives.

Status as of March 2025 – Internal Audit has met with Interim Provost, Dr. Scott Turpen and other members of the Provosts Office and has conferred with members of the General Counsel team to obtain updates and assess progress toward completion of the management action plans. Only one item remains open, and most sections within it have been completed. The one open area includes the two areas highlighted in **red** below:

- **Observation #1b:** Review and revisions have been underway considering:
 - Funding Commitments
 - Formalized funding requests
 - Assessments of the strategic value of ongoing commitments
 - Expectations regarding how funds will be expended
 - Removal of the Provost Tax
 - **Course overloads**
 - **Release time**
 - Mechanisms to address lack of consistency in expenditures submissions
 - Establishment of a cyclical review schedule to ensure regular review and update of practices and procedures.

The topic of **Release Time** has been included in General Counsel's project to update all SAP/DAP documents and should be completed by 2028. Internal Audit will continue to monitor progress and provide updates to the FLAC until this item is completed.

The topic of **Course Overloads** will be addressed and completed by the Office of the Provost, and the anticipated completion date is **TBD**.

Observation #1b: Completion dates, 2028 and TBD.

22-3 Student Health Services - Organization training and quality controls for accreditation

- Audit Report Date: August 30, 2022
- Original Follow-Up Due: June 8, 2023
- The report contained two observations as follows:

- **Observation #1a:** Require relevant training as a part of new employee orientation.
- **Observation #1b:** Schedule and monitor completion of required training annually.
- **Observation #2a: Accreditation:** Accreditation lapsed in 2021.
- **Observation #2b: Procedural Documents:** The department maintains complex procedural documentation and safety training as required by accreditation, but there is no regular review/update to documentation.
- **Observation #2c: Quality Control Assessments and Activities:** Other quality control measures have not been occurring as per past accreditation and/or procedure documentation.
 - Peer Reviews
 - Quality Improvement Committee
 - Risk Management Committee
 - Patient Satisfaction Survey

Status as of March 2025 – Management action plans from this audit are not yet due.

- **Observation 1a:** FERPA/PCI training has been completed. Mandatory FERPA training for all employees within Student Health Services has been implemented as of 9/30/2022. Staff handling credit card transactions have been assigned PCI training with a due date of 9/30/2022. (Not yet validated by Internal Audit.)
- **Observation 1b:** Open. Internal Audit will begin discussions with management to determine actions completed/pending to achieve success by planned due date.
- **Observation 2a:** Open. Internal Audit will begin discussions with management to determine actions completed/pending to achieve success by planned due date.
- **Observation 2b:** Open. Internal Audit will begin discussions with management to determine actions completed/pending to achieve success by planned due date.
- **Observation 2c:** Open. Internal Audit will begin discussions with management to determine actions completed/pending to achieve success by planned due date.
- **Target completion date for all open items: June 30, 2025**

22-5 HR/Payroll: Onboarding I-9 & Funding Forms

- Audit Report Date: December 22, 2022
- Original Follow-Up Due: October 1, 2023
- The report contained two observations as follows:
 - **Observation #1:** The Fringe Reserve Account has been used for expenditures that do not qualify as “fringe,” per the Federal Fringe Rate Agreement **(Completed)**
 - **Observation #2:** Compliance with I-9 and HCM Funding Form procedures was not enforced.

Status as of March 2025 – Employees not compliant with I-9 requirements are subject to immediate termination; however, that process has not consistently been followed. University leaders, subject matter experts, and peers around the country concur that achieving 100% compliance is unrealistic, but that mechanisms to continuously monitor and improve performance is possible.

At the last FLAC meeting, we discussed some of the barriers to 100% compliance, noting constraints such as:

- “Back dated” hires may continue in some areas/departments.

