



BOARD OF TRUSTEES

Fiscal and Legal Affairs Committee (FLAC)

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

AGENDA

Wednesday, May 15, 2019; 5:30-6:30 p.m.

Boyd Conference Room, Marian H. Rochelle Gateway Center

Call to Order – Trustee Marsh

Items for Discussion:

- External Audit Update- Fiscal Year 2018 Audit Tracker Action Plan-**Jewell**
 - Audit Tracker Pages 2-10
 - Single Audit Corrective Action Plan Pages 11-14
 - External Audit Management Letter FY 2018 Pages 15-52

- Investment Policy Approach-**Jewell**
 - Summary Page 53

 - Investment and Management of University Funds:
UW Regulation 7-7 Pages 54-64
 - Wells Fargo-April portfolio report Pages 65-82
 - WGIF-April portfolio report Pages 81-83

- Internal Audit Activity Report-**Kathleen Miller** Pages 84-171

Adjourn

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
1	FY18 Audit: Action Plan / Status Summary													
2			Documents				Department	Staff		Summary of Management			Completion	Completion
3	Reference	FR / C	Referenced	Category	Priority	Subject	Responsible	Responsible	Summary of Finding or Comments	Response	Potential Risk	Progress-to-date	Status	Date
4	2018-001	FR	SA pp. 24, 31; SA-CAP p.41	MW	n/a	Restatement of Prior Year Financial Statements	Controller	Ashlie Hahn	GASB 75 provisions not applied to statewide multiple-employer plan as information on adoption not available at the time, resulting in decrease of beginning net position at 7/1/17 of approx. \$180m (includes grants receivable and revenue restatement amount referenced in finding 2018-002). Federal direct loan accounting corrected with no impact on beginning net position	Required controls implemented and documented as of August 2018			Completed	8/31/2018
5	2018-002	FR	SA pp. 24, 32; SA-CAP p.41	MW	H	Accounting for Grant Receivable and Revenue	OSP	Jonnie Jenkins	Improper application of outstanding receivables, grants receivable and revenue due to unexpected new financial system set-up issues, necessitating adjustments of \$18.8m at 7/1/18	OSP to review under guidance from Point Consulting: 1) policies and procedures; 2) accounting for grants receivable and revenue. Review system configuration, create documentation and train staff. A/R to be reconciled monthly and tools developed to analyze/report on A/R		5/7/19 - Clean up of data underway. Point Consulting submitted comprehensive assessment to David Jewell for review; will move forward with remainder of project plan once approved.	In Progress	6/30/2019

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
3	Reference	FR / C	Documents Referenced	Category	Priority	Subject	Department Responsible	Staff Responsible	Summary of Finding or Comments	Summary of Management Response	Potential Risk	Progress-to-date	Completion Status	Completion Date
6	2018-003	FR	SA pp. 25, 33; SA-CAP pp. 41-42	SD	n/a	Cash Reconciliations	Accounting	Cid Walck	Cash reconciliations not reconciled in timely manner, increasing fraud/error risk and/or material misstatements to financial statements	Daily cash account reconciliations within management module now performed. Cash reconciliations to external bank statements now performed/documented at month end	Arin Wesnitzer (Assistant Manager, OSP) leaving UW on 2/1/19. Risk to daily cash account reconciliation process if replacement hiring delayed.	Will undergo completion review	Completed	12/31/2018
7	2018-004	FR	SA pp.25, 34; SA-CAP p. 42	SD	H	Information Systems Change Management Segregation of Duties	IT	Jennifer Chavez	Lack of segregation of incompatible duties within Banner and HRMS applications due to staffing resource constraints may result in risk of unauthorized program or data changes occurring without detection	Additional auditing controls and periodic review will be implemented to safeguard no issues or unauthorized changes have occurred		Additional auditing was put into place 2/1/19. We also changed business procedures to eliminate the segregation of duty issues as of 3/1/19	In Progress	3/1/2019
8	2018-005	C	SA pp. 28, 35; SA-CAP pp. 42-43	SD	H	Allowable Costs and Activities	OSP	Jonnie Jenkins	Fringe benefits charged to grants determined by departments, as opposed to being allocated to all related activities and funding sources according to federal regulations, resulting in fringe benefit overcharges to grants	Policies and procedures related to time and effort reporting to be updated. Communication to be distributed university-wide regarding updated procedures. OSP and Payroll to develop time and effort report for 7/1-12/31/18 to review and revise as needed to ensure FY19 compliance		5/7/19 - Policies and campus communication completed in January. OSP has received the time and effort report from Sheralyn Farnham and provided details to departments. Departments are reviewing and responding to leave reports for the period 7/1-12/31/18.	In Progress	1/31/2019 - Campus Email 5/15/19 - Department Reports target date

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
3	Reference	FR / C	Documents Referenced	Category	Priority	Subject	Department Responsible	Staff Responsible	Summary of Finding or Comments	Summary of Management Response	Potential Risk	Progress-to-date	Completion Status	Completion Date
9	2018-006	C	SA p.28, 36; SA-CAP p. 43	MW	H	Equipment Management	Accounting	Cid Walck	Inventory of capital assets not performed within past two years as federally required; improper disposal and tagging of assets, and lack of comprehensive listing of all federally purchased assets increase the risk of loss, improper safeguarding or maintenance. Identified causes include understaffing of Accounting's asset management team, UW lack of adherence to existing policies, and incomplete development of financial/reporting system in this area	Campus-wide inventory currently underway. Accounting/OSP to update university-wide policies/procedures and training. Development of reports to track and monitor all assets and report specifically on federal assets		5/7/19 - Draft Asset Mgmt. SAPP reviewed by David Jewell and now in approval process. Federal asset tracking report developed for all assets going forward and past data has been entered into WyoCloud. Trainings for Organization Property Administrators to be held through May. Campus inventory at 75% completion; remains in progress	In Progress	6/30/2019
10	2018-007	C	SA pp. 28, 37; SA-CAP pp. 43-44	MW	H	Procurement	Procurement	Martha Miller	Procurement policies and procedures not in alignment with OMB Uniform Guidelines, increasing risk of improper use of federal expenditures	Procurement and OSP, with guidance from Point Consulting, to review/update procurement policies and procedures, provide training, and conduct periodic reviews to ensure compliance with Uniform Guidelines		5/7/19 - New thresholds restructured in consultation with Point Consulting. Procurement manual, Terms and Conditions updated per Uniform Guidelines and posted online. Draft SAPP reviewed by David Jewell and in approval process; remainder of project plan to move forward after SAPP fully approved	In Progress	6/30/2019
11	2018-008	C	SA pp.27, 38; SA-CAP p.44	SD	n/a	Reporting	OSP	Jonnie Jenkins	Lack of electronic copy of submission of one Department of Energy grant quarterly report (period ending 6/30/18), as temporary staff did not save supporting documentation	Grant re-submitted January 2019			Completed	1/4/2019

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
3	Reference	FR / C	Documents Referenced	Category	Priority	Subject	Department Responsible	Staff Responsible	Summary of Finding or Comments	Summary of Management Response	Potential Risk	Progress-to-date	Completion Status	Completion Date
12	2018-009	C	SA pp. 28, 39; SA-CAP p. 44	SD	H	Subrecipient Monitoring	ORED	Diana Hulme	Failure to conduct timely reviews of subrecipient audit reports and take appropriate corrective actions, potentially resulting in non-compliance by the subrecipient for an inappropriate length of time	Review of subrecipient requirements, drafting of policies/procedures, training and institution of a review policy will be developed by ORED under guidance of Point Consulting		5/7/2019 - A draft subrecipient monitoring policy, developed by Point Consulting and the Office of Research and Economic Development, has been through several drafts. The final draft is in completion review.	In Progress	6/30/2019
13	Management Letter Deficiencies / Comments													
14	Management Letter Deficiencies / Comments													
15	Management Letter Deficiencies / Comments													
16	Reference #	FR/C	Documents Referenced	Category	Priority	Subject	Department Responsible	Staff Responsible	Summary of Finding or Comments	Summary of Management Response	Potential Risk	Progress-to-date	Completion Status	Completion Date
17	1 - FR	FR	ML pp. 51-52	D	M	Capital Assets	Accounting	Cid Walck	A number of issues were noted during testing of capital assets; while none were material either individually or in the aggregate, material errors could result if controls are not strengthened	A university-wide asset management policy and procedure leveraging the financial management system will be developed to address all listed deficiencies and strengthen controls		5/7/19 -Draft SAPP under review (see 2018-006 above). Trainings scheduled through May. BA built flex fields linking data between PPM and GL. Other tasks complete or near completion and will undergo completion review	In Progress	6/30/2019
18	2 - FR	FR	ML p. 52	D	M	Segregation of Duties over Payroll	HR	Sheralyn Farnham	Payroll manager, assistant manager and specialist all have ability to enter termination dates, change pay rates, and direct deposit information; risk of one of these employees omitting or altering information in these areas exists	Evaluation of security roles and implementation of new HCM system will resolve issues		Follow up to request update after HCM roll-out complete	TBD	

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
3	Reference	FR / C	Documents Referenced	Category	Priority	Subject	Department Responsible	Staff Responsible	Summary of Finding or Comments	Summary of Management Response	Potential Risk	Progress-to-date	Completion Status	Completion Date
19	3 - FR	FR	ML p. 53	D	M	Reconciliation of Purchase Card Clearing Account	Accounting	Tim Keller	P-card clearing account was not reconciled at year end, which is important to ensuring proper reporting and investigation of questionable purchases	WyoCloud reports to monitor p-card activity and assist with monthly reconciliation of clearing account will be developed		5/7/19 - GL and P-card report do not correlate, though BA has reports identifying some invoice issues. Still working with Oracle on SR.	In Progress	6/30/2019
20	4 - FR	FR	ML p. 53	D	M	Accounting for Agency Transactions	Controller	Ashlie Hahn	Instead of being treated as assets and liabilities on the statement of net position, agency fund transactions are recorded as revenues and expenses, with net impact of the activity adjusted for financial reporting purposes to a liability account at year-end. This prevents net position from properly rolling forward from the beginning balance to the ending balance and may not reflect the true liability owed	Chart of accounts structure to be changed to allow for proper reporting of agency transactions, and training for campus implemented.		5/7/19 - Agency fund transactions to remain in fund class 900, with a journal entry at end of year to present correctly. Ashlie Hahn confirmed this plan with BKD	In Progress	6/30/2019
21	5 - FR	FR	ML pp. 53-54	D	M	Documentation of Year-end Accounting Processes	Accounting	Ashlie Hahn	Documentation on year-end close processes and capitalization thresholds / useful life of assets should be expanded or enhanced for the improvement of internal controls	Year-end documentation is being updated by financial affairs, and reviewed/revised on a quarterly basis due to system upgrades; comprehensive asset management policies and procedures will be drafted		5/7/19 - Year-end memo and calendars sent to campus on 4/15/19. Year-end tracker developed and updated/refined during regularly scheduled functional lead meetings	In Progress	6/30/2019
22	6 - FR	FR	ML pp. 54-55	D	n/a	Banner Fee Assessment Review Process	Financial Reporting	Aaron Courtney	Audit trail reports run from Banner verifying proper tuition and fee charges have not been maintained. A high number of individuals (14) have access to change the tuition and fee rates.	Audit trail documentation now retained electronically by IT and backed up daily. Individuals with access to change tuition and fee rates within Banner reduced from 14 to 6.			Completed	

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
3	Reference	FR / C	Documents Referenced	Category	Priority	Subject	Department Responsible	Staff Responsible	Summary of Finding or Comments	Summary of Management Response	Potential Risk	Progress-to-date	Completion Status	Completion Date
23	7 - FR	FR	ML p. 55	D	M	University Ancillary Systems	Systems and Institutional Effectiveness	Laura Shevling	Numerous ancillary (shadow) accounting systems that do not interface with WyoCloud exist across campus, and insufficient asset or liability accounts exist to track various department transactions in WyoCloud	Financial Affairs continues to work across campus to phase out ancillary systems and implement sole use of WyoCloud as recommended in the management letter		Met with Athletics on 3/18, and received from them new activity codes. Will review to confirm they will work, then BAs will start to build	In Progress	Ongoing
24	1 - IT	FR - IT	ML pp. 56-57	D	M	Periodic User Access Reviews	IT	Jennifer Chavez	Formal, documented reviews of user access and Application Security Roles (Classes) in multiple financial significant applications, operating systems and databases are not performed at least annually, increasing risk of in appropriate access to key systems, data and/or programs	Review of all recommended user access accounts completed in Fall 2018. Formalized procedures conducted annually and requiring Director, Manager and/or Data Manager approval will be implemented using TeamDynamix in Spring 2019, with any changes documented in service tickets		The process for reviewing access in Banner Peoplesoft has been documented and moved into TD. 4/1/19	In Progress	Fall 2018 - User access review; Spring 2019 - Formalized review procedure implemented
25	2 - IT	FR - IT	ML pp. 57-59	D	M	Password Parameters	IT	Jennifer Chavez	Password configuration settings in Windows AD, Red Hat Enterprise Linux, and TouchNet do not meet generally accepted leading practice requirements, posing a cybersecurity risk	Multi-factor authentication from off-network required as of November 2018. IT now conducting full review of password security procedures and will implement in Spring 2019, based on NIST cybersecurity standards. TouchNet password length changed to 8 characters as recommended		Complete - As of 3/1/19 UWIT has reviewed our password parameters and we are in compliance with the basic NIST cybersecurity standards. We are currently testing in development additional controls we would like to put in place per the NIST standards that will be implemented in the future.	Completed	10/2018 - TouchNet password update; 11/2018 - Multifactor Authentication; Spring 2019 - Updated password security procedures

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
3	Reference	FR / C	Documents Referenced	Category	Priority	Subject	Department Responsible	Staff Responsible	Summary of Finding or Comments	Summary of Management Response	Potential Risk	Progress-to-date	Completion Status	Completion Date
26	3 - IT	FR - IT	ML p. 59	D	n/a	Physical Security - Key Card Access	IT	Jennifer Chavez	Removal of key card access informal and undocumented, increasing risk of unauthorized access to computer hardware and technology infrastructure	P2000 software used to remove and now also document removal date. IT Business Services documents removal process and notifies the Application Security Office		Complete - IT processes are in place and being used.	Completed	
27	4 - IT	FR - IT	ML pp. 59-60	D	M	Data Restoration Testing	IT	Jennifer Chavez	Formal periodic data restoration of Banner and HRMS not performed, increasing risk that financial data cannot be recovered/restored in a timely manner	Data Restoration Testing Procedure implemented in December 2018; Banner restoration testing to be completed January 2019. HRMS being decommissioned and functions transitioning to cloud-based HCM		As of 3/1/19 - documented procedures are in place, and FY 19 testing has been completed.	In Progress	12/2018 - Data Restoration Testing; 1/2019 - Banner Restoration Testing; 4/2019 - HCM transition complete
28	5 - IT	FR - IT	ML p. 60	D	n/a	User Access Accounts - Computer Operations	IT	Jennifer Chavez	Business analyst user accounts are created in the PeopleSoft HRMS production environment to simplify refresh steps between production and development, posing a risk of unauthorized users having access to key systems, financial data and programs	User accounts are used solely in the development environment, locked in production, and controlled by the Application Security Office, presenting very minimal risk between the development and production environments		Determined we are not changing this procedure and accepting the risk.	Completed	
29	1 - SA	C	ML pp. 62-63	D	M	Schedule of Expenditures of Federal Awards (SEFA) Preparation	OSP	Jonnie Jenkins	Grants misclassified or not reported under proper CFDA number due to incomplete documentation submitted by Pls. Report in preparation of SEFA included nonfederal as well as federal project accounts	OSP will continue to work with and train staff to mitigate deficiencies, and will conduct a detailed review of all grant accounts to ensure accurate funding classification in WyoCloud		5/7/19 - BA created federal/non-federal grant classification report for OSP/Controller on 3/25/19. This year's preliminary SEFA is under review for submission to BKD on 5/10/19.	In Progress	6/30/2019

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
	Reference	FR / C	Documents Referenced	Category	Priority	Subject	Department Responsible	Staff Responsible	Summary of Finding or Comments	Summary of Management Response	Potential Risk	Progress-to-date	Completion Status	Completion Date
30	2 - SA	C	ML p. 63	D	M	Policies and Procedures	OSP	Jonnie Jenkins	Comprehensive grant policies and procedures incorporating all Uniform Guidance requirements need to be developed as soon as possible	Uniform Guidance-compliant policies and procedures were drafted in December 2017, but require additional review due to reorganization of reporting lines. Point Consulting to review document and provide guidance.		5/7/19 - Point Consulting made the decision to not attempt to put the 178-page handbook through the SAPP process. Instead, the specific policies below are being developed to approve through SAPP process: Closeout, Cost Sharing, Cost Transfer, Direct Cost, Effort Reporting, NIH Salary Cap, Institutional Base Salary, and Program Income.	In Progress	6/30/2019
31	3 - SA	C	ML pp. 63-64	D	M	Subrecipient Monitoring - During-the-Award Monitoring	ORED	Diana Hulme	While during-the-award monitoring is occurring as required by Uniform Guidance, documentation of the monitoring and results, review of invoices, and PI interaction with subrecipients are not consistently maintained	Review of subrecipient monitoring and policies/procedures will be developed under guidance of Point Consulting		5/7/2019 - A draft subrecipient monitoring policy, developed by Point Consulting and the Office of Research and Economic Development, has been through several drafts. The final draft is in completion review.	In Progress	6/30/2019

	A	B	C	D	E	F	G	H	I	J	K	L	M	N
3	Reference	FR / C	Documents Referenced	Category	Priority	Subject	Department Responsible	Staff Responsible	Summary of Finding or Comments	Summary of Management Response	Potential Risk	Progress-to-date	Completion Status	Completion Date
32	4 - SA	C	ML pp. 64	D	M	Procurement - P-Card Expenditure Review	Procurement	Martha Miller	Micro-purchase aggregate expenditures on P-cards are not tracked and reviewed to ensure they are not exceeding Uniform Guideline thresholds	Procurement and OSP, with guidance from Point Consulting, to review/update procurement policies and procedures, provide training, and conduct periodic reviews to ensure micro-purchase aggregate threshold compliance with Uniform Guidelines		5/7/19 - Point consulting has confirmed micropurchase aggregate threshold is above the pcard transaction limit and therefore Uniform Guidance compliant. P-card review procedures written and under review. Training to start after draft SAPP approved.	In Progress	6/30/2019
33	5 - SA	C	ML p. 67	C	L	Subrecipient Monitoring - Suspension and Debarment	ORED	Diana Hulme	Suspension and debarment checks are performed prior to entering into subaward contracts, but should be performed on an annual basis for multi-year subawards to avoid conducting business with entities not allowed to receive federal funds	Review of subrecipient monitoring and policies/procedures will be developed under guidance of Point Consulting		5/7/2019 - A draft subrecipient monitoring policy, developed by Point Consulting and the Office of Research and Economic Development, has been through several drafts. The final draft is in completion review.	In Progress	6/30/2019
34	6 - SA	C	ML p. 67-68	C	H	Matching (Cost-Share)	OSP	Jonnie Jenkins	WyoCloud companion project accounts, created to support and track matching requirements of each project, are not being utilized as designed. Instead, the majority of support is tracked manually, increasing the risk of resources being double counted and used as match on multiple projects and/or risk that the match will not be met	OSP to work with Budget Office and AVP of Financial Affairs to finish implementing cost share accounts with proper funding		5/7/19 - New costshare account templates developed that post to correct accounts. Notification to campus sent out 4/16/19.	In Progress	6/30/2019

UNIVERSITY OF WYOMING

Vice President, Division of Administration
1000 E. University Avenue, Department 3982 • Room 202H, Old Main • Laramie, WY 82071
(307) 766-5766 • fax (307) 766-3436 • www.uwyo.edu/administration

Single Audit Corrective Action Plan Year Ended June 30, 2018

Finding 2018-001: Restatement of Prior Year Financial Statements

Department's Response: We Concur

Views of Responsible Officials and Corrective Action:

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

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

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

Projected Completion Date: Completed August 2018

Finding 2018-002: Accounting for Grant Receivable and Revenue

Department's Response: We Concur

Views of Responsible Officials and Corrective Action:

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

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

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

Projected Completion Date: June 30, 2019

Finding 2018-003: Cash Reconciliations

Department's Response: We Concur

Views of Responsible Officials and Corrective Action:

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

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

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

Projected Completion Date: Completed December 31, 2018

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

Department's Response: We Concur

Views of Responsible Officials and Corrective Action:

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

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

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

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

Finding 2018-005: Allowable Costs and Activities

Program: Research & Development Cluster

CFDA Number: Various

Sponsoring Agency: All Research and Development

Sponsor Award Number: Various

Department's Response: We Concur

Views of Responsible Officials and Corrective Action:

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

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

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

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

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

Department's Response: We Concur

Views of Responsible Officials and Corrective Action:

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

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

Finding 2018-007: Procurement

Department's Response: We Concur

Views of Responsible Officials and Corrective Action:

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

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

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

Projected Completion Date: June 30, 2019

Finding 2018-008: Reporting

Program: Research & Development Cluster

CFDA Number: 81.049

Sponsoring Agency: Department of Energy

Sponsor Award Number: DE-SC0012671

Department's Response: We Concur

Views of Responsible Officials and Corrective Action:

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

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

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

Projected Completion Date: Completed January 4, 2019

Finding 2018-009: Subrecipient Monitoring

Program: Research & Development Cluster

CFDA Number: 47.074

Sponsoring Agency: National Science Foundation

Sponsor Award Number: 1547796

Award Period: September 1, 2016 through August 2021

Department's Response: We Concur

Views of Responsible Officials and Corrective Action:

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

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

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

Projected Completion Date: June 30, 2019

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

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

AUDIT SCOPE AND RESULTS

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

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

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

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

Qualitative Aspects of Significant Accounting Policies and Practices

Significant Accounting Policies

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

Alternative Accounting Treatments

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

- No matters are reportable

Management Judgments and Accounting Estimates

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

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

Financial Statement Disclosures

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

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

Audit Adjustments

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

Areas in which adjustments were proposed include:

Proposed Audit Adjustments Recorded

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

Proposed Audit Adjustments Not Recorded

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

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

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

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

Disagreements with Management

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

- No matters are reportable

Consultation with Other Accountants

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

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

Significant Issues Discussed with Management

Prior to Retention

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

- No matters are reportable

During the Audit Process

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

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

Difficulties Encountered in Performing the Audit

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

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

Other Material Communications

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

- Management representation letter (attached)

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

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

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

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

Material Weaknesses

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

Significant Deficiencies

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

Deficiencies

Capital Assets

Various issues were noted during testing of capital assets including:

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

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

Management's Response:

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

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

Segregation of Duties Over Payroll

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

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

Management's Response:

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

Reconciliation of Purchase Card Clearing Account

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

Management's Response:

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

Accounting for Agency Transactions

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

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

Management's Response:

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

Documentation of Year-end Accounting Processes

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

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

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

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

Management's Responses:

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

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

Banner Fee Assessment Review Process

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

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

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

Management's Response:

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

University Ancillary Systems

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

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

Management's Response:

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

Information Technology General Controls

Periodic User Access Reviews

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

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

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

- Banner
- PeopleSoft (HRMS)
- TouchNet

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

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

Management's Response:

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

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

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

Password Parameters

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

Windows Active Directory (AD) operating system:

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

Red Hat Enterprise Linux (RHEL) operating system:

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

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

TouchNet application:

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

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

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

Management’s Response:

The following table summarizes UWIT’s current password configurations:

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

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

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

Physical Security – Key Card Access

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

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

Management's Response:

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

Data Restoration Testing

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

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

Management's Response:

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

User Access Accounts – Computer Operations

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

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

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

Management's Response:

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

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

INTERNAL CONTROL OVER COMPLIANCE

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

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

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

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

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

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

Material Weaknesses

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

Significant Deficiencies

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

Deficiencies

Schedule of Expenditures of Federal Awards (SEFA) Preparation

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

Management's Response:

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

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

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

Policies and Procedures

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

Management's Response:

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

Subrecipient Monitoring – During-the-Award Monitoring

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

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

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

Management's Response:

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

Procurement – P-Card Expenditure Review

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

Management's Response:

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

OTHER MATTERS

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

Single Audit

Subrecipient Monitoring – Suspension and Debarment

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

Management's Response:

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

Matching

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

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

Management's Response:

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

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

New Accounting Pronouncements

Fiduciary Activities

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

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

Leases

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

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

Cybersecurity and Privacy Challenges for Higher Education Institutions

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

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

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

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

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

Understanding Program Costs and Margins

Administrative Issues: Organizational and Governance Structure

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

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

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

Board of Trustees, Finance, and Legal and
Affairs Committee and Management
University of Wyoming
Page 25

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

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

BKD, LLP

November 15, 2018, except for the Internal
Control Over Compliance Section and Single
Audit items in the Other Matters section for
which the date is January 24, 2019

ATTACHMENT

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

University of Wyoming

QUANTITATIVE ANALYSIS

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

Client:

Period Ending:

University of Wyoming
SCHEDULE OF UNCORRECTED MISSTATEMENTS (ADJUSTMENTS PASSED)

Description	Assets & Deferred Outflows				Liabilities & Deferred Inflows				Net Effect on Following Year		
	Current		Non-Current		Current		Non-Current		Change in Net Position		
	DR	CR	DR	CR	DR	CR	DR	CR	DR	CR	
To reverse client entry that improperly impaired buildings.	F	0	1,168,985	0	0	0	0	0	0	0	0
To reverse prior year passed entry for the overstatement of the fringe benefit accrual	F	0	0	0	0	0	0	0	0	0	0
To record amortization on equipment lease	F	0	(727,905)	0	0	0	0	0	0	0	0
To record Construction in progress recorded in accounts payable	F	0	673,153	(673,153)	0	0	0	0	0	0	0
To adjust cash per State corrected confirmation	F	383,034	0	0	0	0	0	0	0	0	0
To show the impact of the building on the service concession arrangement not being amortized over the useful life of buildings. It is currently being amortized over 30 years rather than 50 years.	F	0	1,137,046	0	0	0	0	0	0	0	0
To record unrecorded receivables and related revenue at year end	F	602,216	0	0	0	0	0	0	0	602,216	(602,216)
To correct recognition of unearned revenue on line of credit and cost reimbursable grants, recorded in the prior year. These grants would rarely have unearned revenue due to their nature	J	0	0	0	0	0	0	0	0	0	0

To record estimated unearned revenue on fixed price grants in the current year and amount that should have been recorded in the prior year	J	0	0	(2,500,000)	0	0	1,000,000	0	0	1,500,000	0	0
Grant revenue							1,000,000					
Beginning net position												
Unearned revenue				(2,500,000)						1,500,000		
To correct cut off of known grant revenue recorded in the incorrect period and record projected amount	F	0	0	0	0	0	100,000	0	0	(100,000)	0	0
Grant revenue							100,000					
Beginning net position												
To correct cut off of projected grant revenue recorded in the incorrect period (relates to proposed adjustment above)	P	0	0	0	0	0	683,631	0	0	(683,631)	0	0
Grant revenue							683,631					
Beginning net position												
To record prior year effect of capitalized interest	J	0	18,000,000	0	0	0	0	0	0	(18,000,000)	0	0
Capital Assets												
Net investment in capital assets			18,000,000							(18,000,000)		
Total passed adjustments		885,250	20,251,279	(3,173,153)	0	0	6,401,489	215,413	(383,034)	(24,297,244)	1,348,203	(1,348,203)
Impact on Change in Net Position												
Impact on Net Position												

UNIVERSITY OF WYOMING

Associate Vice President for Administration
Dept. 3314, 1000 E. University Avenue • Room 202, Old Main • Laramie, WY 82071
(307) 766-4833 • fax (307) 766-4836 • www.uwyo.edu

All items are as of November 15, 2018 except for items 23 and 31a to 31t to which the date is January 24, 2019.

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

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

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

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

1. We have fulfilled our responsibilities, as set out in the terms of our engagement letter dated May 15, 2018, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
2. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

4. We have evaluated all potential component units and related organizations described in the financial statements and believe the classification of component units and related organizations are correct.
5. We have reviewed and approved a draft of the financial statements and related notes referred to above, which you prepared in connection with your audit of our financial statements. We acknowledge that we are responsible for the fair presentation of the financial statements and related notes.
6. We have provided you with:
 - (a) Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters.
 - (b) Additional information that you have requested from us for the purpose of the audit.
 - (c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - (d) All minutes of meetings of the governing body held through the date of this letter.
 - (e) All significant contracts and grants.
7. All transactions have been recorded in the accounting records and are reflected in the financial statements.
8. We have informed you of all current risks of a material amount that are not adequately prevented or detected by entity procedures with respect to:
 - (a) Misappropriation of assets.
 - (b) Misrepresented or misstated assets, liabilities or net position.
9. We believe the effects of the uncorrected financial statement misstatements summarized in the attached schedule are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.
10. We have no knowledge of any known or suspected:
 - (a) Fraudulent financial reporting or misappropriation of assets involving management or employees who have significant roles in internal control.

- (b) **Fraudulent financial reporting or misappropriation of assets involving others that could have a material effect on the financial statements.**
- 11. **We have no knowledge of any allegations of fraud or suspected fraud affecting the University received in communications from employees, customers, regulators, suppliers or others.**
- 12. **We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America. We understand that the term related party refers to an affiliate; management, and members of their immediate families, component units; and any other party with which the entity may deal if it can significantly influence, or be influenced by, the management or operating policies of the other. The term affiliate refers to a party that directly or indirectly controls, or is controlled by, or is under common control with us.**
- 13. **Except as reflected in the financial statements, there are no:**
 - (a) **Plans or intentions that may materially affect carrying values or classifications of assets and liabilities.**
 - (b) **Material transactions omitted or improperly recorded in the financial statements.**
 - (c) **Material gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.**
 - (d) **Events occurring subsequent to the balance sheet date through the date of this letter requiring adjustment or disclosure in the financial statements.**
 - (e) **Agreements to purchase assets previously sold.**
 - (f) **Restrictions on cash balances or compensating balance agreements.**
 - (g) **Guarantees, whether written or oral, under which the University is contingently liable.**
- 14. **We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.**
- 15. **Adequate provisions have been accrued for potential penalties or payments due under the Employer Shared Responsibility Provisions of the Patient Protection and Affordable Care Act.**

16. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.
17. Adequate provisions and allowances have been accrued for any material losses from:
 - (a) Uncollectible receivables.
 - (b) Reducing obsolete or excess inventories to estimated net realizable value.
 - (c) Sales commitments, including those unable to be fulfilled.
 - (d) Purchase commitments in excess of normal requirements or above prevailing market prices.
18. Except as disclosed in the financial statements, we have:
 - (a) Satisfactory title to all recorded assets, and they are not subject to any liens, pledges or other encumbrances.
 - (b) Complied with all aspects of contractual and grant agreements, for which noncompliance would materially affect the financial statements.
19. We have not been designated as a potentially responsible party (PRP or equivalent status) by the Environmental Protection Agency (EPA) or other cognizant regulatory agency with authority to enforce environmental laws and regulations.
20. We have notified you of any instances of noncompliance with applicable disclosure requirements of the SEC Rule 15c2-12 and applicable state laws.
21. With regard to deposit and investment activities:
 - (a) All deposit, repurchase and reverse repurchase agreements and investment transactions have been made in accordance with legal and contractual requirements.
 - (b) Disclosures of deposit and investment balances and risks in the financial statements are consistent with our understanding of the applicable laws regarding enforceability of any pledges of collateral.
 - (c) We understand that your audit does not represent an opinion regarding the enforceability of any collateral pledges.

22. We have evaluated all bond issuances for arbitrage and confirm no issuances required a calculation.
23. With respect to any nonattest services you have provided us during the year, including preparation of the financial statements and the preparation and word processing of the schedule of expenditures of federal awards and related notes:
 - (a) We have designated a qualified management-level individual to be responsible and accountable for overseeing the nonattest services.
 - (b) We have established and monitored the performance of the nonattest services to ensure that they meet our objectives.
 - (c) We have made any and all decisions involving management functions with respect to the nonattest services and accept full responsibility for such decisions.
 - (d) We have evaluated the adequacy of the services performed and any findings that resulted.
24. We acknowledge that we are responsible for compliance with applicable laws, regulations and provisions of contracts and grant agreements.
25. We have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that have a direct and material effect on the determination of amounts in our financial statements or other financial data significant to the audit objectives.
26. We have identified and disclosed to you any violations or possible violations of laws, regulations and provisions of contracts and grant agreements whose effects should be considered for recognition and/or disclosure in the financial statements or for your reporting on noncompliance.
27. We have taken or will take timely and appropriate steps to remedy any fraud, abuse, illegal acts or violations of provisions of contracts or grant agreements that you or other auditors report.
28. We have a process to track the status of audit findings and recommendations.
29. We have identified to you any previous financial audits, attestation engagements, performance audits or other studies related to the objectives of your audit and the corrective actions taken to address any significant findings and recommendations made in such audits, attestation engagements or other studies.
30. We have provided our views on any findings, conclusions and recommendations, as well as our planned corrective actions with respect thereto, to you for inclusion

in the findings and recommendations referred to in your report on internal control over financial reporting and on compliance and other matters based on your audit of the financial statements performed in accordance with *Government Auditing Standards*.

31. With regard to federal awards programs:
- (a) We have identified in the schedule of expenditures of federal awards all assistance provided (either directly or passed through other entities) by federal agencies in the form of grants, contracts, loans, loan guarantees, property, cooperative agreements, interest subsidies, commodities, insurance, direct appropriations or in any other form.
 - (b) We have identified the types of compliance requirements described in the U.S. Office of Management and Budget (OMB), *Compliance Supplement* regarding activities allowed or unallowed; allowable costs/cost principles; cash management; eligibility; equipment and real property management; matching, level of effort, earmarking; period of performance of federal funds; procurement and suspension and debarment; program income; reporting; subrecipient monitoring; and special tests and provisions that are applicable to each of our federal awards programs. We have identified to you our interpretation of any applicable compliance requirements subject to varying interpretations.
 - (c) We are responsible for complying, and have complied, with the requirements of Uniform Guidance.
 - (d) We are responsible to understand and comply with the requirements of federal statutes, regulations and the terms and conditions of federal awards related to each of our federal awards programs and have disclosed to you any and all instances of noncompliance with those requirements occurring during the period of your audit or subsequent thereto to the date of this letter of which we are aware. Except for any instances of noncompliance we have disclosed to you, we believe the University has complied with all applicable compliance requirements.
 - (e) We are responsible for establishing and maintaining effective internal control over compliance to provide reasonable assurance we have administered each of our federal awards programs in compliance with federal statutes, regulations and the terms and conditions of the federal awards.
 - (f) We have made available to you all federal awards including any amendments and any other correspondence or documentation relevant to each of our federal awards programs and to our compliance with applicable requirements of those programs.

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

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

and significant assumptions used result in measurements of fair value appropriate for financial statement recognition and disclosure purposes and have been applied consistently from period to period, taking into account any changes in circumstances. The significant assumptions appropriately reflect market participant assumptions.

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

Laurie S. Nichols

Laurie Nichols
President

David N. Jewell

David N. Jewell
Associate Vice President for Financial Affairs

Jonnie M. Jenkins

Jonnie M. Jenkins
Manager, Office of Sponsored Programs

Ashlie Reese

Ashlie Reese
Director, Treasury and Financial Reporting

UW Regulation 7-7 *Investment and Management of University Funds*

UW Regulation 7-7: Investment and Management of University Funds was revised at the November 2018 Board of Trustees meeting to include:

1. A description or scope of funds to be invested,
2. Investment opportunities at a short term (12 months or less), intermediate (1-5 years) and long term (10 years +) basis.
3. A broader diversification of UW's portfolio.

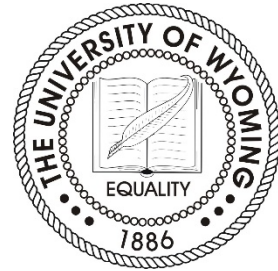
The policy provides for UW to invest according to W.S. 9-4-831: *Investment of public funds* and State of Wyoming Loan and investment Board Master Investment Policy and Sub-Policies, Section 21, Local Government Investing. The University of Wyoming Regulation 1-102(H) gives authority to the University of Wyoming Investment Policy.



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 Associate Vice President for Financial Affairs and the Director of Treasury and Financial Reporting 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 Director, Treasury and Financial Reporting 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 Director, Treasury and Financial Reporting (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 Director, Treasury and Financial Reporting invests the Pool in a combination of securities listed at W.S. 9-4-831.

C. Advanced Payment of Higher Education Costs Program (APHEC)

The University administration invests funds held for the APHEC program in accordance with Wyoming law and the regulations of the APHEC governing board.

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%
• 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.

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 prorate 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 Finance and Administration (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. Associate Vice President for Financial Affairs

The Associate Vice President for Financial Affairs is responsible for maintenance of all endowment files, preparation, compilation, and review of reports, and coordination with the Foundation and the Director, Treasury and Financial Reporting.

E. Director, Treasury and Financial Reporting

The University Director, Treasury and Financial Reporting is responsible for daily decisions regarding internal investments and periodic reports on the internally invested portfolio. The Director has authority to make short-term investment decisions in accordance with Board-approved policy and established process. The Director, in consultation with the Associate Vice President for Financial Affairs, 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 Finance and Administration to transfer funds to the Foundation to be managed like an endowment.

The Vice President for Finance and Administration, 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 Finance and Administration to withdraw funds from the Foundation that are being managed like an endowment.

The Vice President for Finance and Administration, 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

University of Wyoming

4/30/2019

Katiana Dillon
(303) 209-3838

katiana.dillon@wellsfargo.com

Dan DiCamillo, CFA

(312) 762-9049

daniel.dicamillo@wellsfargo.com

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Together we'll go far



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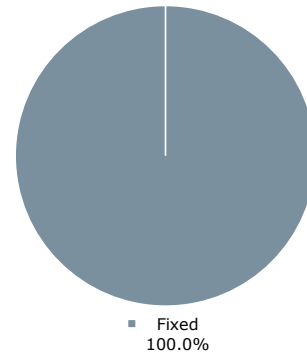
Portfolio Summary

Portfolio Snapshot	
Number of Positions	37
Par (\$000)	102,795
Book Value (\$000)	102,450
Mkt Value w/o Accrd (\$000)	102,495
Unrlzd Gain / Loss (\$000)	45
Coupon	1.71

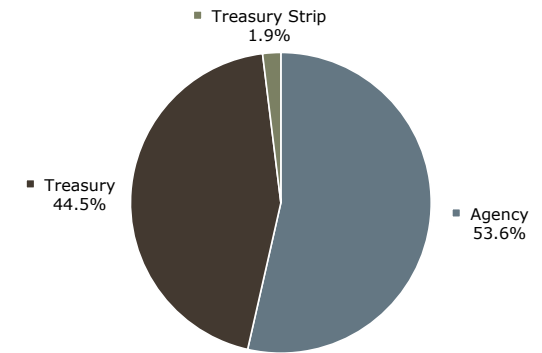
Characteristics	
Book Yield	2.45
Market Yield	2.43
Wgt Avg Maturity	0.5
Average Life	0.5
Effective Duration	0.5
Effective Convexity	0.0

12M Projected Cash Flow (\$000)	
Overnight Funds Principal	0
Overnight Funds Interest	0
Term Securities Principal	102,795
Term Securities Interest	1,354
Total Cash Flow	104,149

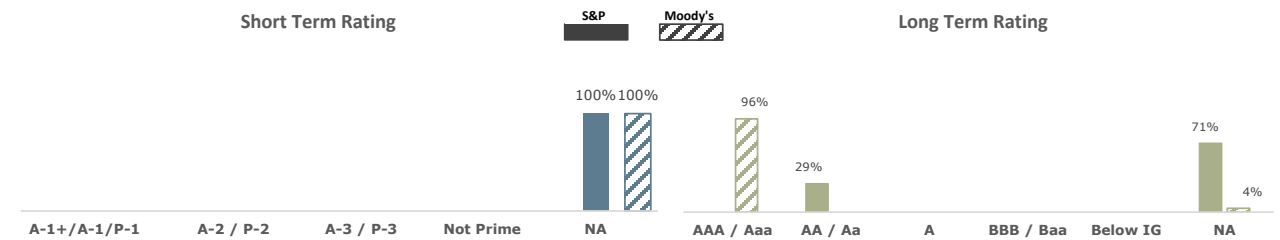
Coupon Structure



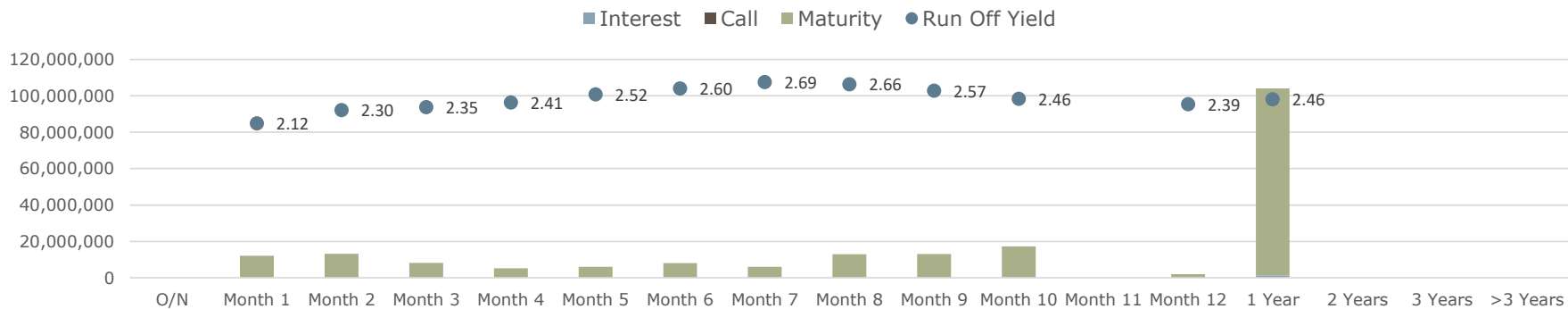
Portfolio Allocation



Credit Exposure



Cash Flow Projections*



*Cash Flow Projections Chart - 1 Year Cash flow does not include O/N Cash Flow or Run Off Yield

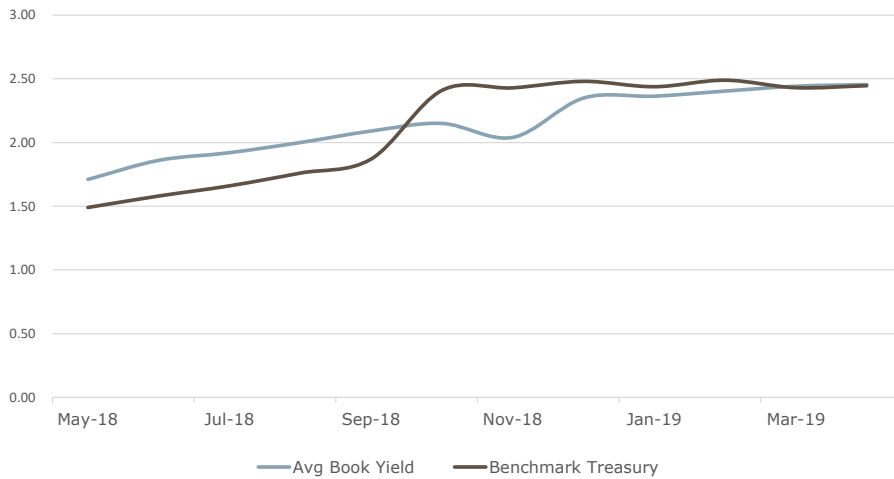
Cash Flow Projections

Time Period	Date	Interest (\$)	Call (\$)	Maturity (\$)	Run Off Yield (%)	Monthly Total (\$)	Cumulative Total (\$)
O/N			0			0	0
	May-19	103,750	0	12,000,000	2.12	12,103,750	12,103,750
	Jun-19	236,597	0	12,995,000	2.30	13,231,597	25,335,347
	Jul-19	175,000	0	8,000,000	2.35	8,175,000	33,510,347
	Aug-19	247,675	0	5,000,000	2.41	5,247,675	38,758,022
	Sep-19	45,000	0	6,000,000	2.52	6,045,000	44,803,022
	Oct-19	71,250	0	8,000,000	2.60	8,071,250	52,874,272
	Nov-19	47,500	0	6,000,000	2.69	6,047,500	58,921,772
	Dec-19	104,000	0	12,800,000	2.66	12,904,000	71,825,772
	Jan-20	106,250	0	13,000,000	2.57	13,106,250	84,932,022
	Feb-20	203,300	0	17,000,000	2.46	17,203,300	102,135,322
	Mar-20	0	0	0	0.00	0	102,135,322
Year 1	Apr-20	13,750	0	2,000,000	2.39	2,013,750	104,149,072

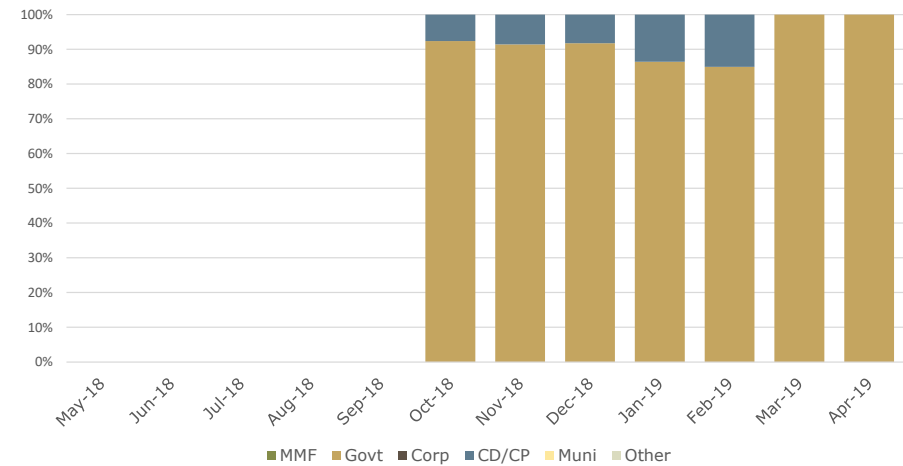
Historical Performance

Date	# Line Items	Avg Coupon	Total Par (\$'000)	G / L	Avg Bk Yield	Avg Mkt Yield	Bnchmrk Tsy Yield	Wgt Avg Maturity	Eff Dur	Ratings		Portfolio Allocation*					
										Moody's	S&P	MMF	Govt	Corp	CD/CP	Muni	Other
04/30/19	37	1.71	102,795	45	2.45	2.43	2.45	0.5	0.5	Aaa	AA+	0%	100%	0%	0%	0%	0%
03/31/19	40	1.50	121,795	48	2.44	2.41	2.43	0.5	0.5	Aaa	AA+	0%	100%	0%	0%	0%	0%
02/28/19	44	1.26	139,820	(7)	2.40	2.41	2.49	0.4	0.4	Aaa	AA+	0%	85%	0%	15%	0%	0%
01/31/19	47	0.98	154,820	(10)	2.36	2.42	2.44	0.4	0.4	Aaa	AA+	0%	86%	0%	14%	0%	0%
12/31/18	45	1.20	121,820	(65)	2.35	2.52	2.48	0.5	0.5	Aaa	AA+	0%	92%	0%	8%	0%	0%
11/30/18	49	0.97	139,900	(156)	2.04	2.42	2.43	0.4	0.4	Aaa	AA+	0%	91%	0%	9%	0%	0%
10/31/18	52	0.86	156,900	(129)	2.15	2.00	2.41	0.4	0.4	Aaa	AA+	0%	92%	0%	8%	0%	0%
09/28/18	49	1.09	126,900	(116)	2.09	2.05	1.87	0.4	0.4	Aaa	AA+						
08/31/18	50	1.00	138,900	(87)	2.00	1.94	1.76	0.4	0.4	Aaa	AA+						
07/31/18	53	0.85	156,900	(125)	1.92	1.83	1.66	0.4	0.4	Aaa	AA+						
06/29/18	48	0.97	123,900	(128)	1.86	1.73	1.58	0.5	0.5	Aaa	AA+						
05/31/18	51	0.71	141,900	(136)	1.71	1.64	1.49	0.4	0.4	Aaa	AA+						

Book Yield vs. Treasury Benchmark

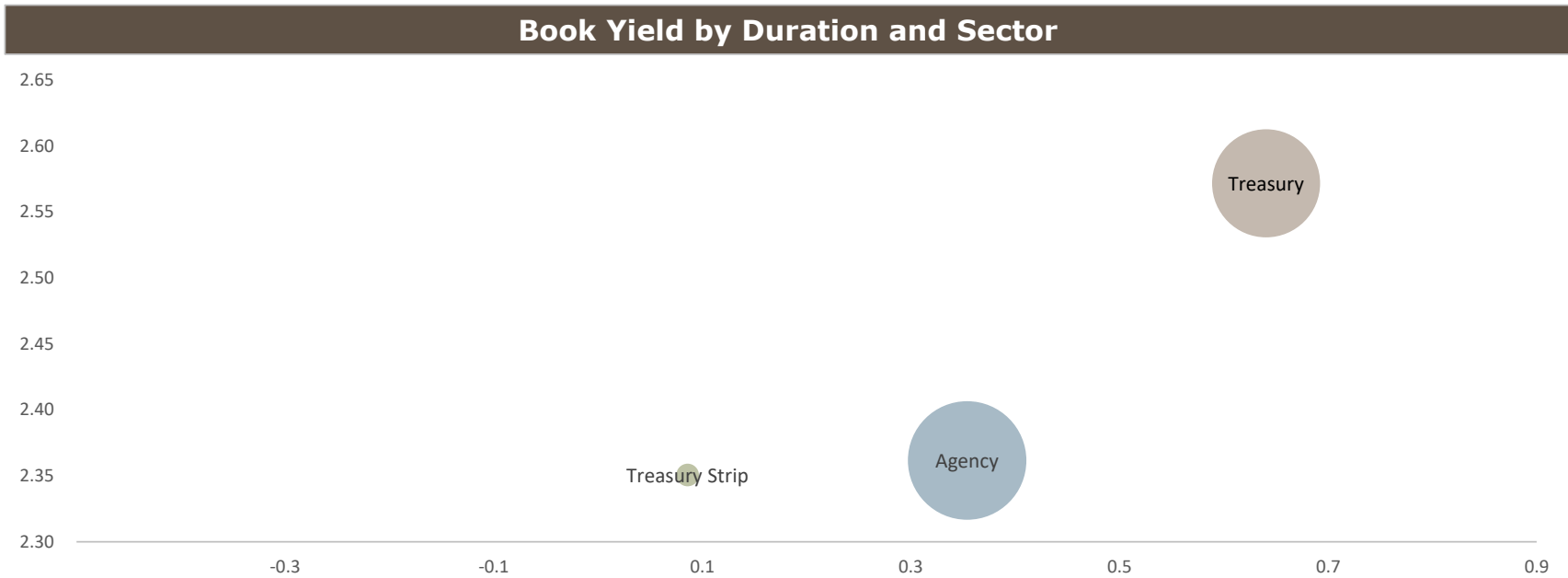


Portfolio Allocation*



* Portfolio Allocation is a new addition to portfolio analysis. Data will be added over time.

Yield / Duration Contribution



Sector	Total (%)	Book Value (\$)	Market Value (\$)	G / L (\$)	Book Yield	Eff Dur
Agency	53.6%	54,866,644	54,875,830	9,185	2.36	0.4
Treasury	44.5%	45,587,659	45,623,146	35,487	2.57	0.6
Treasury Strip	1.9%	1,996,090	1,996,060	(30)	2.35	0.1
Total Portfolio	100.0%	102,450,393	102,495,036	44,642	2.45	0.5

Credit Rating Monitor

ID	CUSIP	Sector	Issuer	Cpn	Final Maturity	Par Amount	Watch Positive			Watch Negative			Δ Last 90 Days		
							Moody's			S & P			Fitch		
							Current Rating	Eff Date	Watch	Current Rating	Eff Date	Watch	Current Rating	Eff Date	Watch
34	3133EKAF3	Agency	FEDERAL FARM CREDIT BANK	2.54	02/12/20	4,000,000	Aaa	02/06/19	-	-	-	-	-	-	
29	3130AFQH3	Agency	FEDERAL HOME LOAN BANK	2.50	01/15/20	2,000,000	Aaa	01/14/19	-	-	-	-	-	-	
16	3130AEQM5	Agency	FEDERAL HOME LOAN BANK	2.38	08/02/19	3,000,000	Aaa	08/01/18	-	-	-	-	-	-	
14	3130AENV8	Agency	FEDERAL HOME LOAN BANK	2.38	07/23/19	2,000,000	Aaa	07/20/18	-	-	-	-	-	-	
12	3130AEL57	Agency	FEDERAL HOME LOAN BANK	2.38	07/09/19	2,000,000	Aaa	07/05/18	-	-	-	-	-	-	
11	3133EJSQ3	Agency	FEDERAL FARM CREDIT BANK	2.35	06/25/19	2,000,000	Aaa	06/18/18	-	-	-	F1+	06/25/18	-	
8	3130AEGY0	Agency	FEDERAL HOME LOAN BANK	2.38	06/18/19	2,000,000	Aaa	06/15/18	-	-	-	-	-	-	
7	3133EJRJ0	Agency	FEDERAL FARM CREDIT BANK	2.30	06/11/19	4,000,000	Aaa	06/04/18	-	-	-	AAA	06/11/18	-	
6	3130AEFV7	Agency	FEDERAL HOME LOAN BANK	2.25	06/11/19	2,000,000	Aaa	06/08/18	-	-	-	-	-	-	
25	9128283H1	Treasury	US TREASURY N/B	1.75	11/30/19	2,000,000	Aaa	11/30/17	-	-	-	AAAu	11/30/17	-	
22	3130ACM92	Agency	FEDERAL HOME LOAN BANK	1.50	10/21/19	2,000,000	Aaa	10/13/17	-	AA+	10/13/17	-	-	-	
37	3137EAEF2	Agency	FREDDIE MAC	1.38	04/20/20	2,000,000	Aaa	04/20/17	-	AA+	04/19/17	-	AAA	04/21/17	
30	912828V31	Treasury	US TREASURY N/B	1.38	01/15/20	4,000,000	Aaa	01/24/17	-	-	-	AAAu	01/17/17	-	
31	3137EAAE5	Agency	FREDDIE MAC	1.50	01/17/20	3,000,000	Aaa	01/13/17	-	AA+	01/12/17	-	AAA	01/13/17	
32	3137EAAE5	Agency	FREDDIE MAC	1.50	01/17/20	2,000,000	Aaa	01/13/17	-	AA+	01/12/17	-	AAA	01/13/17	
18	3130A9EP2	Agency	FEDERAL HOME LOAN BANK	1.00	09/26/19	2,000,000	Aaa	09/12/16	-	AA+	09/09/16	-	-	-	
17	3130A8Y72	Agency	FEDERAL HOME LOAN BANK	0.88	08/05/19	2,000,000	Aaa	08/04/16	-	AA+	08/04/16	-	-	-	
13	3137EAEB1	Agency	FREDDIE MAC	0.88	07/19/19	2,000,000	Aaa	07/20/16	-	AA+	07/19/16	-	AAA	07/20/16	
15	3134G9Q75	Agency	FREDDIE MAC	1.25	07/26/19	2,000,000	Aaa	07/13/16	-	AA+	07/13/16	-	AAA	07/13/16	
9	3130A8DB6	Agency	FEDERAL HOME LOAN BANK	1.13	06/21/19	995,000	Aaa	06/06/16	-	AA+	06/03/16	-	-	-	
10	3130A8DB6	Agency	FEDERAL HOME LOAN BANK	1.13	06/21/19	2,000,000	Aaa	06/06/16	-	AA+	06/03/16	-	-	-	
2	912828R44	Treasury	US TREASURY N/B	0.88	05/15/19	2,000,000	Aaa	06/03/16	-	-	-	AAAu	05/16/16	-	
33	3135G0A78	Agency	FANNIE MAE	1.63	01/21/20	2,000,000	Aaa	03/30/16	-	AA+	01/08/15	-	AAA	01/12/15	
3	3133EFD20	Agency	FEDERAL FARM CREDIT BANK	1.25	05/23/19	2,000,000	Aaa	02/11/16	-	AA+	02/12/16	-	AAA	02/23/16	
27	912828G95	Treasury	US TREASURY N/B	1.63	12/31/19	4,000,000	Aaa	01/05/15	-	-	-	AAAu	01/06/15	-	
28	912828G95	Treasury	US TREASURY N/B	1.63	12/31/19	8,800,000	Aaa	01/05/15	-	-	-	AAAu	01/06/15	-	
26	912828G61	Treasury	US TREASURY N/B	1.50	11/30/19	4,000,000	Aaa	12/17/14	-	-	-	AAAu	12/02/14	-	
23	912828F62	Treasury	US TREASURY N/B	1.50	10/31/19	2,000,000	Aaa	10/31/14	-	-	-	AAAu	11/03/14	-	
24	912828F62	Treasury	US TREASURY N/B	1.50	10/31/19	2,000,000	Aaa	10/31/14	-	-	-	AAAu	11/03/14	-	
19	912828F39	Treasury	US TREASURY N/B	1.75	09/30/19	2,000,000	Aaa	10/02/14	-	-	-	AAAu	09/30/14	-	
20	912828F39	Treasury	US TREASURY N/B	1.75	09/30/19	2,000,000	Aaa	10/02/14	-	-	-	AAAu	09/30/14	-	
4	3137EADG1	Agency	FREDDIE MAC	1.75	05/30/19	4,000,000	Aaa	04/13/12	-	AA+	04/12/12	-	AAA	03/21/14	
21	3137EADM8	Agency	FREDDIE MAC	1.25	10/02/19	2,000,000	Aaa	09/28/12	-	AA+	09/28/12	-	AAA	03/21/14	
36	912828UQ1	Treasury	US TREASURY N/B	1.25	02/29/20	7,000,000	Aaa	02/25/13	-	-	-	AAAu	03/04/13	-	
35	912828MP2	Treasury	US TREASURY N/B	3.63	02/15/20	6,000,000	Aaa	08/02/11	-	-	-	AAAu	03/16/10	-	

FDIC-Insured brokered CDs are not included in the Credit Rating Monitor

Positions by Sector

ID	CUSIP	Issuer	% Port	Cpn	Final Maturity	Ratings		Nxt Call Date	Call Type	Par	Acquired		Book Price	Market Price	G / L	Book Yield	Market Yield	WAM	Eff Dur	Eff Cvx
						Moody's	S&P				Date	Price								
1	313312FG0	FED FARM CRD DISCOUNT NT	2.0%	0.00	05/07/19	-	-	-	Bullet	2,000,000	05/31/18	97.90	99.96	99.96	57	2.27	2.12	0.0	0.0	0.0
3	3133EFD20	FEDERAL FARM CREDIT BANK	2.0%	1.25	05/23/19	Aaa	AA+	05/05/19	Amer	2,000,000	02/23/16	99.94	100.00	99.93	(1,466)	1.27	2.43	0.1	0.1	0.0
4	3137EADG1	FREDDIE MAC	3.9%	1.75	05/30/19	Aaa	AA+	-	Bullet	4,000,000	06/28/18	99.51	99.95	99.95	(347)	2.30	2.41	0.1	0.1	0.0
7	3133EJRJ0	FEDERAL FARM CREDIT BANK	3.9%	2.30	06/11/19	Aaa	-	-	Bullet	4,000,000	06/11/18	100.04	100.00	99.99	(609)	2.27	2.40	0.1	0.1	0.0
6	3130AEFV7	FEDERAL HOME LOAN BANK	2.0%	2.25	06/11/19	Aaa	-	-	Bullet	2,000,000	07/16/18	99.95	99.99	99.98	(240)	2.31	2.42	0.1	0.1	0.0
8	3130AEGY0	FEDERAL HOME LOAN BANK	2.0%	2.38	06/18/19	Aaa	-	-	Bullet	2,000,000	06/21/18	100.06	100.01	99.99	(259)	2.32	2.42	0.1	0.1	0.0
9	3130A8DB6	FEDERAL HOME LOAN BANK	1.0%	1.13	06/21/19	Aaa	AA+	-	Bullet	995,000	06/29/18	98.87	99.83	99.81	(226)	2.31	2.47	0.1	0.1	0.0
10	3130A8DB6	FEDERAL HOME LOAN BANK	1.9%	1.13	06/21/19	Aaa	AA+	-	Bullet	2,000,000	06/13/18	98.80	99.83	99.81	(397)	2.33	2.47	0.1	0.1	0.0
11	3133EJSQ3	FEDERAL FARM CREDIT BANK	2.0%	2.35	06/25/19	Aaa	-	-	Bullet	2,000,000	06/25/18	100.04	100.00	99.99	(260)	2.32	2.41	0.2	0.2	0.0
12	3130AEL57	FEDERAL HOME LOAN BANK	2.0%	2.38	07/09/19	Aaa	-	-	Bullet	2,000,000	07/11/18	100.05	100.01	99.99	(362)	2.33	2.42	0.2	0.2	0.0
13	3137EAEB1	FREDDIE MAC	1.9%	0.88	07/19/19	Aaa	AA+	-	Bullet	2,000,000	05/31/18	98.47	99.70	99.66	(869)	2.26	2.46	0.2	0.2	0.0
14	3130AENV8	FEDERAL HOME LOAN BANK	2.0%	2.38	07/23/19	Aaa	-	-	Bullet	2,000,000	07/25/18	100.04	100.01	99.99	(394)	2.34	2.42	0.2	0.2	0.0
15	3134G9Q75	FREDDIE MAC	1.9%	1.25	07/26/19	Aaa	AA+	-	Bullet	2,000,000	08/07/18	98.86	99.71	99.69	(502)	2.46	2.56	0.2	0.2	0.0
16	3130AEQM5	FEDERAL HOME LOAN BANK	2.9%	2.38	08/02/19	Aaa	-	-	Bullet	3,000,000	08/10/18	99.97	99.99	99.99	(46)	2.42	2.42	0.3	0.3	0.0
17	3130A8Y72	FEDERAL HOME LOAN BANK	1.9%	0.88	08/05/19	Aaa	AA+	-	Bullet	2,000,000	08/07/18	98.52	99.60	99.60	(44)	2.40	2.41	0.3	0.3	0.0
18	3130A9EP2	FEDERAL HOME LOAN BANK	1.9%	1.00	09/26/19	Aaa	AA+	-	Bullet	2,000,000	09/18/18	98.49	99.39	99.43	643	2.51	2.43	0.4	0.4	0.0
21	3137EADM8	FREDDIE MAC	1.9%	1.25	10/02/19	Aaa	AA+	-	Bullet	2,000,000	09/28/18	98.68	99.44	99.49	1,010	2.58	2.46	0.4	0.4	0.0
22	3130ACM97	FEDERAL HOME LOAN BANK	1.9%	1.50	10/21/19	Aaa	AA+	-	Bullet	2,000,000	10/01/18	98.87	99.49	99.56	1,387	2.59	2.44	0.5	0.5	0.0
29	3130AFQH3	FEDERAL HOME LOAN BANK	2.0%	2.50	01/15/20	Aaa	-	-	Bullet	2,000,000	01/15/19	99.99	99.99	100.12	2,480	2.51	2.33	0.7	0.7	0.0
31	3137EAE55	FREDDIE MAC	2.9%	1.50	01/17/20	Aaa	AA+	-	Bullet	3,000,000	01/16/19	99.01	99.29	99.37	2,358	2.51	2.40	0.7	0.7	0.0
32	3137EAE55	FREDDIE MAC	1.9%	1.50	01/17/20	Aaa	AA+	-	Bullet	2,000,000	12/21/18	98.81	99.20	99.37	3,269	2.63	2.40	0.7	0.7	0.0
33	3135G0A78	FANNIE MAE	1.9%	1.63	01/21/20	Aaa	AA+	-	Bullet	2,000,000	01/10/19	99.06	99.34	99.42	1,702	2.55	2.43	0.7	0.7	0.0
34	3133EKAF3	FEDERAL FARM CREDIT BANK	3.9%	2.54	02/12/20	Aaa	-	-	Bullet	4,000,000	02/19/19	100.09	100.07	100.13	2,552	2.45	2.37	0.8	0.8	0.0
37	3137EAEF2	FREDDIE MAC	1.9%	1.38	04/20/20	Aaa	AA+	-	Bullet	2,000,000	04/22/19	99.01	99.03	99.02	(253)	2.39	2.40	1.0	1.0	0.0
Agency			53.6%	1.72		Aaa	AA+			54,995,000		99.37	99.77	99.78	9,185	2.36	2.41	0.4	0.4	0.0
2	912828R44	US TREASURY N/B	2.0%	0.88	05/15/19	Aaa	-	-	Bullet	2,000,000	05/15/18	98.66	99.94	99.94	(61)	2.24	2.32	0.0	0.0	0.0
19	912828F39	US TREASURY N/B	1.9%	1.75	09/30/19	Aaa	-	-	Bullet	2,000,000	09/13/18	99.20	99.67	99.70	573	2.53	2.46	0.4	0.4	0.0
20	912828F39	US TREASURY N/B	1.9%	1.75	09/30/19	Aaa	-	-	Bullet	2,000,000	09/17/18	99.22	99.68	99.70	461	2.52	2.46	0.4	0.4	0.0
23	912828F62	US TREASURY N/B	1.9%	1.50	10/31/19	Aaa	-	-	Bullet	2,000,000	10/25/18	98.88	99.45	99.53	1,685	2.62	2.45	0.5	0.5	0.0
24	912828F62	US TREASURY N/B	1.9%	1.50	10/31/19	Aaa	-	-	Bullet	2,000,000	10/12/18	98.84	99.45	99.53	1,689	2.62	2.45	0.5	0.5	0.0
26	912828G61	US TREASURY N/B	3.9%	1.50	11/30/19	Aaa	-	-	Bullet	4,000,000	11/15/18	98.79	99.31	99.45	5,302	2.69	2.46	0.6	0.6	0.0
25	912828H1	US TREASURY N/B	1.9%	1.75	11/30/19	Aaa	-	-	Bullet	2,000,000	11/27/18	99.07	99.46	99.58	2,508	2.69	2.47	0.6	0.6	0.0
27	912828G95	US TREASURY N/B	3.9%	1.63	12/31/19	Aaa	-	-	Bullet	4,000,000	12/18/18	98.98	99.34	99.44	4,078	2.63	2.48	0.7	0.7	0.0
28	912828G95	US TREASURY N/B	8.5%	1.63	12/31/19	Aaa	-	-	Bullet	8,800,000	12/14/18	98.93	99.31	99.44	11,243	2.67	2.48	0.7	0.7	0.0
30	912828V31	US TREASURY N/B	3.9%	1.38	01/15/20	Aaa	-	-	Bullet	4,000,000	12/18/18	98.68	99.12	99.26	5,421	2.63	2.44	0.7	0.7	0.0
35	912828MP2	US TREASURY N/B	5.9%	3.63	02/15/20	Aaa	-	-	Bullet	6,000,000	02/22/19	101.13	100.92	100.91	(334)	2.45	2.46	0.8	0.8	0.0
36	912828UQ1	US TREASURY N/B	6.8%	1.25	02/29/20	Aaa	-	-	Bullet	7,000,000	03/01/19	98.80	99.00	99.04	2,921	2.47	2.42	0.8	0.8	0.0
Treasury			44.5%	1.77		Aaa				45,800,000		99.18	99.54	99.61	35,487	2.57	2.45	0.6	0.6	0.0
5	912820E37	STRIP PRINC	1.9%	0.00	05/31/19	-	-	-	Bullet	2,000,000	05/24/18	97.70	99.80	99.80	(30)	2.35	2.37	0.1	0.1	0.0
Treasury Strip			1.9%	0.00						2,000,000		97.70	99.80	99.80	(30)	2.35	2.37	0.1	0.1	0.0
Total Portfolio			100.0%	1.71						102,795,000		99.25	99.66	99.71	44,642	2.45	2.43	0.5	0.5	0.0