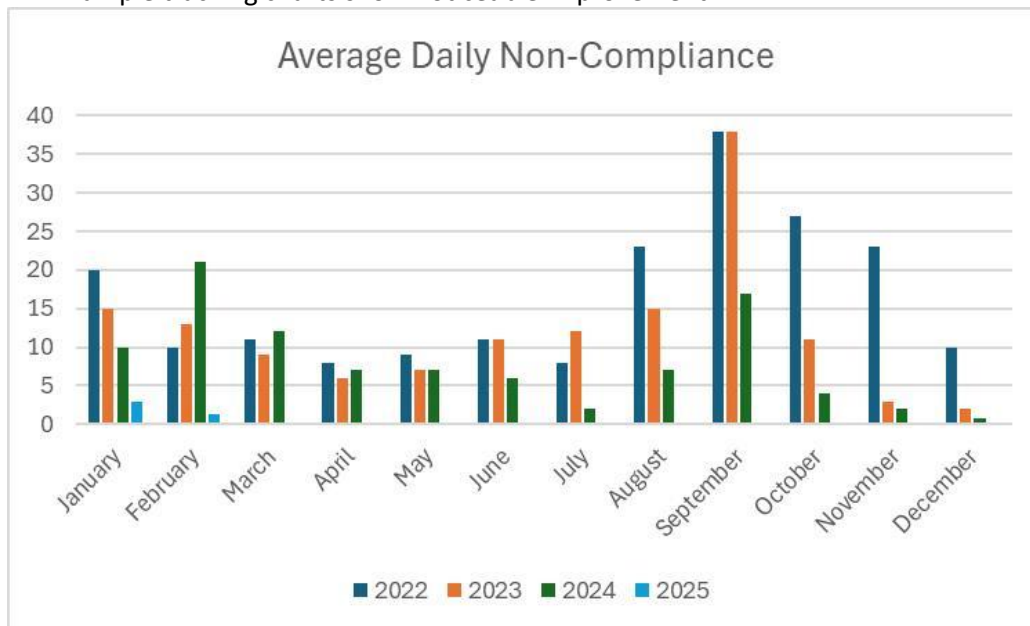
- Some student workers do not bring appropriate identification with them when they arrive on campus.
- Automatic termination may be disruptive to University business.
- A Shared Services model for colleges and departments was expected to help reduce the instances of non-compliance, but that model has not been fully implemented.
- Preventive measures such as locking all computer system access to newly hired individuals until all I-9 documents have been submitted may not be entirely effective, as some employees perform manual labor or do not regularly need system access.
- Punitive measures including fines, mandatory retraining, and suspension of hiring privileges have been discussed, but lead to other complications and/or system limitations.

The preferred approach has been Human Resources training/coaching, which has improved the culture of compliance since the audit report was issued.

- Human Resources has developed robust tracking mechanisms to determine whether non-compliance has declined and will begin more detailed tracking to identify departments or individual hiring managers who are repeat offenders.
- Beginning in January 2025, every instance of non-compliance has been a monthly topic at the President's Cabinet meetings to inform institutional leaders and garner their support for reinforcing the requirements and compelling compliance in their respective areas of influence.

Data produced by the Human Resources team has provided evidence that the current course of action is producing positive results. For example:

- Example tracking charts show noticeable improvement.



- Despite increased hiring and a greater headcount, instances of I-9 non-compliance have dramatically declined.
- Sample discussions with peers around the country have suggested that our processes are noticeably better than other institutions of higher education.

Based on the processes in place, the evidence of dramatic improvement, and the commitment to ongoing monitoring to drive continuous improvement, this item is considered fully implemented and **closed** and will no longer be tracked as an open Management Action Plan by Internal Audit.

22-6 & 23-1 Capital Construction Process and General Facility and Deferred Maintenance

- Audit Report Date: July 17, 2023/March 2, 2023
- Original Follow-Up Due: April 17, 2024/December 2, 2023
- Both reports contained two observations, one from each remains open as follows:
 - **Capital Construction Observation #2:** With changes in leadership, institutional administration reorganizations, and updated strategic planning, the Facilities Council as originally outlined is not currently active.
 - Assess the need to update UniReg [1-1](#), [6-1](#), [6-4](#), [6-9](#), Trustee Bylaws, and other directive documentation to ensure congruency with state statute, nomenclature, and expectations.
 - Ensure that compliance elements of W.S. § 9-2-3006 are delineated in procurement procedures for Capital Construction Projects.
 - **General Facilities Observation #1:** Oversight of bid processing – to ensure a proper understanding of authority and expectations, it is recommended that the division works with General Counsel to review to assess the need to update UniReg 6-1, 6-4, and 6-9, and other guidance to ensure congruency with division nomenclature and current titles.

Status as of March 2025 – Based on discussions with Vice President of Operations, Bill Mai, some of the regulations are in the approval process, and others are still in the revision stage. An update will be provided orally to members of the FLAC at the March meeting.