Positions by Maturity

ID	CUSIP	Issuer	% Port	Cpn	Final Maturity	Ratings		Nxt Call Date	Call Type	Par	Acquired		Book Price	Market Price	G / L	Book Yield	Market Yield	WAM	Eff Dur	Eff Cvx
						Moody's	S&P				Date	Price								
1	313312FG0	FED FARM CRD DISCOUNT NT	2%	0.00	05/07/19	-	-	-	Bullet	2,000,000	05/31/18	97.90	99.96	99.96	57	2.27	2.12	0.0	0.0	0.0
2	912828R44	US TREASURY N/B	2%	0.88	05/15/19	Aaa	-	-	Bullet	2,000,000	05/15/18	98.66	99.94	99.94	(61)	2.24	2.32	0.0	0.0	0.0
3	3133EFD20	FEDERAL FARM CREDIT BANK	2%	1.25	05/23/19	Aaa	AA+	05/05/19	Amer	2,000,000	02/23/16	99.94	100.00	99.93	(1,466)	1.27	2.43	0.1	0.1	0.0
4	3137EADG1	FREDDIE MAC	4%	1.75	05/30/19	Aaa	AA+	-	Bullet	4,000,000	06/28/18	99.51	99.95	99.95	(347)	2.30	2.41	0.1	0.1	0.0
5	912820E37	STRIP PRINC	2%	0.00	05/31/19	-	-	-	Bullet	2,000,000	05/24/18	97.70	99.80	99.80	(30)	2.35	2.37	0.1	0.1	0.0
7	3133EJRJ0	FEDERAL FARM CREDIT BANK	4%	2.30	06/11/19	Aaa	-	-	Bullet	4,000,000	06/11/18	100.04	100.00	99.99	(609)	2.27	2.40	0.1	0.1	0.0
6	3130AEFV7	FEDERAL HOME LOAN BANK	2%	2.25	06/11/19	Aaa	-	-	Bullet	2,000,000	07/16/18	99.95	99.99	99.98	(240)	2.31	2.42	0.1	0.1	0.0
8	3130AEGY0	FEDERAL HOME LOAN BANK	2%	2.38	06/18/19	Aaa	-	-	Bullet	2,000,000	06/21/18	100.06	100.01	99.99	(259)	2.32	2.42	0.1	0.1	0.0
9	3130A8DB6	FEDERAL HOME LOAN BANK	1%	1.13	06/21/19	Aaa	AA+	-	Bullet	995,000	06/29/18	98.87	99.83	99.81	(226)	2.31	2.47	0.1	0.1	0.0
10	3130A8DB6	FEDERAL HOME LOAN BANK	2%	1.13	06/21/19	Aaa	AA+	-	Bullet	2,000,000	06/13/18	98.80	99.83	99.81	(397)	2.33	2.47	0.1	0.1	0.0
11	3133EJSQ3	FEDERAL FARM CREDIT BANK	2%	2.35	06/25/19	Aaa	-	-	Bullet	2,000,000	06/25/18	100.04	100.00	99.99	(260)	2.32	2.41	0.2	0.2	0.0
12	3130AELS7	FEDERAL HOME LOAN BANK	2%	2.38	07/09/19	Aaa	-	-	Bullet	2,000,000	07/11/18	100.05	100.01	99.99	(362)	2.33	2.42	0.2	0.2	0.0
13	3137EAEB1	FREDDIE MAC	2%	0.88	07/19/19	Aaa	AA+	-	Bullet	2,000,000	05/31/18	98.47	99.70	99.66	(869)	2.26	2.46	0.2	0.2	0.0
14	3130AENV8	FEDERAL HOME LOAN BANK	2%	2.38	07/23/19	Aaa	-	-	Bullet	2,000,000	07/25/18	100.04	100.01	99.99	(394)	2.34	2.42	0.2	0.2	0.0
15	3134G9Q75	FREDDIE MAC	2%	1.25	07/26/19	Aaa	AA+	-	Bullet	2,000,000	08/07/18	98.86	99.71	99.69	(502)	2.46	2.56	0.2	0.2	0.0
16	3130AEQM5	FEDERAL HOME LOAN BANK	3%	2.38	08/02/19	Aaa	-	-	Bullet	3,000,000	08/10/18	99.97	99.99	99.99	(46)	2.42	2.42	0.3	0.3	0.0
17	3130A8Y72	FEDERAL HOME LOAN BANK	2%	0.88	08/05/19	Aaa	AA+	-	Bullet	2,000,000	08/07/18	98.52	99.60	99.60	(44)	2.40	2.41	0.3	0.3	0.0
18	3130A9EP2	FEDERAL HOME LOAN BANK	2%	1.00	09/26/19	Aaa	AA+	-	Bullet	2,000,000	09/18/18	98.49	99.39	99.43	643	2.51	2.43	0.4	0.4	0.0
19	912828F39	US TREASURY N/B	2%	1.75	09/30/19	Aaa	-	-	Bullet	2,000,000	09/13/18	99.20	99.67	99.70	573	2.53	2.46	0.4	0.4	0.0
20	912828F39	US TREASURY N/B	2%	1.75	09/30/19	Aaa	-	-	Bullet	2,000,000	09/17/18	99.22	99.68	99.70	461	2.52	2.46	0.4	0.4	0.0
21	3137EADM8	FREDDIE MAC	2%	1.25	10/02/19	Aaa	AA+	-	Bullet	2,000,000	09/28/18	98.68	99.44	99.49	1,010	2.58	2.46	0.4	0.4	0.0
22	3130ACM92	FEDERAL HOME LOAN BANK	2%	1.50	10/21/19	Aaa	AA+	-	Bullet	2,000,000	10/01/18	98.87	99.49	99.56	1,387	2.59	2.44	0.5	0.5	0.0
23	912828F62	US TREASURY N/B	2%	1.50	10/31/19	Aaa	-	-	Bullet	2,000,000	10/25/18	98.88	99.45	99.53	1,685	2.62	2.45	0.5	0.5	0.0
24	912828F62	US TREASURY N/B	2%	1.50	10/31/19	Aaa	-	-	Bullet	2,000,000	10/12/18	98.84	99.45	99.53	1,689	2.62	2.45	0.5	0.5	0.0
26	912828G61	US TREASURY N/B	4%	1.50	11/30/19	Aaa	-	-	Bullet	4,000,000	11/15/18	98.79	99.31	99.45	5,302	2.69	2.46	0.6	0.6	0.0
25	9128283H1	US TREASURY N/B	2%	1.75	11/30/19	Aaa	-	-	Bullet	2,000,000	11/27/18	99.07	99.46	99.58	2,508	2.69	2.47	0.6	0.6	0.0
27	912828G95	US TREASURY N/B	4%	1.63	12/31/19	Aaa	-	-	Bullet	4,000,000	12/18/18	98.98	99.34	99.44	4,078	2.63	2.48	0.7	0.7	0.0
28	912828G95	US TREASURY N/B	9%	1.63	12/31/19	Aaa	-	-	Bullet	8,800,000	12/14/18	98.93	99.31	99.44	11,243	2.67	2.48	0.7	0.7	0.0
29	3130AFQH3	FEDERAL HOME LOAN BANK	2%	2.50	01/15/20	Aaa	-	-	Bullet	2,000,000	01/15/19	99.99	99.99	100.12	2,480	2.51	2.33	0.7	0.7	0.0
30	912828V31	US TREASURY N/B	4%	1.38	01/15/20	Aaa	-	-	Bullet	4,000,000	12/18/18	98.68	99.12	99.26	5,421	2.63	2.44	0.7	0.7	0.0
31	3137EAE55	FREDDIE MAC	3%	1.50	01/17/20	Aaa	AA+	-	Bullet	3,000,000	01/16/19	99.01	99.29	99.37	2,358	2.51	2.40	0.7	0.7	0.0
32	3137EAE55	FREDDIE MAC	2%	1.50	01/17/20	Aaa	AA+	-	Bullet	2,000,000	12/21/18	98.81	99.20	99.37	3,269	2.63	2.40	0.7	0.7	0.0
33	3135G0A78	FANNIE MAE	2%	1.63	01/21/20	Aaa	AA+	-	Bullet	2,000,000	01/10/19	99.06	99.34	99.42	1,702	2.55	2.43	0.7	0.7	0.0
34	3133EKAF3	FEDERAL FARM CREDIT BANK	4%	2.54	02/12/20	Aaa	-	-	Bullet	4,000,000	02/19/19	100.09	100.07	100.13	2,552	2.45	2.37	0.8	0.8	0.0
35	912828MP2	US TREASURY N/B	6%	3.63	02/15/20	Aaa	-	-	Bullet	6,000,000	02/22/19	101.13	100.92	100.91	(334)	2.45	2.46	0.8	0.8	0.0
36	912828UQ1	US TREASURY N/B	7%	1.25	02/29/20	Aaa	-	-	Bullet	7,000,000	03/01/19	98.80	99.00	99.04	2,921	2.47	2.42	0.8	0.8	0.0
37	3137EAEF2	FREDDIE MAC	2%	1.38	04/20/20	Aaa	AA+	-	Bullet	2,000,000	04/22/19	99.01	99.03	99.02	(253)	2.39	2.40	1.0	1.0	0.0
Year 1			100%	1.71						102,795,000		99.25	99.66	99.71	44,642	2.45	2.43	0.5	0.5	0.0
Total Portfolio			100%	1.71						102,795,000		99.25	99.66	99.71	44,642	2.45	2.43	0.5	0.5	0.0

Positions by Maturity - Scenario Analysis

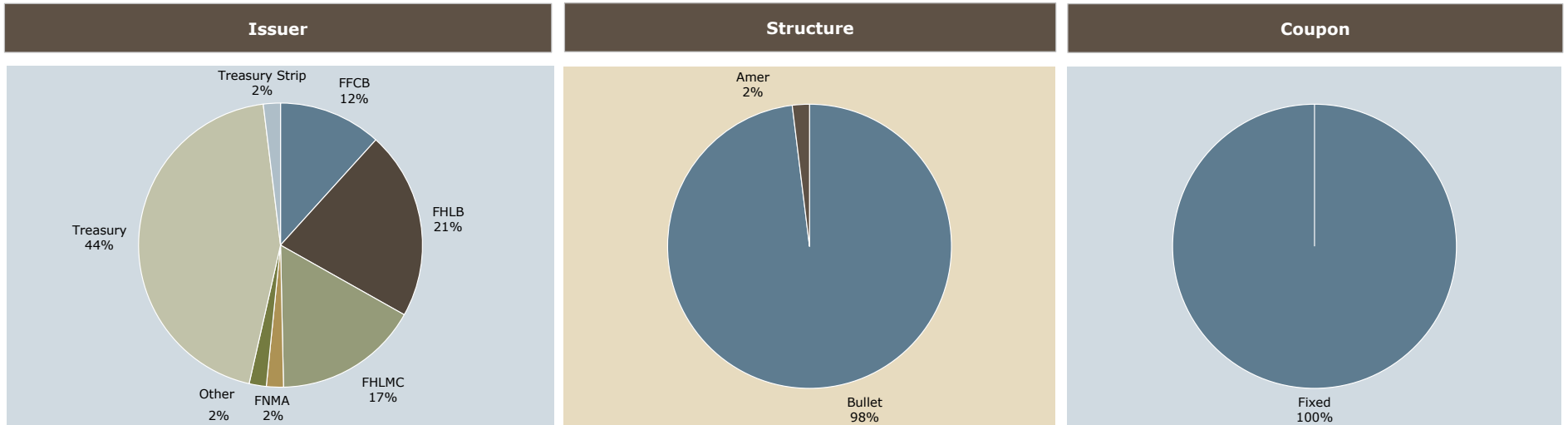
ID	CUSIP	Issuer	% Port	Cpn	Final Maturity	Par	WAM	Market Price (%Δ)				Book Yield					Effective Duration				
								DN DN 50	DN DN 25	UP UP 25	UP UP 50	DN DN 50	DN DN 25	Base Case	UP UP 25	UP UP 50	DN DN 50	DN DN 25	Base Case	UP UP 25	UP UP 50
1	313312FG0	FED FARM CRD DISCOUNT NT	2%	0.00	05/07/19	2,000,000	0.0	0.0	0.0	(0.0)	(0.0)	2.27	2.27	2.27	2.27	2.27	0.0	0.0	0.0	0.0	0.0
2	912828R44	US TREASURY N/B	2%	0.88	05/15/19	2,000,000	0.0	0.0	0.0	(0.0)	(0.0)	2.24	2.24	2.24	2.24	2.24	0.0	0.0	0.0	0.0	0.0
3	3133EFD20	FEDERAL FARM CREDIT BANK	2%	1.25	05/23/19	2,000,000	0.1	0.0	0.0	(0.0)	(0.0)	1.27	1.27	1.27	1.27	1.27	0.1	0.1	0.1	0.1	0.1
4	3137EADG1	FREDDIE MAC	4%	1.75	05/30/19	4,000,000	0.1	0.0	0.0	(0.0)	(0.0)	2.30	2.30	2.30	2.30	2.30	0.1	0.1	0.1	0.1	0.1
5	912820E37	STRIP PRINC	2%	0.00	05/31/19	2,000,000	0.1	0.0	0.0	(0.0)	(0.0)	2.35	2.35	2.35	2.35	2.35	0.1	0.1	0.1	0.1	0.1
7	3133EJRJ0	FEDERAL FARM CREDIT BANK	4%	2.30	06/11/19	4,000,000	0.1	0.1	0.0	(0.0)	(0.1)	2.27	2.27	2.27	2.27	2.27	0.1	0.1	0.1	0.1	0.1
6	3130AEFV7	FEDERAL HOME LOAN BANK	2%	2.25	06/11/19	2,000,000	0.1	0.1	0.0	(0.0)	(0.1)	2.31	2.31	2.31	2.31	2.31	0.1	0.1	0.1	0.1	0.1
8	3130AEGY0	FEDERAL HOME LOAN BANK	2%	2.38	06/18/19	2,000,000	0.1	0.1	0.0	(0.0)	(0.1)	2.32	2.32	2.32	2.32	2.32	0.1	0.1	0.1	0.1	0.1
9	3130A8DB6	FEDERAL HOME LOAN BANK	1%	1.13	06/21/19	995,000	0.1	0.1	0.0	(0.0)	(0.1)	2.31	2.31	2.31	2.31	2.31	0.1	0.1	0.1	0.1	0.1
10	3130A8DB6	FEDERAL HOME LOAN BANK	2%	1.13	06/21/19	2,000,000	0.1	0.1	0.0	(0.0)	(0.1)	2.33	2.33	2.33	2.33	2.33	0.1	0.1	0.1	0.1	0.1
11	3133EJSQ3	FEDERAL FARM CREDIT BANK	2%	2.35	06/25/19	2,000,000	0.2	0.1	0.0	(0.0)	(0.1)	2.32	2.32	2.32	2.32	2.32	0.2	0.2	0.2	0.2	0.2
12	3130AEL57	FEDERAL HOME LOAN BANK	2%	2.38	07/09/19	2,000,000	0.2	0.1	0.0	(0.0)	(0.1)	2.33	2.33	2.33	2.33	2.33	0.2	0.2	0.2	0.2	0.2
13	3137EAEB1	FREDDIE MAC	2%	0.88	07/19/19	2,000,000	0.2	0.1	0.1	(0.1)	(0.1)	2.26	2.26	2.26	2.26	2.26	0.2	0.2	0.2	0.2	0.2
14	3130AENV8	FEDERAL HOME LOAN BANK	2%	2.38	07/23/19	2,000,000	0.2	0.1	0.1	(0.1)	(0.1)	2.34	2.34	2.34	2.34	2.34	0.2	0.2	0.2	0.2	0.2
15	3134G9Q75	FREDDIE MAC	2%	1.25	07/26/19	2,000,000	0.2	0.1	0.1	(0.1)	(0.1)	2.46	2.46	2.46	2.46	2.46	0.2	0.2	0.2	0.2	0.2
16	3130AECM5	FEDERAL HOME LOAN BANK	3%	2.38	08/02/19	3,000,000	0.3	0.1	0.1	(0.1)	(0.1)	2.42	2.42	2.42	2.42	2.42	0.3	0.3	0.3	0.3	0.3
17	3130A8Y72	FEDERAL HOME LOAN BANK	2%	0.88	08/05/19	2,000,000	0.3	0.1	0.1	(0.1)	(0.1)	2.40	2.40	2.40	2.40	2.40	0.3	0.3	0.3	0.3	0.3
18	3130A9EP2	FEDERAL HOME LOAN BANK	2%	1.00	09/26/19	2,000,000	0.4	0.2	0.1	(0.1)	(0.2)	2.51	2.51	2.51	2.51	2.51	0.4	0.4	0.4	0.4	0.4
19	912828F39	US TREASURY N/B	2%	1.75	09/30/19	2,000,000	0.4	0.2	0.1	(0.1)	(0.2)	2.53	2.53	2.53	2.53	2.53	0.4	0.4	0.4	0.4	0.4
20	912828F39	US TREASURY N/B	2%	1.75	09/30/19	2,000,000	0.4	0.2	0.1	(0.1)	(0.2)	2.52	2.52	2.52	2.52	2.52	0.4	0.4	0.4	0.4	0.4
21	3137EADM8	FREDDIE MAC	2%	1.25	10/02/19	2,000,000	0.4	0.2	0.1	(0.1)	(0.2)	2.58	2.58	2.58	2.58	2.58	0.4	0.4	0.4	0.4	0.4
22	3130ACM92	FEDERAL HOME LOAN BANK	2%	1.50	10/21/19	2,000,000	0.5	0.2	0.1	(0.1)	(0.2)	2.59	2.59	2.59	2.59	2.59	0.5	0.5	0.5	0.5	0.5
23	912828F62	US TREASURY N/B	2%	1.50	10/31/19	2,000,000	0.5	0.3	0.1	(0.1)	(0.3)	2.62	2.62	2.62	2.62	2.62	0.5	0.5	0.5	0.5	0.5
24	912828F62	US TREASURY N/B	2%	1.50	10/31/19	2,000,000	0.5	0.3	0.1	(0.1)	(0.3)	2.62	2.62	2.62	2.62	2.62	0.5	0.5	0.5	0.5	0.5
26	912828G61	US TREASURY N/B	4%	1.50	11/30/19	4,000,000	0.6	0.3	0.1	(0.1)	(0.3)	2.69	2.69	2.69	2.69	2.69	0.6	0.6	0.6	0.6	0.6
25	9128283H1	US TREASURY N/B	2%	1.75	11/30/19	2,000,000	0.6	0.3	0.1	(0.1)	(0.3)	2.69	2.69	2.69	2.69	2.69	0.6	0.6	0.6	0.6	0.6
27	912828G95	US TREASURY N/B	4%	1.63	12/31/19	4,000,000	0.7	0.3	0.2	(0.2)	(0.3)	2.63	2.63	2.63	2.63	2.63	0.7	0.7	0.7	0.7	0.7
28	912828G95	US TREASURY N/B	9%	1.63	12/31/19	8,800,000	0.7	0.3	0.2	(0.2)	(0.3)	2.67	2.67	2.67	2.67	2.67	0.7	0.7	0.7	0.7	0.7
29	3130AFQH3	FEDERAL HOME LOAN BANK	2%	2.50	01/15/20	2,000,000	0.7	0.4	0.2	(0.2)	(0.4)	2.51	2.51	2.51	2.51	2.51	0.7	0.7	0.7	0.7	0.7
30	912828V31	US TREASURY N/B	4%	1.38	01/15/20	4,000,000	0.7	0.4	0.2	(0.2)	(0.4)	2.63	2.63	2.63	2.63	2.63	0.7	0.7	0.7	0.7	0.7
31	3137EAEE5	FREDDIE MAC	3%	1.50	01/17/20	3,000,000	0.7	0.4	0.2	(0.2)	(0.4)	2.51	2.51	2.51	2.51	2.51	0.7	0.7	0.7	0.7	0.7
32	3137EAEE5	FREDDIE MAC	2%	1.50	01/17/20	2,000,000	0.7	0.4	0.2	(0.2)	(0.4)	2.63	2.63	2.63	2.63	2.63	0.7	0.7	0.7	0.7	0.7
33	3135G0A78	FANNIE MAE	2%	1.63	01/21/20	2,000,000	0.7	0.4	0.2	(0.2)	(0.4)	2.55	2.55	2.55	2.55	2.55	0.7	0.7	0.7	0.7	0.7
34	3133EKAF3	FEDERAL FARM CREDIT BANK	4%	2.54	02/12/20	4,000,000	0.8	0.4	0.2	(0.2)	(0.4)	2.45	2.45	2.45	2.45	2.45	0.8	0.8	0.8	0.8	0.8
35	912828MP2	US TREASURY N/B	6%	3.63	02/15/20	6,000,000	0.8	0.4	0.2	(0.2)	(0.4)	2.45	2.45	2.45	2.45	2.45	0.8	0.8	0.8	0.8	0.8
36	912828UQ1	US TREASURY N/B	7%	1.25	02/29/20	7,000,000	0.8	0.4	0.2	(0.2)	(0.4)	2.47	2.47	2.47	2.47	2.47	0.8	0.8	0.8	0.8	0.8
37	3137EAEE2	FREDDIE MAC	2%	1.38	04/20/20	2,000,000	1.0	0.5	0.2	(0.2)	(0.5)	2.39	2.39	2.39	2.39	2.39	1.0	1.0	1.0	1.0	1.0
Year 1			100%	1.71		102,795,000	0.5	0.2	0.1	(0.1)	(0.2)	2.45	2.45	2.45	2.45	2.45	0.5	0.5	0.5	0.5	0.5
Total Portfolio			100%	1.71		102,795,000	0.5	0.2	0.1	(0.1)	(0.2)	2.45	2.45	2.45	2.45	2.45	0.5	0.5	0.5	0.5	0.5

Product Detail

Treasury, Agency, SSA - Summary

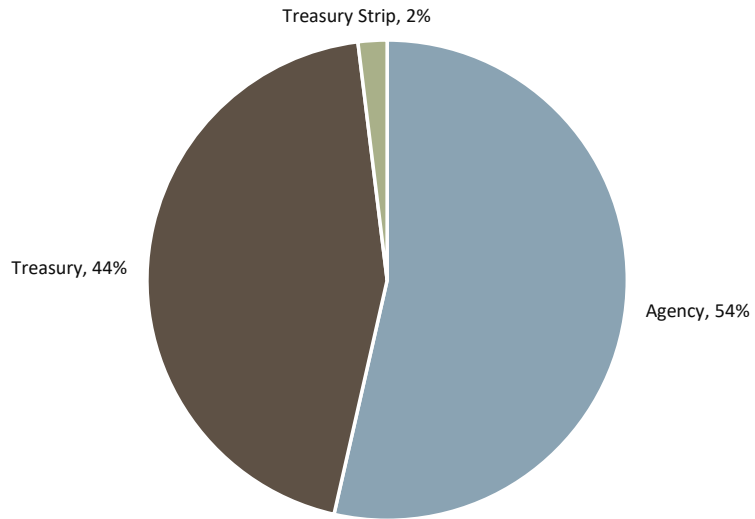
Issuer / Sector

Type	Line Items	% Port	% Total Sector	Par		Book Price	Market Price	Gain / Loss	Book Yield	Market Yield	WAM	Eff Dur	Eff Cvx	Coupon Type %			Call Type%			
				Amount	Cpn									Fixed	Float	Step	Bullet	Amer	Euro	Berm
Treasury	12	44%	44%	45,800,000	1.77	99.54	99.61	35,487	2.57	2.45	0.6	0.6	0.0	100%	-	-	100%	-	-	-
Treasury Strip	1	2%	2%	2,000,000	0.00	99.80	99.80	(30)	2.35	2.37	0.1	0.1	0.0	100%	-	-	100%	-	-	-
FHLB	11	21%	21%	21,995,000	1.86	99.84	99.85	2,543	2.40	2.42	0.3	0.3	0.0	100%	-	-	100%	-	-	-
FNMA	1	2%	2%	2,000,000	1.63	99.34	99.42	1,702	2.55	2.43	0.7	0.7	0.0	100%	-	-	100%	-	-	-
FHLMC	7	17%	17%	17,000,000	1.41	99.52	99.55	4,667	2.43	2.43	0.4	0.4	0.0	100%	-	-	100%	-	-	-
FFCB	4	12%	12%	12,000,000	2.21	100.02	100.03	217	2.17	2.40	0.3	0.3	0.0	100%	-	-	83%	17%	-	-
Other	1	2%	2%	2,000,000	0.00	99.96	99.96	57	2.27	2.12	0.0	0.0	0.0	100%	-	-	100%	-	-	-
Sector Total	37	100%	100%	102,795,000	1.71	99.66	99.71	44,642	2.45	2.43	0.5	0.5	0.0	100%			98%	2%		



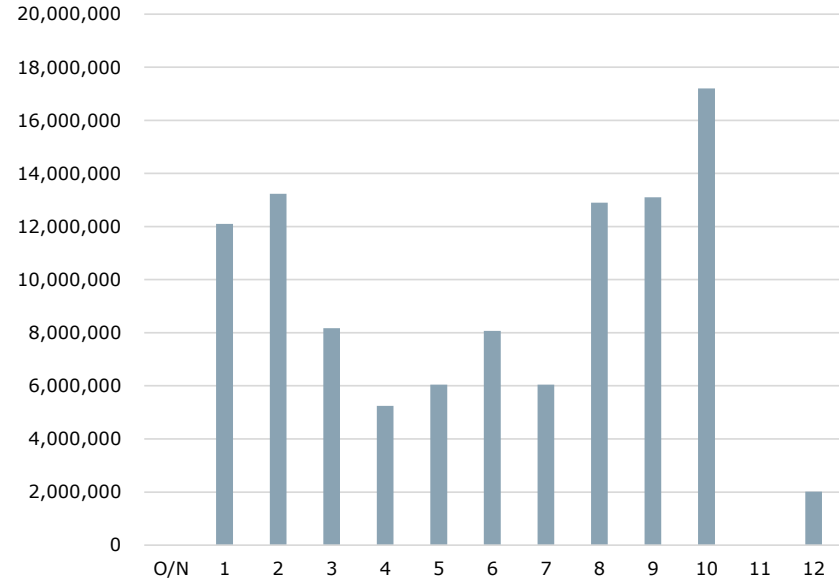
Money Market Sector - Summary

Money Market Product Distribution (%)

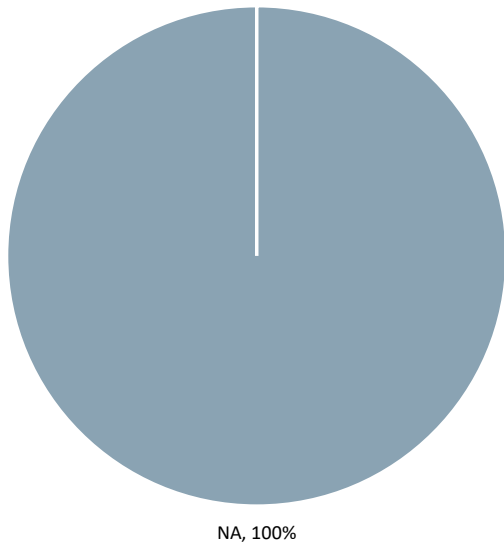


Money Market Sector includes all securities with maturity less than 12 months.

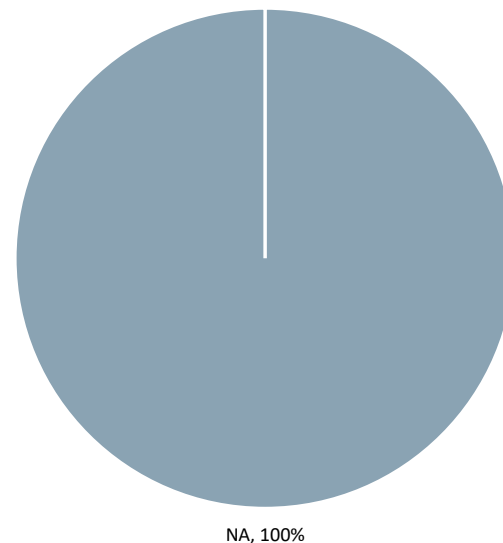
Cash Flows by Month - 12 Months (\$)



Moody's Short Term Ratings Distribution (%)



S&P Short Term Ratings Distribution (%)



Strategy Group Contact Information

Name	Title	Phone	Email
Head of Fixed Income Market and Portfolio Strategy			
Dan Collins, CPA, CFA	Managing Director	(704) 410-5287	dan.collins@wellsfargo.com
Short Duration Strategy			
Garret Sloan, CFA	Director	(704) 410-3686	garret.sloan@wellsfargo.com
Vanessa McMichael, CTP	Vice President	(704) 410-4530	vanessa.mcmichael@wellsfargo.com
Depository Strategy			
Charlie Crowley	Managing Director	(704) 410-3829	charlie.crowley@wellsfargo.com
Mario Ichaso, CFA	Vice President	(704) 410-4526	mario.ichaso@wellsfargo.com
Strategy Generalist			
Brad Brown	Director	(704) 410-3683	bradley.brown@wellsfargo.com
Will Fisher	Director	(704) 410-6239	william.fisher@wellsfargo.com
Jonathan O' Hanlon	Director	(704) 410-3853	jonathan.ohanlon@wellsfargo.com
Mark Griffin	Vice President	(704) 410-3824	mark.a.griffin@wellsfargo.com
Jack Stimac, CFA	Vice President	(901) 622-5302	jack.stimac@wellsfargo.com
Tyler Barnes	Associate	(704) 410-3830	tyler.barnes@wellsfargo.com
Melissa Atkins	Analyst	(704) 410-0114	melissa.atkins@wellsfargo.com
Daniel Giuliano	Analyst	(704) 410-3685	daniel.giuliano@wellsfargo.com

Assumptions

1. Calculation engine is ZM for all asset classes except for Money Market Funds. Money Market Fund information is provided by Crane Data.
2. Money Market Funds assume a book price of par (\$100.00).
3. All data provided by Bloomberg LLC., IDC Pricing Service, Crane Data and Wells Fargo Securities.
4. Cash flows are generated by Yield Book, Intex, Bloomberg or ZM depending on sector and structure:
 - **ZM** – Non-prepay bullet structures including municipals, corporates, agencies, SSA, treasuries, CDs and commercial paper.
 - **Yield Book** – Mortgage products, including MBS passthroughs, CMOs, ARMs, agency CMBS and floating rate structures.
 - **Intex** – Structured products, including ABS, CLOs and non-agency RMBS and CMBS.
 - Analysis assumes all scheduled and unscheduled principal cash flows provided directly by Third Party systems (Yield Book) flow into the Maturity bucket on the Cash Flow Projections page.
5. Ratings data are provided by Moody's, S&P and Fitch. Aggregate ratings are based on a proprietary scale.
6. Projected Call Report - Assumes OAS is held constant with market price based yield-to-worst call logic. Sorted by projected calls in the base case scenario. Base Case scenario assumes no rate changes.
7. Client provided market prices are used for the analysis. In the absence of client market data, BVAL and/or IDC pricing is used.
8. Historical Analysis is a combination of previously run Bond Edge Reports and ZM Financial. This page will be updated over time as reports are requested.
9. Yield on tax-exempt municipals are calculated using a 21% tax rate or as directed by client.
10. 12 Month Horizon Analysis assumes 12 month horizon with a reinvestment rate of 1M LIBOR. Rate shocks are gradual over the horizon and parallel shifts to the curve.
11. Prepayment, default and severity assumptions used:
 - Bonds run through Yield Book – Yield Book Long Term Projected CPR
 - GN CMBS – 15 CPJ
 - FN/FH CMBS - 0 CPY
 - Conduit CMBS - 0 CPY, CDR and SEV
 - ABS Student – 6 CPR
 - ABS Card - Historical MPR
 - ABS Auto - 1.3 ABS
 - SBAs & NGNs – 10 CPR
 - Non-agency CMOs – Yield Book if available otherwise 6mo historical VPR, CDR and SEV taken from Bloomberg.
12. Money Market Fund Profiles
 - AUM Flows: Total fund MoM flows
 - Share Class: Total share class MoM flows
13. Yield Curve Shock Scenarios: instantaneous rate shocks to the static curve held constant over the life of the securities, utilizing Intex for structured products (when applicable) and Yield Book for other amortizing securities.
 - Standard scenarios: parallel shifts of -100,-50,-25,0,+25,+50,+100,+200,+300, Bear Flat, Bull Steep, Bull Flat, Bear Steep.
 - Customized scenarios at the request of client or as determined by WFS Portfolio Strategy

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Accuracy of Information

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SECURITIES: NOT FDIC--INSURED/NOT BANK-GUARANTEED/MAY LOSE VALUE



Account Statement - Transaction Summary

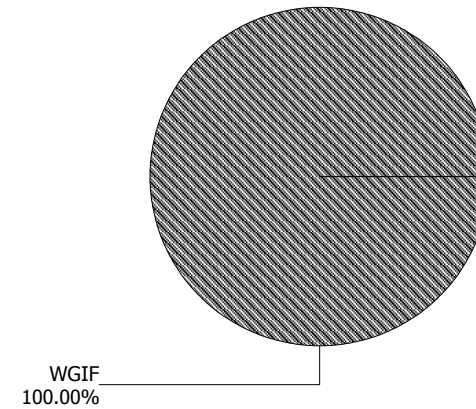
For the Month Ending **April 30, 2019**

UNIVERSITY OF WYOMING - UW GENERAL FUND - 27166

WGIF	
Opening Market Value	56,196,709.17
Purchases	74,740,699.41
Redemptions	(22,996,709.17)
Unsettled Trades	0.00
Change in Value	0.00
Closing Market Value	\$107,940,699.41
Cash Dividends and Income	140,699.41

Asset Summary		
	April 30, 2019	March 31, 2019
WGIF	107,940,699.41	56,196,709.17
Total	\$107,940,699.41	\$56,196,709.17

Asset Allocation	
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Account Statement

For the Month Ending **April 30, 2019**

UNIVERSITY OF WYOMING - UW GENERAL FUND - 27166

Trade Date	Settlement Date	Transaction Description	Share or Unit Price	Dollar Amount of Transaction	Total Shares Owned
WGIF					
Opening Balance					56,196,709.17
04/01/19	04/01/19	Redemption - Wire Redemption	1.00	(4,500,000.00)	51,696,709.17
04/01/19	04/01/19	Redemption - Wire Redemption	1.00	(96,709.17)	51,600,000.00
04/02/19	04/02/19	Redemption - Wire Redemption	1.00	(2,900,000.00)	48,700,000.00
04/03/19	04/03/19	Redemption - Wire Redemption	1.00	(2,100,000.00)	46,600,000.00
04/04/19	04/04/19	Purchase - Wire Purchase	1.00	1,400,000.00	48,000,000.00
04/05/19	04/05/19	Purchase - Wire Purchase	1.00	1,500,000.00	49,500,000.00
04/08/19	04/08/19	Redemption - Wire Redemption	1.00	(400,000.00)	49,100,000.00
04/09/19	04/09/19	Redemption - Wire Redemption	1.00	(4,500,000.00)	44,600,000.00
04/10/19	04/10/19	Purchase - Wire Purchase	1.00	1,500,000.00	46,100,000.00
04/11/19	04/11/19	Redemption - Wire Redemption	1.00	(400,000.00)	45,700,000.00
04/12/19	04/12/19	Redemption - Wire Redemption	1.00	(5,700,000.00)	40,000,000.00
04/15/19	04/15/19	Purchase - Wire Purchase	1.00	2,700,000.00	42,700,000.00
04/16/19	04/16/19	Redemption - Wire Redemption	1.00	(1,200,000.00)	41,500,000.00
04/17/19	04/17/19	Purchase - Wire Purchase	1.00	61,400,000.00	102,900,000.00
04/18/19	04/18/19	Redemption - Wire Redemption	1.00	(600,000.00)	102,300,000.00
04/22/19	04/22/19	Purchase - Wire Purchase	1.00	300,000.00	102,600,000.00
04/22/19	04/22/19	Purchase - Wire Purchase	1.00	300,000.00	102,900,000.00
04/23/19	04/23/19	Purchase - Wire Purchase	1.00	200,000.00	103,100,000.00
04/23/19	04/23/19	Wire Purchase Not Received 4/22/2019	1.00	(300,000.00)	102,800,000.00
04/24/19	04/24/19	Charge for Wire Purchase Not Received (1 Day(s) at 2.5%)	1.00	(20.83)	102,799,979.17
04/25/19	04/25/19	Redemption - Wire Redemption	1.00	(299,979.17)	102,500,000.00



Account Statement

For the Month Ending **April 30, 2019**

UNIVERSITY OF WYOMING - UW GENERAL FUND - 27166

Trade Date	Settlement Date	Transaction Description	Share or Unit Price	Dollar Amount of Transaction	Total Shares Owned
WGIF					
04/26/19	04/26/19	Purchase - Wire Purchase	1.00	700,000.00	103,200,000.00
04/29/19	04/29/19	Purchase - Wire Purchase	1.00	2,500,000.00	105,700,000.00
04/30/19	04/30/19	Purchase - Wire Purchase	1.00	2,100,000.00	107,800,000.00
04/30/19	05/01/19	Accrual Income Div Reinvestment - Distributions	1.00	140,699.41	107,940,699.41

Closing Balance **107,940,699.41**

	Month of April	Fiscal YTD January-April		
Opening Balance	56,196,709.17	42,379,007.05	Closing Balance	107,940,699.41
Purchases	74,740,699.41	186,742,569.10	Average Monthly Balance	72,648,022.62
Redemptions (Excl. Checks)	(22,996,709.17)	(121,180,876.74)	Monthly Distribution Yield	2.36%
Check Disbursements	0.00	0.00		
Closing Balance	107,940,699.41	107,940,699.41		
Cash Dividends and Income	140,699.41	418,467.31		

Internal Audit Activity Report

May 15, 2019

INTERNAL AUDIT ACTIVITY CONDUCTED IN ACCORDANCE
WITH THE AUDIT PLAN FOR THE PERIOD
March 2019 to May 2019

AUDITS:

Fine Arts Outreach and Cultural Programs
Specialized Service Facilities
Student Health Insurance

FOLLOW UP REVIEWS:

Follow Up for V.P. for Finance and Administration Transfer of Leadership
Follow Up for Rodeo Club

AUDITS IN PROGRESS

The following audits and related activities are in progress:
College of Agriculture and Natural Resources Change of
Management Audit
Science and Math Teaching Center

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

- *Policy on Minors (Youth) Participating in University-Sponsored and University-Approved Programs*
- *Dean of Business Change of Management Audit*
- *Cashiering and TouchNet*
- *Football Attendance*
- *Follow up for International Students and Scholars*

OTHER AUDIT ACTIVITIES

2019-2020 Audit Schedule

Updating the Internal Audit Charter. (IIA Standards recommend doing this and we haven't updated our since they were established in 2011)



Internal Audit Department

Dedicated to Improving Operations and Accountability

**Audit of
Fine Arts Outreach and UW Presents**

February 14, 2019

Auditors:
Kathleen Miller
Danika Salmans

Integrity ♦ Proficiency ♦ Objectivity



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

February 14, 2019

Board of Trustees

University of Wyoming

Internal Audit has completed a review of the Fine Arts Outreach and UW Presents. This audit was selected because:

1. One of the main areas in this audit is the Fine Arts Box Office which involves significant amounts of cash and cash handling activities.
2. Areas with revenue transaction should be audited regularly because of the amount of cash that is handled.
3. Internal controls over cash need to be verified regularly.
4. We expanded this audit to review the other areas included in the Manager's responsibilities (Outreach and UW Presents) that have never been audited before.

Please find the executive summary and audit report immediately following the table of contents.

The primary audit objective was to perform a regular audit of financial and program processes to ensure adequate internal controls. The attached report discusses our observations and recommendations for areas in which controls should be improved. The report also includes the verbatim audit responses from units/departments or specific personnel noted in the audit.

We would like to thank Laurie Sanchez, Executive Business Manager for the College of Arts and Sciences, Rebecca Garcia, Business Manager over shared accounting services for Fine Arts, and Philip Moline, Manager of Cultural and Fine Arts Programs for the assistance we received on this audit.

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

Sincerely,

Kathleen Miller
Director of Internal Audit

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Background

Auditee

Fine Arts Outreach and UW Presents

This area includes three specific areas:

1. University of Wyoming UW Presents
This is a division of [The College of Arts & Sciences](#), assisting the College in its broad educational mission by presenting a rich, balanced program of music, theatre, and dance, featuring performances by artists of national and international distinction.
2. Fine Arts Outreach
It is the mission of Fine Arts Outreach to present artistic and educational opportunities to Wyoming's public schools, UW students, and communities. By working closely with the Fine and Performing Arts Departments, we have found that the best way to effectively create outreach opportunities is both by "reaching out," making it possible for faculty and students to tour in the state, and by "reaching in," bringing students and educators on to campus to work with major artists, and with our faculty.
3. The Performing Arts Box Office
The box office provides ticketing services for all non-athletic events on campus, as well as registration and payment services for festivals and camps.

Executive Summary

We performed an audit of Fine Arts Outreach and UW Presents. The objectives of this audit were to ensure that:

- There were adequate internal controls in the Performing Arts Box Office.
- Funds were being deposited and transferred appropriately.
- Fine Arts Outreach and UW Presents was compliant with all university policies regarding purchasing card purchases, travel, invoices and contracts with performers.

We found the following issues:

1. **Manual Entry Processes Need to Be Minimized**
2. **Cash Handling and Depositing Procedures should be Improved**
3. **Box Office Revenues should be Distinguishable**
4. **Payroll Processes should be Improved**
5. **Purchasing Procedures should be Improved**
6. **Procurement Card Industry Standards should be more fully Implemented**

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

Audit Standards, Scope, Procedures, and Outcomes

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

- **Mission of Internal Audit**

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

- **Definition of Internal Auditing**

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

- **Code of Ethics**

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

- Integrity
- Objectivity
- Confidentiality
- Competency

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

- **Standard 1220 – Due Professional Care**

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

Policies and Regulations pertinent to the audit include:

- Presidential Directive 3-1993-1-- Receipt and Handling of University Funds states:

“1. General Information. All funds of the University of Wyoming are public funds, intended to help accomplish the mission of the University and its units. It is the responsibility of all employees to safeguard University assets. It is the responsibility of all officers, deans and department heads to ensure that adequate internal controls within their units exist and are observed.

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

Audit Scope and Procedures and Outcomes:

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

Area Audited	Test Work Performed	Status	Sample Size	Summary of Findings/Recommendations
Financial and Accounting Controls	Review of Deposits	Issue	5 out of 52 10%	Deposit amounts did not always reconcile to the supporting documentation. See Observation #2
	Departmental Transfers	Issue	5 out of 52 10%	Since this is a completely manual process, some calculations were inaccurate. See Observation #1
	Cash Handling	Issue	Process N/A	Cash handling procedures do not have adequate segregation of duties and as a result, the internal control system is weak. See Observation #3
	Cash Count	Acceptable	100%	All funds were counted and correct.
	Expenditures: Purchase Orders, Expense Reports and IDTs	Issue	61 out of 542 11%	We noted that some expenditures did not have adequate supporting documentation or adequate explanation of business purpose. See Observation #5
	Foundation Accounts	Acceptable	100%	All foundation expenditures were compliant with donor restrictions. No issues were noted.
	Financial Reporting and Monitoring	Issue	Process N/A	Processes need to be automated to ensure accuracy. A new event management system should be evaluated. Shadow spreadsheets should be eliminated. See Observation #1
	Contracts	Acceptable	11 of 11 100%	All contracts were reviewed to ensure they were signed and had the proper review. No issues were noted.
Personnel Policies	Payroll	Issue	3 out of 12 months 25%	Processes were inconsistent. Documentation of supervisory approval and employee verification was missing. See Observation #5
	Supplemental Pay, Stipends and Honorariums	Acceptable	100%	Honorariums are used extensively when performers are brought to campus. All policies were complied with and procedures were adequate.
	Overtime and Tuition Benefits	Issue	100%	All overtime expenditures were reviewed; supporting documentation was missing. See Observation #5.

Observations, Recommendations, and Responses

Observation 1: Manual Entry Processes Need to Be Minimized

For ticketed or paid events, the Performing Arts Box Office (Box Office) processes sales for ticket purchases and season ticket purchases through many outlets:

- MarketPlace online purchases
- Phone requests
- Union ticket sales
- Performing Arts Box Office sales
- Mail-in registration forms with credit card numbers or cash/check enclosed

The Box Office operates as a type of a clearinghouse to sell tickets and facilitate the transfer of revenue from the ticket sales to presenting departments (i.e. Theater and Dance, Music, etc.). The Box Office sells tickets, tracks the total ticket sales from the various events and calculates the generated income. Procedurally, before the revenue is distributed to the presenting department, the box office removes the sales tax paid by the customer and withholds a ticketing fee. In our review of processes and procedures, the entry of tickets into the ticketing/event management system (Paciolan), the creation of the deposit to cashiers, and the distribution of revenue to departments is a process that requires a great amount of time-consuming manual entry and manual calculations.

We found the following issues:

1. MarketPlace sales are manually entered into the Paciolan ticketing system.

MarketPlace is the University's system for processing online transactions. The transactions feed directly into TouchNet which is the University's system to accept payments for all transactions from tuition to campus events. TouchNet communicates directly with WyoCloud. However, MarketPlace is unable to offer the complicated functionality for the wide variety of events presented by the Performing Arts Box Office, with several different ticket prices for each event and requiring the option of seat selection. Therefore, an Access database has been developed by IT and integrated into MarkPlace to provide additional ability to accomplish these transactions. In order to use this feature, significant time must be spent by the Performing Arts Ticket Manager to set up each event. In addition, ticket sales processed through MarketPlace have to be manually re-entered into the ticketing/event management system (Paciolan) since these two systems do not communicate. Paciolan is used in order to accept in-person credit card payments and track all ticket sales by seat and event. The process of manual entry compromises the accuracy of the information entered into Paciolan, is extremely inefficient and allows the opportunity for fraudulent activity.

There are other event management systems available that communicate directly with TouchNet which would make this process more secure, reliable and efficient.

Recommendation:

We recommend that the department explore the purchase of event management software that communicates directly with TouchNet and is robust enough to provide support for the number of events, ticket prices and seating selection. This software would replace the Paciolan system which is currently supported by their operating budget. This software is necessary to business functions and a need that can not be met by the WyoCloud system.

Response:

We agree and are implementing the recommendations.

2. Deposits are calculated manually.

Deposit reports are created by reviewing system reports from Paciolan. The Cashier's Office requires the deposit to be separated into payment types (cash, checks and credit cards). Currently, these are identified and totaled to create the deposit totals by manually scanning the Paciolan report and hand-totaling payment types to create the deposit. Because the system reports from Paciolan can be downloaded into Excel it is possible to create a more automated approach of utilizing the reports to create the deposit that would minimize errors in calculations.

Recommendation:

We recommended that the department automate the Excel file from the ticketing/event management system to calculate payment types and aid in the creation of the deposit report. This would ensure that the deposits are correctly calculated.

Response:

We agree and are implementing the recommendations.

3. Shadow spreadsheets should be abandoned.

During our review of other processes, it was noted that the department is utilizing some shadow spreadsheets of WyoCloud transactions. These spreadsheets require manual and dual entry of expenditure and revenue transactions that are being run through WyoCloud. The department was encouraged to abandon these spreadsheets and rely on WyoCloud data for making management decisions.

Recommendation:

Shadow spreadsheets that are a replication of transactions that are entered into the WyoCloud system, are not only inefficient but also can be corrupted by errors in data entry or formulas. We therefore recommend that the use of these tools be terminated.

Response:

Effective immediately, WyoCloud reports will be the sole resource for making business decisions.

4. Calculating the distribution of revenue to appropriate departments is manual.

Since the Box Office sells tickets to functions produced by other departments (Theater and Dance, Music, etc.) they must distribute these funds appropriately and this is another manual and labor-intensive process. This distribution is completed after an event has concluded. Paciolan produces reports by event so that totals can be obtained. The Box Office manager then removes the sales tax paid by the customer (which is included in the ticket price) and withholds a ticketing fee. The funds are then transferred to the other department using an IDT (Inter-departmental Transfer).

During our review of this process, we noted that the sales tax was calculated incorrectly. Utilizing functionality found in Excel, these reports could be automated making this process more efficient and more accurate.

Recommendation:

We recommended that the Box Office automate the distribution of funds in such a way that minimizes or eliminates manual entry and/or hand calculations and ensures accuracy.

Response:

We agree and are implementing the recommendations.

Observation 2: Cash Handling and Depositing Procedures should be Improved

The Box Office processes transactions for ticket purchases, season ticket purchases, and camp registrations. Currently there are internal control issues with segregation of duties. For example, frequently they receive checks in the mail for these registrations, ticket purchases and/or donations. Currently, these checks are not being restrictively endorsed when they are received. In addition, the same person is opening the mail that contains these payments, entering them into the ticketing system and creating the deposit from the ticketing system reports. This process does not create a strong internal control environment and allows the opportunity for theft.