Updates will be provided to the Committee orally. **Target completion date for the revisions to the referenced documentation: TBD**

23-2 College of Health Sciences (COM)

- Audit Report Date: July 18, 2023
- Original Follow-Up Due: April 18, 2024
- The original report contained three observations summarized as follows:
 - **Observation #1:** The Student Pharmacy does not have documented fund handling procedures and staffing fluctuations compromise internal controls. **(Completed)**
 - **Observation #2:** Documented operational, financial, and personnel guidelines have not been fully developed to ensure effective and efficient progress toward shared strategic objectives between the college and EHCW
 - **Observation #3:** Procedures for independent verification of access have not been established. **(Completed)**

Status as of March 2025 – Internal Audit has had discussions with the new Dean who has identified additional risks that might require prompt attention. A follow-up discussion is planned prior to the Board of Trustees meeting in March, and updates on the status of open items, along with additional planned activities will be provided orally at the Fiscal and Legal Affairs Committee meeting.

24-3 Associated Students of the University of Wyoming (ASUW)

- Audit Report Date: October 17, 2023
 - Original Follow-Up Due: July 17, 2024
- The original report contained two observations comprising eight components, some of which were further broken down into multiple tasks. The corrective actions and management action plans have been broken down into seven items which are summarized as follows:

- **Observation #1a:** Evaluate the continued use of a legacy Unrestricted Reserve account.
- **Observation #1b:** In cooperation with administrative oversight provided by Vice President of Student Affairs, develop a documented plan to present financial data that is timely and useful to guide decision making.
- **Observation #1c:** Include use of mandatory fees, carry forward and reserve balances, in the presentation to the Central Fee Committee.
- **Observation #2a:** General use of student fees be clarified in formalized documentation, including the Fee Book.
- **Observation #2b:** Formally document ASUW guidelines, training requirements, regular/periodic review of ASUW By-Laws, Strategic Plan, and Governance/Oversight.
- **Observation #2c:** Align the ASUW Strategic Plan with the University of Wyoming Strategic Plan.
- **Observation #2d:** Develop a process to formalize documentation and ensure ongoing/periodic updates to documentation to ensure financial, compliance, strategic, reputational, and operational risks are mitigated.

Status as of March 2025 – Management expressed a positive response to each of the recommendations and is working toward completion; however, a recent change in leadership at the role of Vice President for Student Affairs has necessitated a pause, and the new Vice President for Student Affairs has expressed an interest in addressing the open items.

- **Observation #1a:** Completion date remains **June 30, 2025**.
- **Observation #1b:** **(Completed)**
- **Observation #1c:** Completion date revised to **January 2026**.
- **Observation #2a:** **(Completed)**
- **Observation #2b:** Completion date revised to **September 1, 2025**.
- **Observation #2c:** **(Completed)**
- **Observation #2d:** Completion date revised to **September 1, 2025**.

24-4 Alumni Association – Fund management, Documentation, WyoCloud

- Audit Report Date: December 14, 2023
- Original Follow-Up Due: September 30, 2024
- The original report contained three observations comprising a total of six actions. The corrective actions and management action plans have been summarized as follows:
 - **Observation #1a:** Devise a process to include the presentation of full financial information (internal and external) to stakeholders.
 - **Observation #1b:** Collaborate with Administration and Finance as well as General Counsel to review the MOA considering current practices and discuss options to ensure clarity regarding the expectations of compliance in the management of UWAA funds.
 - **Observation #2a:** Update UWAA Policies and Procedures to include references to University documents.
 - **Observation #2b:** Create or update procedural documentation regarding critical activities.
 - **Observation #3a:** Collaborate with the VP of Student Affairs to define roles and responsibilities as follows in the management of the lifecycle of WyoCloud financial activities
 - **Observation #3b:** Individuals in positions assigned as fulfilling the Responsible or Accountable role should complete the following University of Wyoming offered training:
 - Fund Balance
 - Cost Center Approver

Status as of March 2025 – The UWAA leadership is taking the action plans seriously and has made progress. Some items have been completed, while others are still underway, as described below:

- **Observation #1a:** (Completed)
- **Observation #1b:** Amendments to the MOA are in progress. (Revised to April 11, 2025)
- **Observation #2a:** Policies and Procedures are completed and will be reviewed by the UWAA board on April 11, 2025. (Revised to April 11, 2025)
- **Observation #2b:** Procedural documentation is complete and will be reviewed and approved by the UWAA board on April 11, 2025. (Revised to April 11, 2025)
- **Observation #3a:** (Completed)
- **Observation #3b:** All individuals performing oversight and reconciliation procedures have completed the appropriate training. (Completed)

24-5 UW Foundation Sister Accounts

- Audit Report Date: June 3, 2024
- Original Follow-Up Due: September 30, 2024
- The original report contained an observation which stated that: Similar expenditure types were expensed through UW and Foundation purchasing mechanisms and unallowable expenditures were observed using university funds and UW purchasing mechanisms rather than the appropriation Foundation purchasing mechanisms
 - **Observation #1a:** Budget and Financial Affairs further develop criteria and training regarding allowable expenditures and appropriate accompanying business purposes through UW purchasing mechanisms.
 - **Observation #1b:** It is also recommended that this clarification reinforces what expenditures are not allowed on UW funds regardless of purchasing mechanism with specific language to include Foundation sister accounts.

Status as of March 2025 – Management expressed that the corrective actions are in progress and the Division of Budget & Finance has gathered information from constituents in order to revise the Allowable Expenses SAPP. When the final version is confirmed with VP Kean and General Counsel, it will go to the President for approval. Within 4 weeks of the President’s approval, the Division of Budget & Finance will produce a campus training on the Allowable Expenses SAPP. Management anticipates this item being completed by the May board meeting.

Target completion: May 2025

FISCAL AND LEGAL AFFAIRS COMMITTEE
COMMITTEE MEETING MATERIALS

AGENDA ITEM TITLE: Risk Assessment

- ☒ 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 International Professional Practices Framework promulgated by the Institute of Internal Auditors, Performance Standard 2010. A1 states that, “*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.*”

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

Risk Assessment

The Institute of Internal Auditors' (IIA) Standards require Internal Audit departments to “establish a risk-based plan to determine the priorities of the internal audit activity, consistent with the organization’s goals.”

Our primary goal is to identify auditable risks – those that can be effectively assessed through the internal audit process and addressed by the Internal Audit team throughout the course of the year. Internal Audit considers a wide variety of risks such as Health & Safety, Societal/Environmental, Financial, Operational (effectiveness & efficiency), Reputational, Reporting & Disclosure, Compliance, Legal/Liability, Information Security, and Strategic risks that might adversely impact the University’s ability to achieve its objectives.

Most often, Internal Audit addresses risks involving process controls, financial/fraud concerns, compliance, operational efficiency and effectiveness, or other areas that can benefit from testing and monitoring, or that might be improved through the recommendations arising from internal audits. We will be using the identified risks and our discussions about them to prioritize risks and develop our internal audit plan.

Many risks, including some operational and strategic risks, may fall outside Internal Audit’s scope. These could include issues related to long-term planning, political or reputational concerns, workforce challenges, safety, or broader institutional decision-making. While some of these areas may not lend themselves particularly well to audits, they are still critical risks that should be addressed. To ensure these are captured, Internal Audit is collaborating with Laura Betzold, our Chief Risk Officer and the Risk Management Office, who focuses on risk mitigation strategies, policy development, and enterprise risk planning.

While Internal Audit is hosting and leading these meetings, Risk Management is participating where possible. Even if they are not present at our meeting, they will receive relevant information to help support your department and contribute to enterprise risk management efforts.

Finally, it is important to remind participants that “risk assessment” is not intended to be an annual event. Rather, it is intended to be an ongoing, continuous process. As new risks are identified throughout the year, please do not wait until the next annual risk assessment interview. Instead, please reach out to Internal Audit or the Risk Management Office to make us aware of any new/emerging risks. While risk assessments should be performed at least annually, the spirit of risk assessment is to continually identify and evaluate risks throughout the year.

Internal Audit has presented the risk assessment approach to the President’s Cabinet and has begun the process of interviewing Cabinet members and other subject matter experts across the campus. The process has also included Laura Betzold, Chief Risk Officer & Senior Associate General Counsel with the Risk Management Office and intends to coordinate risk management/audit activities with that team.

Fiscal and Legal Affairs Committee members and other members of the Board of Trustees are invited to provide insights and perspectives regarding risks the University may encounter in the near future.