It was also reported that the safe combination has never been changed even after staff turnover. A considerable amount of money can reside in the safe since deposits are being made weekly.

A review of past deposits and the creation of the deposit advice was observed. We reviewed five weeks of deposits. In our review, supporting documentation did not always reconcile to the deposited amounts. It was difficult to evaluate and verify whether all the funds collected were deposited.

Recommendation:

We recommend that the Box Office establish procedures that provide for adequate segregation of duties for the processing of payments, entering the payments into the ticketing system and preparation of the deposit. A review and verification of the deposit by the Business Manager would be a good addition to this process.

We also recommend that processes be improved to include adequate supporting documentation for deposits. This supporting documentation should be included in the file with the deposit advice and the receipt from the cashier's office.

In addition, we recommend that the safe combination be changed regularly (at least annually) and when there is staff turnover of those that had knowledge of the combination.

Response:

We agree and are implementing the recommendations.

Observation 3: Box Office Revenues should be Distinguishable

All revenues regardless of source or purpose are currently deposited into an unrestricted operating account. There is currently no mechanism to distinguish Box Office revenues from ticket proceeds that are collected for the presenting department. For example, the Box Office funds some of their operations on a 50 cent per ticket handling fee. The remaining ticket proceeds (minus the 50 cent fee and sales tax) need to be transferred to the department presenting the ticketed program. Because all cash receipts are deposited into the same account, the status of operating funds for the Box Office may not be clear and could lead to deficit spending. WyoCloud features could be used to separate the funding that can be spent on operations and the funding that must be transferred out to the presenting department.

Recommendation:

We recommend that the Fine Arts Outreach Office design a process to designate ticket sales revenue that must be transferred to other departments from funding that stays in the department to cover operating expenses. A WyoCloud mechanism should be used to distinguish the funds to transfer to other departments.

Response:

We agree and will implement the recommendations.

Observation 4: Payroll Processes should be Improved

We reviewed a sample of payroll for the Fine Arts Outreach. This included UW Presents, Fine Arts Outreach and the Performing Arts Box Office. We reviewed one part-time employee's time cards for the entire year and also selected three months of timecards for the entire staff. Currently, there appears to be very few controls over the timecard and vacation and sick leave reporting processes. In our review of timecards and vacation and sick leave reports, we found that some documentation was missing entirely, some were missing signatures from either the employee, the supervisor or both. Instead of using the University timecards, time was reported to the time-keeper with emails, handwritten notes or informal summaries. The processes do not appear to be consistent from one month to the next or from one employee to another. In total 47 biweekly timesheets were reviewed.

Of those, 17 had no approving documentation, four others did not have the appropriate signatures, ten were signed more than 25 days after the payroll run.

Many of these issues will be resolved when the University moves to the new HCM payroll system in April. That system requires the employee to enter their time daily and the supervisor must electronically approve the hours before they can be paid. This system relies on the supervisor to ensure that the time entered is accurate. To ensure accuracy, timely entry of hours worked is important. This is a cultural change and will require additional training, oversight and perhaps revised processes to address these changes.

Recommendation:

We recommend that the department establish better processes to ensure adequate supervision, recording of time and review and approval of time entries by:

- Establishing work schedules that could be used to compare variances in hours worked.
- Implementing a system to record hours worked on a daily basis in order to begin the cultural change.
- Ensuring that there is a timely review and approval by the supervisor of the hours recorded.

Response:

We agree and are implementing the recommendations.

Observation 5: Purchasing Procedures should be Improved

We noted that of the 58 expenditures tested we found eight that needed supporting documentation, five that needed a better defined business purpose, and one that didn't go through the proper bidding process for printing.

Recommendation:

We recommend that all meals and travel include an appropriate explanation as to business purpose. We also recommend that contracts be attached to all associated expenditures including food purchases required by the contract. We also recommend that any printing projects over \$2,500 go through University Graphics to ensure compliance with the policy.

Response:

We agree and are implementing the recommendations.

Observation 6: Procurement Card Industry Standards should be more fully Implemented

In order to prevent tampering with credit card machines, it is important that they are kept in a secure location and visually checked daily for any signs of tampering. It was reported that this is not happening.

The Department maintains a Credit Card Procedures manual and new staff are required to read this. The PCI standards require that employees regularly review the PCI requirements. Currently, employees are not reviewing these standards regularly and documentation of their review is not maintained.

Occasionally, the department will receive payment via mail and the credit card number will be written on the registration form or on the season ticket order form. It was reported that procedurally these numbers are cut out of the registration document and destroyed after they are entered into the system. A review of last years documents revealed numerous registrations forms that still had detailed credit card information maintained on them. This presents a significant risk to these card holders as these numbers can be confiscated and sold. This also presents a significant risk to the University as this practice is not compliant with PCI standards.

Recommendations:

We recommend the following:

- All documents with credit card numbers (current and past) must have the credit card information removed and shredded.
- The credit card machines must be examined daily to ensure they have not been tampered with.
- Staff should reaffirm their understanding of PCI compliance on an annual basis by attending a training or by signing procedures which are consistent with PCI compliance regulations.

Response:

We agree and are implementing the recommendations.

Distribution List

Laurie Nichols, President of the University of Wyoming

Kate Miller, Provost and Vice President for Academic Affairs

Paula Lutz, Dean of the College of Arts and Sciences

Laurie Sanchez, Director of Business Operations for the College of Arts and Science



Internal Audit Department

Dedicated to Improving Operations and Accountability

Specialized Service Facilities Audit

April 20, 2019

Auditors:

Kathleen Miller

Danika Salmans

Integrity ♦ Proficiency ♦ Objectivity



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

April 20, 2019
Board of Trustees

University of Wyoming

Internal Audit has completed a review of the Specialized Service Facilities. This area was selected for audit because of the significant role they will play in the Science Initiative, as well as the support they provide researchers. In this review we interviewed key employees and reviewed major financial processes.

Please find the executive summary and audit report immediately following the table of contents.

The primary audit objective was to perform an overall functional and compliance review, and to evaluate program processes.

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

We would like to thank Diana Hulme, Associate V.P. for Research, Amanda Larson, Director of Business Operations for Research and Economic Development, and the other faculty and staff members for the assistance we received on this audit.

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

Sincerely,

Kathleen Miller
Director of Internal Audit

Specialized Service Facilities
Audit

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Background

Specialized Service Facilities (SSF)

Specialized Service Facilities (SSFs) refer to facilities that are used to support research and grants. The National Institutes of Health (NIH) defines SSFs as centralized shared resources that provide access to specialized instruments, technologies, and services, as well as expert consultation and other services to scientific and clinical investigators that may not be available to the researcher due to the cost of the equipment. The typical facility is a discrete unit within an institution that has dedicated personnel, equipment and space for operations. In general, SSFs recover the costs of providing their services in the form of user fees that are charged to an investigator's funds, often NIH or other federal grants.

Additionally, these facilities provide significant educational experiences for university students. SSFs are standard at many institutions:

- Harvard University describes SSFs as, “units within Harvard departments or centers that charge for goods or services that directly support the research or academic mission of the University and recover costs through charges to internal and external users.”
- Northwestern states:
“Strength at the Core:
Core facilities are a pivotal part of the University's research infrastructure, providing resources that allow groundbreaking science to happen. Core Facilities Administration provides financial support, administrative oversight, professional development, assessment and communication of shared research resources to advance the research mission of Northwestern University.” (Core Facilities is another term used to identify SSFs)

A significant benefit of SSFs to UW is the support they provide to research enterprises such as the Science and Tier 1 Engineering Initiatives. Both undergraduate and graduate students will have the opportunity to work with and understand the output of highly technical and specialized equipment used in the scientific world today. Since some of these facilities are extremely unique (the ²¹⁰Pb Geochrono/Isotophk Laboratory is one of approximately eight in the world), UW students have rare opportunities and experiences that enhance both their resume and their education.

Because of the expense of the equipment (often over a million dollars), it is unreasonable to have multiple machines. Therefore, this type of equipment is housed centrally and used by many PIs from across the institution, the region and the nation. The equipment may have been purchased with a special equipment grant, with matching funds from the institution, with private dollars or occasionally with institutional funds. No matter how the equipment is funded, the Uniform Guidance from the Federal Office of Management and Budget requires that the fees do not

exceed certain allowable costs over a long period of time. The federal regulations regarding the fees, 2 CFR Ch. II 200.469, states that fees are allowed:

“...to recover only the aggregate costs of the services. The costs of each service must consist normally of both its direct costs and its allocable share of all indirect (F&A) costs. Rates must be adjusted at least biennially, and must take into consideration over/under applied costs of the previous period(s).”

The billing rate should consider:

- Salaries and wages
- Fringe benefits
- Depreciation expense for equipment purchased with non-federal funds (it is recommended that this be deposited into a separate account and can be used for repair or replacement of outdated equipment)
- Materials and supplies
- Outside services
- Indirect (under specific circumstances)
- Carry-forward for prior year(s)

SSFs are not allowed to have a surplus. The definition of a surplus is: Revenues + Prior Year Carry Over + Subsidies- Expenses = Surplus or Deficit. Based on the results of this test the fees should be rebalanced to reduce the surplus or the deficit.

Federal Agencies have initiated reviews to ensure that SSFs comply with federal guidelines. Penalties have been as high as \$2.5 million.

In our review we identified at least 14 facilities at UW that appear to fit the description of a SSFs. They include:

Name of Facility	Department/ Lead	Strategic Plan Connection
Transmissions Electron Microscope (TEM)	Chemistry/ Thomas Martin	This lab provides students with hands-on experience of a tool widely used in any field involving features too small to resolve with an optical microscope. Biology, Chemistry, Agriculture, Geology, materials Science, and others all rely on this type of instrument. It contributes to both student education, as well as scientific publication.
Single Crystal X- Ray Diffraction (XRD)	Chemistry/ Navamoney Arulsamy	Many of the Chemistry, Pharmacy and Chemical Engineering researchers depend on each of the analytical tools in this lab. The instruments are indispensable to the successful execution of their current projects and in securing external research grants. Data measured in the labs form the

		<p>core of a majority of research papers published by these researchers. The X-ray and EPR lab provides a platform to graduate students to experience the frontiers of research in chemistry and allows them to engage in purposeful research.</p>
<p>Nuclear Magnetic Resonance Lab (NMR)</p>	<p>Chemistry/ Alexander Goroncy</p>	<p>The NMR Facility is indispensable for undergraduate and graduate students as well as researchers at any university. It is required for ACS (American Chemical Society) accreditation that students majoring in Chemistry have hands-on training using NMR instruments in order to graduate. Furthermore, it is also indispensable for research. In fact, every university in the USA and abroad needs to have a NMR facility. The facility is used not only for the Chemistry department, but also by more than 5 other departments on campus and by community colleges and industry. The facility is also an integral part of teaching classes, e.g., CHEM 2420, CHEM 2440, CHEM 4530, CHEM 4100.</p>
<p>Stable Isotope Facility</p>	<p>Ecosystems Science/ David Williams</p>	<p>The University of Wyoming Stable Isotope Facility (UWSIF) elevates interdisciplinary scholarship and research by providing access to and expertise in cutting-edge research instrumentation used in the environmental and ecological sciences.</p> <ul style="list-style-type: none"> • Researchers at UW and from a multitude of government agencies and academic institutions rely on expertise and innovative measurement technologies within the UWSIF. • The scholars that come together within the UWSIF and share approaches and cross-cutting scientific challenges represent fields of ecology, resource management, earth sciences, energy sciences, hydrology and water resources, anthropology, agriculture, and human health and medicine.
<p>University of Wyoming Machine Shop</p>	<p>Engineering/ Michael Schilt</p>	<p>The UW Machine Shop is the only academic and research technical support on campus. Services offered include: design consulting, machining, welding, sheet-metal fabrication, scientific instrument repair and system/apparatus design. Clients include undergraduate/graduate students and researchers mostly in the STEM fields.</p>

Wyoming High Precision Isotope Facility	Geology and Geophysics/ Ken Sims	This is the only isotope facility of its kind in the Rocky Mountain Region and neighboring states. Roughly 70 publications and \$2.2 million in federal grant monies have resulted from this facility's capabilities. Users include scientist and students from across UW and the world.
Near Surface Geophysics (UWNSG)	Geology and Geophysics/ Bradly Carr	Specifically, the UWNSG drives excellence by providing equipment and training on geophysical and drilling/sampling equipment that are not readily available to academic institutions within WY or the US The \$2.6 million worth of field and lab geophysical equipment is unique not only for one institution to house in the US but the world.
Material Characterization Lab (MCL)	Geology and Geophysics/ Susan Swapp	The primary function of the MCL is to cultivate the next generation of scientists and engineers by teaching them the physical principles of the labs' cutting-edge analytical tools, and providing hands-on experience with these instruments.
Wyoming Diimentary Petrology Lab	Geology and Geophysics/ Brandon McElroy	The lab contributes directly to the long term intellectual and financial stability of the university. Through fee-for-service contracts, the lab assures the continuing availability of a number of analytical capabilities, the availability of personnel to conduct analyses, and the intellectual capacity to interpret information related to a wide range of sediment-based questions in applied and basic knowledge contexts. The lab also employs undergraduate students giving them marketable skills related to careers such as water quality or environmental monitoring. They learn to use the facilities and generate reports to clients while connecting their classroom education to a specific application (research, industrial, etc.).
Geochemical Analytical Lab (GAL)	Geology and Geophysics/ Janet Dewey	The Geochemical analytical Lab (GAL), housed in the Department of Geology and Geophysics, is first and foremost an applied venue to teach students how to generate precise, accurate, and ethical geochemical data within a research framework.
U-Pb Geochrono/Isotope	Geology and Geophysics/ Kevin Charmberlain	The lab strengthens the university as a scholarly enterprise, building national and international reputation, fostering collaboration in research and outreach. Current projects that demonstrate this include two large, international, multi-institutional, multi-year collaborations. One is based at Tomsk State University in Siberia where Chamberlain serves as adjunct faculty and one of six foreign expert scientists overseeing construction of a state-of-the-art geochronology laboratory. The cooperation, cultural and scientific exchanges from this collaboration have led to an MOU between Tomsk St. Univ. and UW and a 56k contract to UW to provide geochronologic services on a new, Russian-funded, research grant.

<p>Confocal Microscope Neuroscience (microscopy)</p>	<p>Neuroscience/ Zhoajie Zhang</p>	<p>Microscopy is an important technique to visualize small structures, from cells to nanoparticles. The lab helps UW researchers for their microscopic imaging needs and achieving their research goals. We currently have people from 4 colleges (A&S, Agriculture, Engineering and Health Science) who use the equipment. We also provide demonstrations to Wyoming community colleges and K-12 schools. The lab also assists undergraduates and graduates with their research projects and teaches them how to use and understand the output of the equipment.</p>
<p>X-Ray Diffractometer</p>	<p>Physics & Astronomy/ Jinke Tang</p>	<p>Many UW faculty and their students have used the Center to perform XRD analysis of their samples. In addition to helping the critical research mission of the University, a large number of graduate and undergraduate students were trained to use the instrument so they now have the knowledge and skills to conduct the experiments on their own.</p>
<p>Advanced Research Computing Center</p>	<p>Research/ Mike Killean</p>	<p>ARCC is designed to support the overall computational and data needs for research at the University of Wyoming. ARCC infrastructure offers high performance compute and storage/data services to the entire research community at UW, the State of Wyoming, and in the region.</p>

Executive Summary

We performed a review of each of the above-mentioned Specialized Service Facilities (SSFs). We interviewed the person responsible for the lab work as well as the person responsible for the finances, invoicing, paying for maintenance and parts, and tracking the budget.

Tier 1 Engineering and The Science Initiative have a close connection with SSFs as they are important not only for the graduate and undergraduate research, but also regular class work often requires students to use this equipment.

The Research Planning Committee prepared a report that itemizes a collection of weaknesses or 'gaps' that represent barriers to implementation and execution of the Grand Challenges Initiative at the University of Wyoming (an analysis prepared in cooperation with the Provost's Office). The first Gap area noted was Core Facilities (also known as Specialized Service Facilities). The specifics noted that Core facilities are sparse, mostly associated with transient federal funding, and resources to maintain and facilitate the use of centralized facilities does not exist.

SSFs support goal #1 of the University of Wyoming's strategic plan in two ways. Goal #1 states: *"Promote and strengthen the university as a scholarly and creative enterprise*

- *Build national reputation and stature through strategic initiatives*
- *Elevate expectations for research and creative activities*
- *Expand capacity of the Office of Research and Economic Development*
- *Invest in computational and library resources and fund seed grants*

Achieve consistently excellent teaching and mentoring that give students the knowledge, ability, determination and innovation to meet tomorrow's challenges with sustainable solutions

- *Develop a professional advising program for students that includes services centralized in colleges*
- *Incentivize revision and development of courses and curricula that includes technology-enhanced learning, online delivery and high-impact teaching practices*
- *Embrace informed and innovative approaches to assessment and improvement of student learning"*

In addition, SSFs support goal #3 of the ORED's strategic plan:

Increase UW'S Capacity to respond to disruptive research development that cannot be predicted, especially those that demand transdisciplinary responses and that are of national and global importance. This demands practices that promote interdepartmental cooperation, including transdisciplinary programs and sharing of resources.

SSF's also support ORED's Metrics 3: centralized management of laboratory research resources; facilitate transdisciplinary research; increase efficiency of research tool use.

- *Established Office of Research Resources (ORR) to manage shared hardware use and maintenance.*
- *Established Office of Research Coordination and Stimulus (ORCS) to support infrastructure, programs in transdisciplinary research including the Science and Tier 1 Engineering Initiatives, and shared enabling research support staff.*

The following observations were noted in the audit:

1. **Specialized Service Facilities Administration should be Centralized**
2. **The Current Policy Manual should be Updated**
3. **Fees Schedules should be Monitored and Approved as noted in the Uniform Guidance**
4. **Annual Reports should be Required From Each Facility**
5. **Mechanisms should be Established to Repair and Maintain Equipment Critical to the Strategic Plan**
6. **Training should be Provided to Departments and Colleges to Ensure a Better Understanding of Federal Rules**
7. **All Specialized Service Facilities at UW should be Identified**
8. **Consideration should be Given to Providing Standardized Customer Relationship Management (CRM) Software**
9. **A Consultant should be Brought in to Ensure Compliance with Federal Regulations**

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

Audit Standards, Scope, Procedures, and Outcomes

Applicable Institute of Internal Auditing Standards:

- **Institute of Internal Audit**

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

Standard 1220 – Due Professional Care

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

- **Government Auditing Standards Issued by the Comptroller General of the United States and U.S. Office of Management and Budget (OMB) Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)**

§200.468 Specialized service facilities.

(a) The costs of services provided by highly complex or specialized facilities operated by the non-Federal entity, such as computing facilities, wind tunnels, and reactors are allowable, provided the charges for the services meet the conditions of either paragraphs (b) or (c) of this section, and, in addition, take into account any items of income or Federal financing that qualify as applicable credits under

§ 200.89 Special purpose equipment. Special purpose equipment means equipment which is used only for research, medical, scientific, or other technical activities. Examples of special purpose equipment include microscopes, x-ray machines, surgical instruments, and spectrometers. See also §§ 200.33 Equipment and 200.48 General purpose equipment.

§200.406 Applicable credits.

(b) The costs of such services, when material, must be charged directly to applicable awards based on actual usage of the services on the basis of a schedule of rates or established methodology that: (1) Does not discriminate between activities under Federal awards and other activities of the non-Federal entity, including usage by the non-Federal entity for internal purposes, and (2) Is designed to recover only the aggregate costs of the services. The costs of each service must consist normally of both its direct costs and its allocable share of all indirect (F&A) costs. Rates must be adjusted at least biennially, and must take into consideration over/under applied costs of the previous period(s).

Audit Scope and Procedures and Outcomes:

The scope of this audit was to review current processes, procedures, and policies regarding SSFs. Because this audit was a process review, we interviewed the manager of each of the fourteen SSFs and the business or office manager. We asked the following questions:

1. For what equipment or services do you charge?
2. How do you determine the fee? When was the last time your fees were reviewed by the Division of Research?
3. Who are your customers?
4. Do you prepare annual reports?
5. What payment forms do you accept? (credit card, IDT, cash etc.)
6. Do you invoice users?
7. Do you have a specific account string to track your revenue and expenses?

The audit recommendations were based on the answers to these questions and the follow-up review of fee calculation procedures, reports and types of users or clients. We also reviewed documents showing how each facility supported the strategic plan.

Observations, Recommendations, and Responses

Observation 1: Specialized Service Facilities Administration should be Centralized

We noted that all SSFs are operated individually by departments or facility managers. There is no centralized leadership, structure or oversight. Centralizing the administration of SSFs would allow an organized approach to the many problems each of these facilities is dealing with. None of the SSFs have a bookkeeper for their area, therefore, many use the departmental office associate or accountant. All are using self-created invoices (usually in Word). There is no standardization between facilities for reporting, accounts receivable, aging reports, or cash handling procedures.

The Office of Research and Economic Development (ORED) has some responsibility over these areas already because of the Uniform Guidance compliance regulations. We therefore see a strong connection already established but which could be enhanced and strengthened.

Recommendation:

We recommend that the administration of SSFs be centralized under ORED which is a level of the institution that will ensure that all areas comply with federal regulations, are provided adequate administrative support and have an appropriate advocate to ensure that they can continue to support the strategic plan of the University and support both education and research objectives.

Response: The ORED agrees with this recommendation and will work with Administration, Departments, an Advisory Committee and possibly a consultant to find the best centralization approach.

Observation 2: The Current Policy Manual should be Updated

We noted that the current policy manual was created in 2009 by ORED and has not be updated since that time. Since this manual was created the Office of Management and Budget (OMB) has consolidated and changed many of the old circulars referenced in the current policy manual. Although many of the principals and standards remain the same, the OMB references have all changed. Also, the University has implemented WyoCloud which has resulted in many process and procedure changes within the University.

Recommendation:

We recommend that the policy and procedures manual be updated to include accurate references to federal regulations and University policies and procedures.

Response: The ORED agrees with this recommendation and will work with an Advisory Committee and possibly a consultant to update the policies and procedures manual for SSF management.

Observation 3: Fees Schedules should be Monitored and Approved as noted in the Uniform Guidance

The federal regulations require that on at least a biennial basis SSF fees be reviewed and rebalanced to ensure conformance with the regulations. These regulations (200.468 Specialized service facilities) state that the fee:

“Is designed to recover only the aggregate costs of the services. The costs of each service must consist normally of both its direct costs and its allocable share of all indirect (F&A) costs. Rates must be adjusted at least biennially, and must take into consideration over/ under applied costs of the previous period(s)”

Although many SSFs review their fee schedule every year, they are basically trying to determine if they have covered their expenses and if they are consistent with fees set by other similar entities. However, the fee schedules have not been reviewed to determine compliance with the Uniform Guidance regulations. SSF accounts should be reviewed annually to ensure that only allowable expenses are included in the fee structure and that each facility breaks even over time. Allowable expenses include salaries and wages, fringe benefits, depreciation expense (in certain circumstances), materials and supplies. Surplus or deficits can be identified by subtracting all allowable expenses from all revenue and subsidies. If there is a surplus, 60 days of working capital can be removed and then the fee schedule must be rebalanced to ensure that over time the facility breaks even.