A copy of the presentation about the risk assessment approach is included with the FLAC meeting materials.



UNIVERSITY
OF WYOMING

Annual Risk Assessment

Discussion on Planned Approach

Shared with the President's Cabinet February 20, 2025

Professional Standards

The Institute of Internal Auditors' (IIA) Standards require Internal Audit departments to “*establish a risk-based plan to determine the priorities of the internal audit activity, consistent with the organization’s goals.*”

IIA Interpretation

- To develop the risk-based plan, the chief audit executive *consults with senior management and the board* and obtains an understanding of the organization’s strategies, key business objectives, associated risks, and risk management processes.
- 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 is primarily achieved through the *risk assessment process*, which is a best practice that also provides important information to the University Leadership and Board of Trustees.

Risk: Defined

“Risk is the possibility of an event occurring that will have an impact* on the achievement of objectives. Risk is measured in terms of *impact* and *likelihood*.”

-IPPF Standards Glossary

*Typically, we focus our resources on risks that may have a *negative* impact on the achievement of objectives.

Impact and Likelihood - Sample

Impact:

- Health & Safety
- Societal/Environmental
- Financial
- Operational (effectiveness & efficiency)
- Reputational
- Reporting & Disclosure
- Compliance
- Legal/Liability
- Information Security
- Strategic



Likelihood:

- History of errors or problems
- Conflicts of interest
- Susceptibility to fraud or theft
- Significant changes (in key personnel, processes, IT systems, policies & procedures, and/or regulations, etc.)
- Complexity of activities, transactions, and regulations
- Concentration (lots of eggs in one basket)
- Predictability (ease of noticing outliers/errors)



Peers' experiences

Identification of Risk Universe

The risk inventory can be extensive and is typically multi-tiered.

Just an example:

Budget & Finance Division (Alex)

Human Resources (Bob)

Payroll Management (Hillary)

Mandatory Garnishments for Tax Levies, Bankruptcies, Child Support, etc.
Ghost Employees
Timekeeping Fraud
Withholding of taxes from employee wages and timely deposits
Non-resident Alien Taxation
Federal Tax Reporting
Employee Misclassification
Retirement Contributions
Reporting and Transmittal of funds
Collection of funds, transmittal of funds and reporting,
Etc...

Identification of risks should involve *historical and forward-looking perspectives* from both *internal and external sources* and should always be aligned with institutional objectives.

Leaders and *subject-matter experts* are best equipped to identify risks.

Information Gathering

Initial interviews will be conducted with Cabinet members.

Recommendations for **subject-matter experts** to include in the interview process will be appreciated.

Targeted surveys will be considered, but an extensive overhaul of existing/past surveys may be required.

For example, in the 2024 Risk Assessment survey (1279 responses):

16 “introductory” questions

2 questions regarding primary risk areas

7 questions regarding UW Mission and Strategic Planning

45 questions (64%) regarding Culture.

Good Questions for Risk Assessment:

In the last year (2023), I became aware of a deliberate or inadvertent violation of law/UW regulation, policy, or code of conduct.

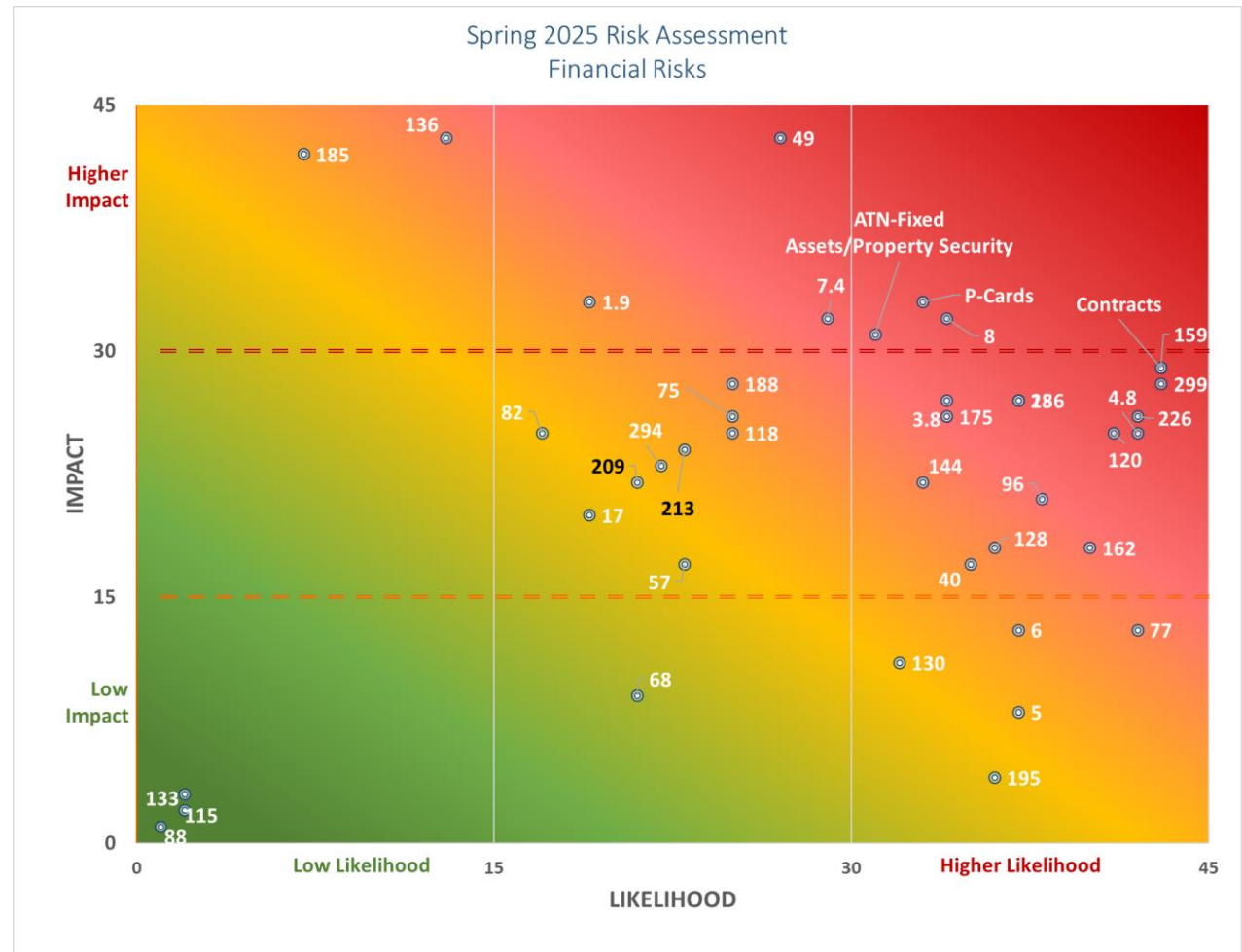
Are you aware of any current violation of law/UW regulation, policy, or code of conduct?

Please describe the current violation of law/UW regulation, policy, or code of conduct that you are aware of.

The Risk Universe is Large

Whether via interviews or surveys or a combination, we should end up with something like this for each category:

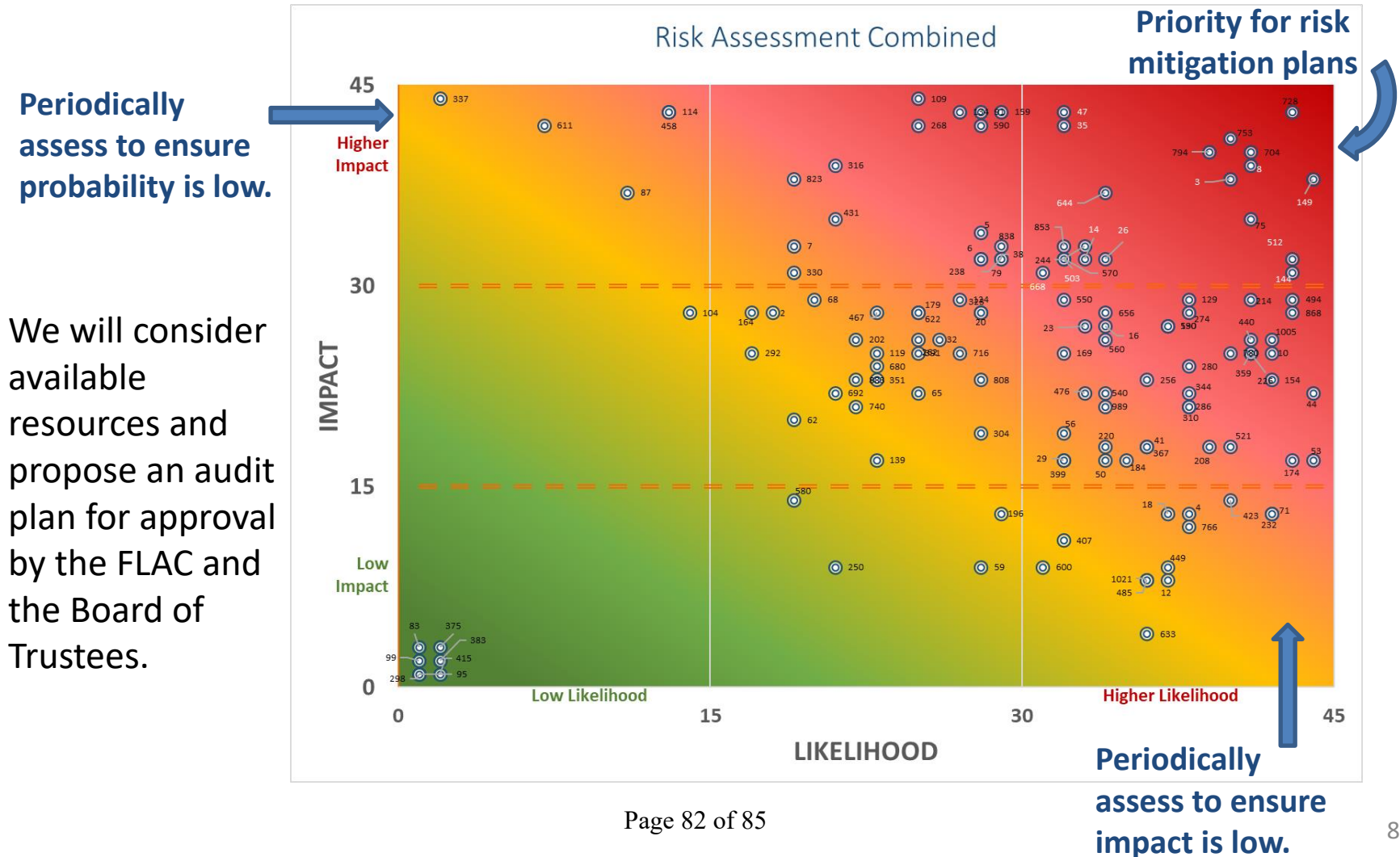
The model can get more complex when we consider immediacy or imminence and assessment error... but we are going to start simple this year.



Prioritization of Results

An important step in the process is the prioritization of results, which helps guide internal auditors in the development of the annual audit plan.

Results are typically plotted on a combined matrix to facilitate ranking...



The Interview Process

There are only a few simple question in the interview.

- All answers will be summarized for presentation purposes
- Focused on a) the University and b) your areas of control and expertise
- The emphasis is on the “potentiality” of events

You may refer us to others, such as your subordinates, subject matter experts or team members for additional information.

Risk assessment is not intended to be an annual event; rather, it is most effective when it is an *ongoing, continuous process*. You can contact me at any time if new risks arise, or if you think of somethings else.

Sample Questions

Finance Office

As you consider your own risk universe, considering *historical and forward-looking perspectives* from both *internal and external sources*...

1. What are the areas that have the highest *impact* on
 - a) the University as a whole?
 - b) your particular area of influence?

(Consider the impact factors on slide #4 – worst case scenario.)
2. What are the areas most *likely* to adversely affect
 - a) the University as a whole?
 - b) your particular area of influence?

(Consider the likelihood factors on slide #4 – just a matter of time?)
3. Are there any areas for which you would like some additional assistance to *determine whether there are significant risks*?

(We may be able to help you further identify or assess risks.)
4. Are there any other tangential areas/functions you interact with that you believe might benefit from additional risk assessment consideration?

(We may identify trends, emerging themes, areas in need of support, etc.)

Closing Thoughts/Comments

Next steps:

1. Should we include any other members of your team in the data collection process?
2. Scheduling and preparation for interviews
3. Accumulation of results
4. Validation (follow up) process – may require a follow up with you
5. Dissemination and discussion of results
6. Prioritization of results with University leadership

Questions for me:

- 1.
- 2.

Thank you.

Whit Madère

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