Recommendation:

We recommend that the Office of Research and Economic Development (ORED) ensure that an appropriate review of the fees for each SSF be completed annually and that fees be rebalanced at least biennially as required by the federal regulations.

Response: The ORED agrees with this recommendation and will work with Administration, an Advisory Committee and a possible consultant to create and manage a fee structure policy.

Observation 4: Annual Reports From Each Specialized Service Facility should be Required

We noted that an annual report to support the fee schedule is not required. Without information on the age of the equipment, the performance levels and the unexpected breakdowns that occurred, it is difficult to understand the resulting fee schedule reflecting the risks to the operation. Many of these SSFs are only found in a few places in the world. The support these facilities offer to grants by providing the needed analysis and service is an important link to the success of research and their support of the University’s strategic plan. The annual report will provide information to the ORED regarding the facility’s strengths, weaknesses, opportunities and threats.

Recommendation:

We recommend that the ORED require annual reports that provide updated information concerning the status of the equipment and the future expectation of the SSF.

Response: The ORED agrees with this recommendation. We propose annual reports be due to ORED within 90 days of the end of each calendar year.

Observation 5: Mechanisms should be Established to Repair and Maintain Equipment Critical to the Strategic Plan

The Uniform Guidance indicates that the fees obtained for equipment usage will provide resources to keep the equipment maintained and repaired so that downtime is minimized. Most of UW labs set the fees to cover the cost of repairs over time, because downtime negatively impacts the research grants that are relying on the equipment for timely analysis. It also negatively impacts the ability to retain clients. This type of equipment is not only expensive to repair, but may run adequately for years before any breakdowns occur. Therefore, the Uniform Guidance allows the fee structure to be designed to accumulate funds over more than one year.

Before the change in the budget processes at UW, labs were able to accumulate funds for repairs. They were expected to cover repairs without accessing other University funds. Since the budgeting change, a mechanism has not been established to address repair issues. In the current budget system, if funds collected for repairs are not used within one year they are transferred to the reserve account, where they lose their identity and connection to the SSF. On the other hand if repairs are needed they may easily exceed the budget thus requiring special approval and processes to fund the repair. This processes has delayed repairs.

Adding to this complicated situation is the fact that the University's philosophy has been to discourage the use of maintenance contracts. The reasoning behind the philosophy was that the maintenance contracts are very expensive. Some as high as \$75,000 per year. Not having a contract means that the repair company will charge extra and take longer to respond. The Wyoming High Precision Isotope Lab purchases the maintenance contract every year for \$75,000. Usually repair costs total more than the \$75,000 contract. Having this contract ensures that repairs are made quickly without additional expense.

Several labs that do not have maintenance contracts are currently experiencing downtime because they cannot fund the repairs for their equipment. Some of these labs, cannot increase their fees to cover a maintenance contract because they have competitors with lower fee structures. This puts the labs in a very difficult position and undermines ORED's strategic goals.

Recommendation:

The ORED should work with the administration and the directors of the SSFs to determine how best to resolve this issue so that the SSFs can function as expected and be able to make repairs in a timely manner.

Because of the Uniform Guidance regulation, the University must be able to verify that the fees charged were not excessive and that they were used for the repair and maintenance of the specific service facility involved.

In addition, serious consideration should be given to the purchasing of maintenance contracts in order to reduce the strain on lab budgets when repairs are needed, provide more clear documentation for the fee structure and obtain better response from the repair companies.

Response: The ORED agrees with this recommendation. Purchase of maintenance contracts needs to be determined on a case-by-case basis in collaboration with the director of the SSF. It may not be prudent to purchase maintenance contracts for every piece of instrumentation in a particular SSF.

Observation 6: Training should be Provided to Departments and Colleges to Ensure a Better Understanding of Federal Rules

Currently, there is no formal training process to ensure that whenever a department or college establishes a SSF, they recognize that they fall under the federal regulations. If the ORED provided this training they would be able to ensure that these situations are recognized and set up appropriately. When departments and colleges don't know these rules it is difficult to ensure that they are set up correctly and that they are routinely monitored to ensure their compliance with the Uniform Guidance rules.

Recommendation:

We recommend that the ORED provide training to Business Managers across campus and thus ensure that all SSF are set up and monitored correctly.

Response: The ORED agrees with this recommendation and will work with an Advisory Committee and a possible consultant on best training practices.

Observation 7: All Specialized Service Facilities at UW should be Identified

Because the ORED did not have a complete list of all SSFs, we attempted to identify them by sending a survey to all business managers, and by speaking to specific departments and colleges where there are known SSFs. With these approaches we were able to add to the initial list, however, we are uncertain that we captured all of the situations that would fall into this category.

Recommendation:

We recommend that the ORED continue to implement processes that will help identify these facilities.

Response: The ORED agrees with this recommendation and will work with entities across campus to continue to identify SSFs.

Observation 8: Consideration should be Given to Providing Standardized CRM Software

In almost every SSF a shadow system is used to:

1. Track income and budgets to ensure that fees are covering expenses.
2. Create invoices, track accounts receivable and accounts payable
3. Record and track clients and their specific needs and deadlines.

Because WyoCloud was not designed as a Customer Relationship Management system (CRM), there is no way to manage customer information in WyoCloud. Thus, SSFs need a CRM system that allows them to track the specific requirements of the client. The Stable Isotope Facility uses a CRM software program that they find very helpful. By combining the resources and getting input from all the SSF leaders, possibly one CRM software package could be identified that would adequately meet everyone's needs. Then everyone could participate in covering the cost and also benefit by standardized procedures and reduced reliance on excel spreadsheets.

Recommendation:

We recommend that the ORED explore the idea of addressing some of the needs of the SSFs by identifying software that would provide and standardize procedures, financial management and monitor clients' needs.

Response: The ORED agrees with this recommendation. As ORED grows its financial management staff, more effort can be dedicated to identifying and implementing a CRM system solution for the SSFs.

Observation 9: A Consultant should be Brought in to Ensure Compliance with Federal Regulation

In performing this review, we determined that an in-depth knowledge of the Uniform Guidance must be applied as systems are developed and implemented. The Institution implemented a new financial and human resource system as well as a new budgeting philosophy. These changes create an environment where there is added risk that UW might not identify and implement necessary processes to ensure compliance with federal rules. Because of the turnover in several key positions from the Vice President of Research and Economic Development to his administrators, it may be beneficial to have additional support in this area as processes are developed and implemented. The background and knowledge that a consultant can bring would help to ensure that the federal rules are implemented adequately within the limitations of UW's systems and philosophy.

There are several well-qualified consultants that specifically work in helping Universities set up processes surrounding SSFs that ensure conformance with the federal regulations.

Recommendation:

We recommend that the ORED consider obtaining advice and input from a qualified consultant regarding compliance with federal regulations as UW begins the processes to set up new SSFs, review their fee structure for, set up monitoring processes, and determine budgeting procedures.

Response: The ORED agrees with this recommendation and will research consulting options and budget flexibility.

Distribution List

Laurie Nichols, President of the University of Wyoming

Edmund Synakowski, VP for Research & Economic Development Office

Diana Hulme, Associate VP for Research



Internal Audit Department

Dedicated to Improving Operations and Accountability

**Audit of
Domestic Student Health Insurance**

April 12, 2019

Auditors:

Kathleen Miller

Danika Salmans

Integrity ♦ Proficiency ♦ Objectivity



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

April 12, 2019

Board of Trustees
University of Wyoming

Internal Audit has completed a review of the University's Domestic Student Health Insurance. This audit was selected because:

5. Student Health Insurance is an important deliverable to our students.
6. Although some components of the process are automated, some are manual.
7. Our insurance provider has established criteria that students must meet to be eligible for insurance.

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

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

We would like to thank David Henry, Executive Business Analyst, Laura Betzold, Chief Risk Officer, and other key individuals for the assistance we received on this audit.

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

Sincerely,

Kathleen Miller
Director of Internal Audit

Audit of
Domestic Student Health Insurance

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Background

Student Health Insurance

Student Health Insurance is designed to help students maintain good health throughout their academic study and decrease the financial burden that can be caused by unexpected health expenses. The University of Wyoming Board of Trustees elected to offer a program which had the least financial impact on the students, yet still maintain a comprehensive program. University of Wyoming Student Health Insurance is provided through UnitedHealthcare StudentResources.

Enrollment

Every Fall and Spring semester, all non-international (domestic) students are required to accept or decline the Student Health Insurance and then they are required to confirm their acceptance or declination online in WyoWeb prior to registering for classes. Students who elect to purchase the insurance are sent a positive confirmation email to their university email after they affirm that they would like to participate in the program. This email states what is required to be eligible for the insurance. Students who elect to decline the insurance are sent a confirmation to their university email explaining they have declined the coverage.

Deadline

Students can make changes to their insurance choice by selecting "Health Insurance" under the "To-Do" list in their WyoWeb account up until the drop date for each semester.

Eligibility

Domestic (U.S.) students are eligible for insurance if they are enrolled in at least 6 hours for undergraduate or 4.5 hours or a completed Optional Fee Petition for graduate students. Students are not eligible for student health insurance if they are online or remote only and should not elect the insurance if they are not taking classes in person, on campus unless enrolled in a pre-approved online or offsite program (for example, DNP, Teton Science School, UW Casper, etc.).

Cost

Annual Cost: \$2,483.00

- **Fall Coverage 8/29/18-1/27/19**
 - **Cost: \$1,036.00**

Spring Coverage 1/28/19-8/28/19
Cost: \$1,447.00

COVERAGE AND SERVICES

	Preferred Providers	Out-of-Network Providers
Plan Deductible	\$400	\$800
Out-of-Pocket Maximum	\$7,150	\$14,300
Coinsurance	80% of Preferred Allowance for Covered Medical Expenses	60% of Usual and Customary Charges for Covered Medical Expenses
Prescription Drugs	\$15 Copay per prescription for Tier 1 \$40 Copay per prescription for Tier 2 40% Coinsurance per prescription for Tier 3 If filled at the Student Health Pharmacy \$10 copay Tier 1/\$30 copay pay Tier 2/40% coinsurance Tier 3)	No Benefits
Preventative Care Services	100% of Preferred Allowance	No Benefits
per Service Copays/Deductibles	Medical Emergency: \$150 (waived if admitted to hospital)	Medical Emergency: \$150 (waived if admitted to the hospital)

Executive Summary

We performed a functional audit of the University's Domestic Student Health Insurance program which included a review of the insurance selection process initiated in Banner. There are different rules and procedures for insurance for domestic students and insurance for international students. We completed an extensive review of international student insurance in the International Student and Scholars audit. Therefore, this audit focused mainly on domestic student insurance processes. There are occasions when these procedures overlap; in those cases we reviewed both international and domestic student insurance.

The objectives of this audit were to ensure that:

- Automated and manual processes accurately produce desired results
- Students met certain criteria as established by an agreement with UnitedHealthcare StudentResources
- Procedures are adequate
- Communication with students regarding their eligibility is sufficient

We found the following issues:

1. **The Process to Discover Qualifying Students Needs to be Revised**
2. **Timing of IT Process Run needs to be Evaluated**

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

Audit Standards, Scope, Procedures, and Outcomes

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

- **Mission of Internal Audit**

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

- **Definition of Internal Auditing**

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

- **Code of Ethics**

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

- Integrity
- Objectivity
- Confidentiality
- Competency

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

- **Standard 1220 – Due Professional Care**

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

Applicable criteria related to student health insurance:

Eligibility is based on the agreement with UnitedHealthcare StudentResources. Domestic (U.S.) students are eligible for insurance if they are enrolled in at least 6 hours for undergraduate or 4.5 hours or a completed Optional Fee Petition for graduate students. Students are not eligible for student health insurance if they are online or remote only and should not elect the insurance if they are not taking classes in person, on campus unless enrolled in a pre-approved online or offsite program (for example, DNP, Teton Science School, UW Casper, etc.).

Audit Scope and Procedures and Outcomes:

The scope of this audit was to review domestic students that were insured for the Fall 2018 and the Spring 2019 term. This population was reviewed for compliance with criteria established with UnitedHealthcare StudentResources. In addition, financial reconciliations, procedures and compliance with terms of the contract were reviewed.

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

Area Audited	Test Work Performed	Status	Sample Size	Summary of Findings/Recommendations
Compliance with United Healthcare Criteria	Verify that all who are insured are students	Acceptable	3,144 100%	Using IDEA analytical software a comparison was run to test insurance data against 24,248 entries of student data for Fall 2018 and Spring 2019. All individuals insured were students.
	Verify that all undergrads that are insured have at least 6 credit hours	Acceptable	3,144 100%	An analytical test was run to verify that all undergraduate insured students were enrolled in at least 6 credit hours. All undergraduate insured students had at least 6 hours.
	Verify that all graduate students that are insured have at least 4.5 hours	Acceptable	3,144 100%	An analytical test was run to verify that all graduate insured students were enrolled in at least 4.5 credit hours. The test revealed multiple entries of students with less than 4.5 credit hours, however, these were determined to be graduate students who had completed an optional fee petition.
	Verify that all students that are insured have classes on campus (not outreach only)	Issue	3,144 100%	An analytical test was performed to verify that all insured students had at least 1 credit on the main campus. Our test revealed that 34 students that are outreach only received insurance. See Observation 1
	Verify that all eligible students that selected “yes”, and were eligible received the insurance	Issue	24,248 100%	An analytical test was performed on student data for Fall 2018 and Spring 2019. All students that indicated that they wanted to be insured was compared against those that were insured. Our test revealed that a timing error in when the IT Process is run could cause students who select “:yes” and are eligible to not be insured. See Observation 2

	Verify that all students that said “no” did not receive the insurance	Acceptable	24,248 100%	An analytical test was performed on student data for Fall 2018 and Spring 2019. All students that indicated that they did not want to be insured was compared against those that were insured.
Procedures	Departmental	Acceptable	NA	Many departments including Accounts Receivable, Admissions, Risk Management, and Financial Services are involved in the student insurance process. Our testing revealed that communication between departments appears to be adequate
	Student Communication	Acceptable	NA	Currently students that choose to receive insurance receive automated communication explaining that they must meet eligibility requirements by a certain date.
Financial Analysis	Reconciliation	Acceptable	All accounts	Reconciliation to between Banner and the Insurance list are being adequately completed.

Observations, Recommendations, and Responses

Observation 1: The Process to Discover Qualifying Students Needs to be Revised

Students are eligible for student health insurance if they have a class that they attend on campus or are participating in an outreach program pre-approved by UnitedHealthcare StudentResources (for example, DNP, Teton Science School, UW Casper, etc.). However, our testing revealed 34 students that did not have campus credits, were not in a pre-approved program, and were included on the insurance policy.

During registration, each student makes a selection in Banner indicating their desire to participate in the student insurance program. IT has written a process for Banner (IT Process) that looks at each student record and assesses whether the student meets the criteria for the student insurance program. If the student has selected “yes”, and they meet the criteria, then the program will automatically charge the student’s account the fees related to student insurance. The program runs nightly up until the end of the drop date and continually makes the necessary adjustments to the student’s account. If a student’s eligibility has changed during this period, the program will remove the fee from the student’s account.

After the drop period, the student population is scanned to discover which students still have the student insurance fee assigned to their account. If the fee is found, then that student is included on the initial list of students that will be submitted to UnitedHealthcare StudentResources. After a review of the exceptions discovered by the audit, it was determined that the IT Process functions as designed, however, recent changes to Outreach Credit Programs (OCP) as well as the recent update to Banner 9 has impacted how some of the Banner fields are being maintained. The data used to identify OCP students is no longer accurate for use with this IT Process resulting in it not identifying outreach students as not qualifying for the insurance.

In the Fall of 2018, Risk Management became aware that there was an issue identifying outreach students. They began to work with the Registrar’s Office to identify outreach students so that those students could be removed from the initial listing prior to submitting it to UnitedHealthcare StudentResources. However, this compensating control did not fully identify all the outreach students due to multiple sources for site designation in the Banner program.

The result is that numerous outreach students were included in the student insurance plan. This is not compliant with the agreement with UnitedHealthcare StudentResources which states that:

“Home study, correspondence, and online courses do not fulfill the eligibility requirements that the student actively attend classes. The Company maintains its right to investigate eligibility or student status and attendance records to verify that the Policy eligibility requirements have been met.”

In addition, these students are presuming that they are eligible for insurance coverage. If they were to submit a claim, and UnitedHealthcare StudentResources chose to investigate their eligibility, the student would be discovered to be ineligible for insurance and risk the possibility of their coverage being terminated. This could potentially put the student at financial risk.

Recommendation:

We recommended that processes used to identify outreach students be tested and reviewed to understand the extent of the gaps. After new procedures and/or processes are written, it is also recommended that these processes be tested to ensure compliance with criteria as established by UnitedHealthcare StudentResources.

Response:

Financial Services will lead an effort with assistance from the Registrar's Office and Risk Management to determine changes necessary in the IT Process or other internal processes to ensure outreach students who are not qualified for insurance are not included in the list of students submitted to UnitedHealthcare StudentResources prior to the next submission in Fall 2019.

Risk Management has communicated with UnitedHealthcare StudentResources to explain the issue that was discovered and has their agreement that they will not decline coverage for the students who were insured for Fall 2018 and Spring 2019 in error.

Observation 2: Timing of IT Process Run needs to be Evaluated

Prior to the end of the add and drop periods, students have the ability to make changes to their schedules online. These changes occur in real time and require no action by Office of the Registrar. During this time, the IT Process is run nightly, adjusting insurance charges as needed based on changes in election of coverage as well as eligibility.

After the add and drop periods expire, students may request an exception to be added or dropped from courses, and these requests are processed manually by the Office of the Registrar. At this point, execution of the IT Process has been halted, so changes to insurance charges must be processed manually.

Students can establish their eligibility for insurance through 11:59 pm on the drop date. Our testing revealed that the IT Process that is run to detect student's eligibility to receive insurance ends its final run at 10:00pm on the drop date which is two hours before the end of the drop deadline.

Since the IT Process is run for the last time at 10:00pm on the drop date, changes after 10pm but before 11:59 will not be captured by the process.

Recommendations:

We recommended that the IT Process run be extended to ensure that it is capturing all changes that are made through the published deadline (drop period).

Response:

Financial Services agrees to change their procedures to run the IT Process and the Fee Assessment after the 11:59 pm deadline, likely the next morning. Because the access for students to make changes is disabled at 11:59 pm, the processes can be run after 11:59 pm to capture the correct information as of the deadline without risk of changes being made after the deadline.

Distribution List

Laurie Nichols, President of the University of Wyoming

Tara Evans, General Counsel

Laura Betzold, Chief Risk Officer, Associate General Counsel

Neil Theobald, Vice President Finance and Administration

David Jewell, Associate Vice President Budget and Institutional Planning

Ashlie Hahn, Director of Treasury and Financial Reporting

Lane Buchanan, University Registrar

Aaron Courtney, Associate Director of Student Financial Service



Internal Audit Department

Dedicated to Improving Operations and Accountability

**Follow Up Report
Vice President of Finance and Administration
Transfer of Leadership Audit**

May 6, 2019

Auditors:

Kathleen Miller
Danika Salmans

Integrity ♦ Proficiency ♦ Objectivity



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

May 6, 2019

Board of Trustees
University of Wyoming

Internal Audit has completed the Follow Up review of the Vice President of Finance and Administration Transfer of Leadership Audit. In our review we found that all the responses from the audit have been implemented. In those cases that occur less frequently, policies and procedures have been put in place to address those issues as they arise.

In this report you will find:

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

We would like to thank Neil Theobald, V.P. for Finances and Administration, Melanie Drever, Assistant to the Vice President, and the other staff members for the assistance we received on this audit.

Sincerely,

Kathleen Miller
Director of Internal Audit

Follow Up for
Vice President of Finance and Administration
Transfer of Leadership Audit

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Summary of Recommendation and Current Status

Observations	Summary of Findings/Recommendations	Current Status
<u>Budgets should be Monitored Regularly with Appropriate Reports</u>	<i>The HR Expenditure reports are being run monthly along with the Account Analysis report to ensure that expenses are correct.</i>	Complete
<u>An Evaluation of the Reporting Structure for Auxiliaries should be Completed</u>	Several significant changes have been made to enhance efficiency and streamline the organization.	Complete
<u>Job Descriptions for Key Personnel should be Updated</u>	<i>Currently some of the job descriptions have been filed, others are still in process.</i>	In Progress
<u>Clarity of Procedures for the Facilities Council should be Established</u>	<i>The Facilities Council co-chairs will meet soon to develop recommendations.</i>	In Progress
<u>An Equipment Inventory List should be Created, Reviewed and Updated</u>	<i>The spreadsheet has been maintained and tracks all assets under the \$5,000 threshold, the old computers that were found were disposed of via property disposal and spreadsheets were emailed to the property office to ensure that the asset management list was correct.</i>	Complete

Attachment 1—Original Report with Current Status



Internal Audit Department

Dedicated to Improving Operations and Accountability

**Vice President of Finance and Administration
Transfer of Leadership Audit**

October 10, 2018

Auditors:

Kathleen Miller
Danika Salmans

Integrity ♦ Proficiency ♦ Objectivity



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

October 10, 2018

Board of Trustees
University of Wyoming

Internal Audit has completed a review of the Vice President of Finance and Administration (VPFA). This audit was selected because of the change in leadership when Vice President Mai retired from the University.

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

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

We would like to thank Neil Theobald, V.P. for Finances and Administration, Melanie Drever, Assistant to the Vice President, and the other staff members for the assistance we received on this audit.

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

Sincerely,

Kathleen Miller
Director of Internal Audit

Change of Management Audit of
Vice President for Finance and Administration

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Background

Vice President for Finance and Administration

Mission Statement

"The Division of Administration provides the financial and administrative infrastructure needed for the University of Wyoming to fulfill its core mission of teaching, research, and service. The division provides competent, responsive direct and advisory services to the entire university. These services are marked by accountability to the institution, resourcefulness, and stewardship of all university assets."

Current areas in the Division of Administration:

- Financial Affairs that include treasury, budget office, and WyoCloud project management.
- Human Resources that includes payroll.
- Operations that include facilities management, custodial services, facilities construction management, utilities, real estate, golf operations and auxiliaries including the university store.
- Campus Police

Executive Summary

We performed a full audit comprised of a review of departmental policies and procedures, financial and accounting controls, and compliance with personnel policies. Because this is a change in leadership audit the scope was limited to the Vice President's Office and did not include all the other areas except for a review of processes identified by the Vice President. These included major maintenance, capital budgeting, the Facilities Council and a review of reporting processes.

Since the Vice President's office is rather small, we extended our review to include some divisional tests. These tests, using the new IDEA software, reviewed the entire population of the division for:

1. Ghost employees. Although at this time we have only developed one test for Ghost employees this is the first time we have had the ability to run a test on a complete division. A ghost employee is a fictitious employee who is issued a paycheck. This is a standard risk with Payroll. This test looked for employees without benefits. Since fraud examiners have found that fictitious employees rarely if ever have been allocated benefits, this is a good place to start in looking for ghost employees. There are several other tests regarding this risk that we will develop in the future.

After verification of false positives, this test found no ghost employees being paid in the Division of Administration.

2. Duplicate Payments. We also developed a test to identify duplicate payments made to a vendor. This test was run through IDEA and we selected all payments where the vendor, the amount and the transaction number were the same. We found 204 duplicate expenditures. After further investigation of the false positives, we found a duplicate purchasing card purchase made by a non-VPFA employee who was temporarily housed in the division while his duties were shifted between units. The purchase had been split into two payments to avoid the University policy that purchasing cards can only be used for items less than \$2,500. VPFA staff lacked familiarity with these transactions and did not catch this policy violation. This was reported to Procurement.

The following observations were noted in the audit:

Budgets should be Monitored Regularly with Appropriate Reports

An Evaluation of the Reporting Structure for Auxiliaries should be Completed

Job Descriptions for Key Personnel should be Updated

Clarity of Procedures for the Facilities Council should be Established

An Equipment Inventory List should be Created, Reviewed and Updated

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

Audit Standards, Scope, Procedures, and Outcomes

Applicable Institute of Internal Auditing Standards:

- **Institute of Internal Audit**

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

Standard 1220 – Due Professional Care

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

The IIA’s Change Management-related Standards and Guidance

The following Institute of Internal Auditors (IIA) guidance describes internal auditors’ roles and responsibilities pertaining to change and patch management within an organization:

Standard 2120—Risk Management

“The internal audit activity must evaluate the effectiveness and contribute to the improvement of risk management processes.”

- *2120.A1 – The internal audit activity must evaluate risk exposures relating to the organization’s governance, operations, and information systems regarding the:*
 - *Achievement of the organization’s strategic objectives.*
 - *Reliability and integrity of financial and operational information.*
 - *Effectiveness and efficiency of operations and programs.*
 - *Safeguarding of assets.*

The auditor should:

- *Review the organizational chart, including delineation of roles and reporting responsibilities, and review the organization’s process for updating the organizational chart.*
- *Inquire of key employees in the internal control structure as to their understanding of roles and responsibilities.*
- *Review job descriptions for key employees, including the organization’s process for updating job descriptions.*

Audit Scope and Procedures and Outcomes:

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

The scope of this audit covered our basic audit plan and also included a special review of the special request topics as well as divisional testing with IDEA. The audit steps included:

Area Audited	Test Work Performed	Status	Sample Size	Summary of Findings/Recommendations
Division Tests	Ghost Employees	Acceptable	15,137/ 15,137 100%	We reviewed all payroll entries and compared those entries to employees with benefits. After identifying all those without benefits we reviewed all 72 false positives. No ghost employees were identified.
	Duplicate Testing	Issue	309,000/ 309,000 100%	We reviewed all payments and identified 230 payments as duplicates. Of these, all but 1 was a false positive. That one was a split transaction using the purchasing card. This information was provided to Procurement.
Special Requests	Capital Budgeting	Acceptable	N/A	We reviewed the Capital Budgeting process. All capital construction is reviewed by a ‘commissioning agency’ to ensure quality and compliance with construction documents. The Facilities Council approves capital construction and sends their recommendation to the President who then submits it to the Trustees Facilities Committee. The process appears to be adequate.
	Major Maintenance	Acceptable	13/118 11%	We were requested to review the Major Maintenance process and compliance with state statute. We reviewed the process as well as verifying the annual report sent to the state. Major maintenance is review by the Facilities Council which then submits recommendations to the President. The process appears to be adequate.
	Facilities Council Process Review	Suggestion	N/A	Facilities Council is responsible for the review of Major Maintenance as well as Capital Projects. They make recommendations to the President who then submits major projects to the Trustees Facilities Committee. Since this is a new council there was a lack of understanding among some participants regarding the role and function of the Council. We suggest clarification of the process. See Observation #4.

	Organizational Structure	Suggestion	N/A	Auxiliaries reporting line should be reviewed. See Observation #2.
	Change Management	Issue	N/A	Job Descriptions should be created and/or updated. See Observation #3.
Financial and Accounting Controls	Expenditures: Purchase Orders, Expense Reports and IDTs	Minor Issue	29/174 17%	We reviewed expense reports, invoices, purchasing cards, and interdepartmental transfers. See Observation # 1.
	Foundation Accounts	Acceptable	100%	We tested foundation expenditures for compliance with donor restrictions. Only one account had donor restrictions. All transactions were compliant.
	Asset Management	Minor Issue	100%	Two items need to be removed from the University's Inventory list and the office needs to track items less the \$5,000. See Observation #5.
	Financial Reporting and Monitoring	Issue	N/A	Best reports were not being used to monitor expenditures and payroll (noted respectively). Therefore the errors noted in the Expenditure and Payroll sections of this report were not identified and corrected. See Observation #1.
	Computer and Office Access	Acceptable	N/A	We reviewed access to information stored on computers as well as access to offices. We therefore have no issues.
Personnel Policies	Payroll	Issue	18/67 27%	We reviewed three months of payroll and found two employees paid from the V.P.'s indirect account who should have been paid from other budgets. This is noted in the Observation #1.
	Supplemental Pay, Stipends and Honorariums	Acceptable	11/11 100%	We reviewed all supplemental pay transaction from the V.P. account and found 11 employees who received Honorariums. All documentation and approvals were in place. We therefore have no issues.
	Overtime	Acceptable	100%	We reviewed overtime for three months and found that no overtime had been taken by V.P. personnel. We therefore have no issues.
	Benefit Usage	Acceptable	100%	We reviewed documentation for sick leave and vacation for all salaried employees. We found no issues.

Observations, Recommendations, and Responses

Observation 1: Budgets should be Monitored Regularly with Appropriate Reports

We recognize that WyoCloud is a new system that everyone needs to learn and understand, however, in order to adequately track and monitor the activity in an account it is important to review the financial status of the organization regularly. This includes reviewing the Account Analysis Report. This report was delivered by the UW WyoCloud team and they have told campus that this is the most complete and accurate report available.

WyoCloud records only the payroll expenditures and does not record the names of individuals on the payroll, therefore in order to adequately review payroll detail, the HR Expenditure Report must also be reviewed.

We noted that the Account Analysis Report, in combination with the HR Expenditure report had not been used in monitoring and reviewing the charges to V.P. accounts. These reports provide transactional detail.

Since these reports weren't used, inappropriate transactions that posted to the V.P.'s accounts were not identified. In our testing, we found two individuals who had been paid from the V.P.'s indirect cost account that should have been paid through another unit's budget. This situation was identified in February of 2018 by the Assistant to the V.P. at which time she initiated corrective actions with the unit responsible for paying these employees. However, the responsible unit did not enter the change in the system and the charges continued. Regular monitoring and review of the HR Expenditure Report would have shown that the charges continued.

Recommendations:

We recommend that the Account Analysis Report be run regularly. This report will show the V.P. budget as well as all the other budgets that roll up to the V.P. Thus providing a mechanism to monitor all the budgets that are the responsibility of the V.P. for Finance and Administration.

In addition, we also recommend that the HR Expenditure Report be run monthly to ensure that the individuals paid out of the budget are accounted for and accurately paid.

Response:

The assistant to the Vice President for Finance and Administration has completed the Pivot table trainings that are available and has worked with Internal Audit to learn how to

run the HR Expenditure report. The charges for the non-VPFA employees that were inadvertently charged to the Indirect Cost account have been reversed in the system. The HR Expenditure report will be run monthly along with the Account Analysis report to ensure that HR Expenditures and other expenses are correct.

CURRENT STATUS

The HR Expenditure reports are being run monthly along with the Account Analysis report to ensure that expenses are correct.

Observation 2: An Evaluation of the Reporting Structure for Auxiliaries should be Completed

We reviewed the organizational changes that have recently occurred. As we were evaluating the different organizational charts we noted that at UW the auxiliaries report to UW Operations. This appeared inconsistent to us because facilities and auxiliaries are very different types of organizations. UW Operations includes mainly facilities and associated functions that perform services to the university departments and rarely to anyone outside the university or to students. For the most part, they do not deal with money but receive payment from departments for some of their services or allocations from the state for other services. They are in general not expected to be self-supporting.

Auxiliaries (i.e. The University Store and Transportation and Parking) are expected to be self-supporting. They collect payments in cash, credit cards or checks from students and other customers. Because of these basic differences, we feel that the goals, processes and leadership needs of auxiliaries are completely different from those of UW Operations.

Because of these conflicting needs, goals, and purposes, we compared UW’s organizational structure to our comparator schools to determine if the reporting structure at UW was unusual. We found that in general whenever the V.P. for Administration was responsible for an auxiliary, they reported directly to the V.P. The following chart identifies the comparator institutions reviewed and whether auxiliaries reported directly to the Vice President.

University	Auxiliaries Report Directly to the V.P.	Reports to other than V.P.
University of Idaho	YES	NO
Utah State University	YES	NO
University of Maine	YES	NO
University of South Dakota	YES	NO
University of Montana	YES	NO
University of Nevada -Reno	NO	Exe. Dir. Of Admin
University of New Mexico	NO	AVP Institutional Support
North Dakota State University	NO	AVP for Finance and Admin

It seems to us that this information supports the idea of having a different reporting structure.

Suggestion:

We suggest that the auxiliaries be reviewed to determine if they should have a different reporting structure.

Response:

The Vice President for Finance and Administration agrees with this suggestion and will consult with President Nichols on creating a task force to undertake this review. The current Auxiliaries Division includes one non-auxiliary and there are other auxiliaries not included in the current Auxiliaries Division. A rationalization of this structure seems overdue.

CURRENT STATUS

Upon further review by the Vice President for Finance and Administration and other campus units, including President Nichols, it was decided that in order to enhance efficiency, and to streamline the organization the Auxiliary service department units should be moved to locations that make the reporting structure more coherent and streamlined. The main changes made were:

- *Postal Services and Vending Services now report directly to the Associate Vice President for UW Operations.*
- *Copier Services and Trademark Licensing report directly to Associate Vice President for Budget and Institutional Planning.*
- *The University Store and Copy and Print Center report directly to the Vice President for Student Affairs.*
- *The Graphic Designer reports directly to the Assistant to the Vice President for Finance and Administration.*
- *The former Director of Auxiliary Services (now Senior Advisor to the Vice President) and former Assistant Director for Transit and Parking (now Director, Transportation Services) report directly to the Vice President for Finance and Administration.*

This reorganization aligned Auxiliary units more closely with departments that have similar functions. It is anticipated that the reorganization will allow for a more streamlined and efficient reporting structure that will enable the University to function better.

Observation 3: Job Descriptions for Key Personnel should be Updated

In our review of organizational changes, we noted that there have been several significant changes to the jobs of key personnel, especially in the Budget and UW Operations areas. We could not, however, find updated job descriptions for each of these changes. Job descriptions improve an organization's ability to manage people and roles in the following ways:

- Provides a clear description of the employee's roles.
- Provides the ability to understand and structure all jobs and ensure necessary activities, duties, and responsibilities are covered.
- Provides continuity of roles when transitions occur.
- Prevents arbitrary interpretation of roles.
- Provides important reference points for training and development areas.
- Provides neutral and objective (as opposed to subjective or arbitrary) reference points for appraisals.

Recommendation:

We recommend that job descriptions for all key employees be developed and filed in the V.P.'s Office.

Response:

The Assistant to the Vice President for Finance and Administration will work with the VP Finance and Administration direct reports to ensure that all key personnel especially in Budget and UW operations have job descriptions filed in the VP Finance and Administration office.

CURRENT STATUS

Currently some of the job descriptions have been filed, others are still in process. The Assistant to the Vice President for Finance and Administration will continue to work with the direct reports to ensure that all key personnel have job descriptions on file.

Observation 4: Clarity of Procedures for the Facilities Council should be Established

The Facilities Council was established in January of this year. It was created to advise the President on items including, but not limited to, the following:

- University Regulations and Policies pertinent to the development and oversight of a built environment that enables and enhances the university's ability to support its mission as well as make progress toward the goals of the University Strategic Plan.

- Support of, and information on all facility and space planning including the campus master plan, or more specific plans (e.g. housing plan, parking plan, classrooms plan, long-range development plan, a historic preservation plan, etc.) that provide a roadmap for physical facilities,
- Prioritization of new construction and renovation of existing facilities,
- Usage of space including space assignment and management,
- Acquisition of additional real estate and facilities,
- Prioritization of plans for campus major maintenance,
- Commissioning, design, and placement of public art,
- Support of environmental and economic sustainability initiatives in physical facility projects.

Adding this layer to the current processes is intended to offer a mechanism for more transparency to the campus of the construction and maintenance process as well as offer a vehicle for shared governance. The purpose of the Council is to make recommendations to the President on all aspects of physical facilities on campus in support of the university's core missions of teaching, scholarship, research, and engagement as well as to support the realization of the goals of the University Strategic Plan.

In our test work we:

- interviewed several employees regarding the Facilities Council and how it is intended to work,
- compared UW with other institutions
- and evaluated procedures regarding major maintenance and capital construction.
-

Since the Council is still evolving, it is not surprising that some of those we interviewed did not have a clear understanding of the Council's processes and functions. As we reviewed other institutions and how they use a facilities council we came across one institution that had a flow chart on their website. This appeared to be a helpful tool that could clarify many questions that were brought up in our interviews. This flowchart included direction on decisions points, thresholds, and procedures.

Suggestion:

We suggest that a flowchart is created for the Facilities Council to provide additional clarity and direction on the following topics:

- Definitions of major and minor items and the procedures for each
- Financial and other thresholds or criteria
- When and who makes which decisions

Response:

The sample flowchart provided by the Internal Audit Department in Attachment 1 provides guidance on this process.

CURRENT STATUS

The Facilities Council co-chairs will meet soon to develop recommendations.

Observation 5: Equipment Inventory List should be Created, Reviewed and Updated

Currently, the department has not received an equipment inventory list in several years. Previously, they had reviewed and verified the items listed and updated the Asset Management database with any changes. One computer that the department had removed from its inventory and returned to Asset Management remained on the list. In addition, a server on the list, which had been funded by VPFA, is located in the IT department. This should also be removed from the list.

There is no process to track the small inventory items valued under \$5,000. Since the University Office of Asset Management no longer tracks equipment valued at less than \$5,000, the department should maintain an inventory list of their computers and other equipment necessary for the function of the department that is under this capitalization limit.

Recommendation:

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

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

Response:

The Assistant to the Vice President for Finance and Administration has started a spreadsheet to track assets under the \$5,000 threshold. The process of reentering the paperwork to remove the old computers and server is underway.

CURRENT STATUS

The spreadsheet has been maintained and tracks all assets under the \$5,000 threshold, the old computers that were found were disposed of via property disposal and spreadsheets were emailed to the property office to ensure that the asset management list was correct.

Distribution List

Laurie Nichols, President of the University of Wyoming
Neil Theobald, Vice President for Finance and Administration



UNIVERSITY
OF WYOMING

Internal Audit Department

Dedicated to Improving Operations and Accountability

Follow Up Report

**for
Rodeo Club**

May 6, 2019

Auditors:

Kathleen Miller
Danika Salmans

Integrity ♦ Proficiency ♦ Objectivity



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

May 6, 2019

Board of Trustees
University of Wyoming

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

In this report you will find:

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

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

Sincerely,

Kathleen Miller
Director of Internal Audit

Follow Up for
The Rodeo Club

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Summary of Recommendation and Current Status

Observations	Summary of Findings/Recommendations	Current Status
<u>Rodeo's Budget should be Reviewed to Establish Better Procedures</u>	<i>In FY20 an account specifically for Rodeo was setup</i>	Complete
<u>Use of the Allocation from the State Budget Request for Rodeo should be Reviewed</u>	<i>The Rodeo Coach is currently speaking with athletics</i>	Complete
<u>Cash Handling Procedures should be Developed for the UW Rodeo</u>	<i>Pre-numbered tickets were printed for recent rodeo and other procedures were implemented.</i>	Complete
<u>Cash Advance Processes should be Improved</u>	<i>Processes have been improved.</i>	Complete
<u>Applicable Contracts should be Attached to Requisitions</u>	<i>Processes have been improved.</i>	Complete
<u>Equipment Inventory List should be Created, Reviewed and Updated</u>	<i>An inventory list is being created.</i>	In Progress

Attachment 1—Original Report with Current Status



Internal Audit Department

Dedicated to Improving Operations and Accountability

Rodeo Team Audit

October 23, 2018

Auditors:

Kathleen Miller

Danika Salmans

Integrity ♦ Proficiency ♦ Objectivity



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

November 15, 2018

Board of Trustees
University of Wyoming

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

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

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

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

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

Sincerely,

Kathleen Miller
Director of Internal Audit

Rodeo Team
Audit

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Background

Rodeo Team

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

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

Resources needed for consistent competitiveness at the University of Wyoming

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

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

Additional assistant rodeo coach

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

Increased Travel Budget (we need planning for 2019 CNFR)

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

Facilities

Student Horse Boarding Facilities – capacity of 100+ horses

Rodeo livestock housing facilities – Feedlot design and pasture grazing

Outdoor Arena (project in process)

indoor arena

Executive Summary

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

The following observations were noted in the audit:

- 10. Rodeo's Budget should be Reviewed to Establish Better Procedures**
- 11. Use of the Allocation from the State Budget Request for Rodeo should be Reviewed**
- 12. Cash Handling Procedures should be Developed for the UW Rodeo**
- 13. Cash Advance Processes should be Improved**
- 14. Applicable Contracts should be Attached to Requisitions**
- 15. Equipment Inventory List should be Created, Reviewed and Updated**

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

Audit Standards, Scope, Procedures, and Outcomes

Applicable Institute of Internal Auditing Standards:

- **Institute of Internal Audit**

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

Standard 1220 – Due Professional Care

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

- Presidential Directive 3-1993-1-- Receipt and Handling of University Funds states:
“1. General Information. All funds of the University of Wyoming are public funds, intended to help accomplish the mission of the University and its units. It is the responsibility of all employees to safeguard University assets. It is the responsibility of all officers, deans and department heads to ensure that adequate internal controls within their units exist and are observed.

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

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

Audit Scope and Procedures and Outcomes:

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

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

Area Audited	Test Work Performed	Status	Sample Size	Summary of Findings/Recommendations
Financial and Accounting Controls	Expenditures: Purchase Orders, Expense Reports and IDTs	Minor Issue	84/159 52%	We noticed requisitions and invoices without contracts attached. Since WyoCloud does not connect a requisition with a contract, it is necessary to attach it manually. See Observation #5.
	Foundation Accounts	Acceptable	100%	We tested foundation expenditures for compliance with donor restrictions. All transactions were compliant.
	Scholarships	Acceptable	100%	Rodeo receives \$200,000 for scholarships from state funding. We reviewed the 26 scholarships and found no exceptions.
	Asset Management	Minor Issue	100%	The office needs to track items less the \$5,000. See Observation #6.
	Financial Reporting and Monitoring	Issue	N/A	We noted that the expenditures and resources for the Rodeo Team are spread through several other departments including Athletics and Agriculture Experiment Station. We recommend considering consolidating the expenditures and resources into the Rodeo account. See Observation #1 & 2
	Computer and Office Access	Acceptable	N/A	We reviewed access to information stored on computers as well as access to offices. We found no issues.
	Cash Handling	Issue	N/A	We reviewed the procedures for selling tickets at the UW Rodeo. We reviewed the records from last year’s Rodeo. We found no written procedures or policies and no records of reconciliations. See Observation # 3.
Cash Advances	Issue	N/A	We reviewed the procedures for cash advances identified in the expenditure sample. We noted the current process mixes personal funds with University funds. See Observation #4.	

Personnel Policies	Payroll	Acceptable	33%	We reviewed three months of payroll and found no issues.
	Supplemental Pay, Stipends and Honorariums	Acceptable	100%	We reviewed all employees for supplemental pay transactions. There were no supplemental pay transaction. We therefore have no issues.
	Overtime	Acceptable	100%	We reviewed all employees for overtime. We found overtime paid.
	Benefit Usage	Acceptable	100%	We reviewed documentation for sick leave, vacation, tuition benefits and the mobile communication device stipends for all salaried employees . We found no issues.
	Graduate Assistants	Acceptable	2/2 100%	We reviewed Graduate assistants to ensure their tasks and hours worked were in compliance with federal rules and University policy.

Observations, Recommendations, and Responses

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

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

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

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

Recommendation:

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

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

Response:

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

CURRENT STATUS

In FY20 an account specifically for Rodeo was setup for their use from the proceeds of the livestock handling account. The string is 10-200-010069-12002-225-1714-3103 with a budget of \$75K. These funds are derived from sale of stock at the Laramie R&E center. This should clarify balances and amounts available for both LREC and the Rodeo Program.

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

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

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

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

Recommendation:

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

Response:

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

CURRENT STATUS

The Rodeo Coach is currently speaking with athletics, so the funds are used appropriately in order for the Rodeo team to have access to the athletics facilities, to the trainers. and can have a GA assistant that can help with Rode as well.

Part of the funds were budgeted in a rodeo account for FY20 to pay for the Rodeo assistant coach.

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

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

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

1. To obtain a 'working fund' (which is the money used at the gate to make change) the department must prepare a memo requesting the specific amount of money needed and when it will be returned. The memo must be signed by the Supervisor.
2. Some process should be identified to keep an accurate count of attendees (roll of tickets could be used) and then reconcile that to the amount of money collected.
3. A reconciliation of the attendees compared to the gate collection must be completed.
4. A deposit advice should be created and deposited.
5. The 'working fund' must then but be returned to the Cashier's Office.

Recommendation:

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

Response:

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

CURRENT STATUS

Prenumbered tickets were printed out for Friday, Saturday, & Sunday and Sofia Garcia, Accountant for Animal Science, and Cath Harris, Executive Business Manager for the College of Agriculture and Natural Resources will be helping to sell tickets and will reconcile with the help of the Ranch Horse Team at the end of each night. We will only accept cash and check, the ticket will act as a receipt.

Cash will be reconciled against tickets sold.

Observation 4: Cash Advance Processes should be Improved

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

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

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

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

Recommendation:

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

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

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

Response:

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

CURRENT STATUS

The Rodeo Coach requests the cash advances, cashes the money out at his bank and gives the money to the Accountant. Each week students come pick up their travel money at Sofia’s office and the Accountant keeps track of the amount given to each student. The Accountant then creates an expense report, attaches the receipts with the names of the students and pays back the cash advance.

Observation 5: Applicable Contracts should be Attached to Requisitions

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

Recommendation:

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

Response:

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

CURRENT STATUS

After the contract was approved by the legal department and signed by both parties, the Accountant created a PO and attached the MOU and EIC to each requisition in order to pay the invoices for any Rodeo leases.

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

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

Recommendation:

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

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

Response:

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

CURRENT STATUS

Excel sheet with items is in progress.

Distribution List

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

Audit Schedule for 2019-2020	Requested By
Alumni (Annual)	Annual
NCAA	Annual/Athletics
Main Cashier	Annual/Financial Services
Centralized Stores Warehouse	IA Risk Assessment
Wyoming Union Operations	IA Risk Assessment
Shipping and Receiving	IA Risk Assessment
Financial Aid	IA Risk Assessment
Pep Band because payments	Dean Request A&S
Red Buttes (Research station within Z&P)	Dean Request A&S
Shared Business Center for A&S--SSPAIS (School of Politics, Public Affairs and International Studies)	Dean Request A&S
Shared Business Center for A&S --CJ/Soc (Criminal Justice and Sociology)	Dean Request A&S
Atmospheric science--Requested by Dean	Dean Request Engineering
Grants from SER especially carbon Engineering initiative--Dean	Dean Request Engineering
Wyoming School University Partnership (WSUP)	Dean Request Education
Teacher Preparation and Advising Office (TPOA)	Dean Request Education
American Heritage Transfer of Management Audit	Provost Recommend
Health Science Transfer of Management Audit	Provost Recommend
Manufacturing Works	V.P. Research
P-Card Processing and Reporting (To be done next summer)	IA Risk Assessment