



**BOARD OF TRUSTEES**

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

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

**AGENDA**

Wednesday, March 22, 2023

**Call to Order – Trustee Moore**

**Items for Discussion:**

Internal Audit Activity

Cashier’s Office Annual Audit

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Continuous Monitoring Annual Review

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Additional Reports:

2023 Annual Risk Assessment

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and Management of University Funds

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# Internal Audit Activity Report

March 2023

INTERNAL AUDIT ACTIVITY CONDUCTED IN ACCORDANCE  
WITH THE AUDIT PLAN FOR THE PERIOD  
September 2022 – August 2023

## AUDITS:

- Cashier's Office Annual Audit
- Continuous Monitoring Annual Report

## FOLLOW-UP REPORTS:

## ADDITIONAL REPORTS:

- 2023 Annual Risk Assessment
- Internal Audit FY 24 Budget Review

## INFORMATIONAL

- Internal Audit Schedule Review

## AUDITS IN PROGRESS:

- Operations
- Capital Construction



UNIVERSITY OF WYOMING

**Internal Audit**

# **Cashier's Office Annual Review**

February 10, 2023

Auditors:

Danika Salmans MBA, CIA, CRMA

Rebecca Garcia, MBA, CIA

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February 10, 2023

**University of Wyoming Board of Trustees:**

Internal Audit has completed a review of the University's Cashier's Office. This audit is to be conducted annually due to the sum of cash handled in this area and need for related internal controls to be verified regularly.

The objectives of this audit were to assess activity during the 2022 calendar year and included a review of compliance with policies and procedures. Internal controls were assessed to ensure that they are designed to address risks to the achievement of strategic objectives.

During the audit, areas the department should strengthen compliance with criterion, policy, or procedure were identified and discussed formally with management. There were no observations that were deemed to be material and/or required immediate action.

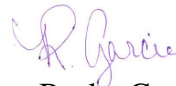
We would like to thank Aaron Courtney – Interim Associate VP of Budget and Institutional Planning, ShaeC Cooper - Head Cashier and the other staff members for the assistance we received on this audit.

Sincerely,



Danika Salmans MBA, CIA, CRMA  
Director of Internal Audit

Sincerely,



Becky Garcia MBA, CIA  
Internal Auditor, Senior

## **Background**

**The Cashier's Office** is responsible for receiving and reconciling the cash, check and credit card receipts, including: department deposits; in-person student payments for tuition, fees, room and board, fines, and other miscellaneous charges (i.e. diploma fee, library fines, etc.); online student payments (both credit, debit and ACH) paid via the online portal; Marketplace transactions; incoming wires; returns on cash advances; scholarships and waivers; and private student loans.

The Cashier's Office is also responsible for maintaining and safeguarding the university's cash vault. Departments can obtain change or working/temporary funds for their operations through the Cashier's Office. Other services that the Cashier's Office provides are cashing personal checks up to \$100 per week, accepting payment for credit-by-exam tests, phone charges, and providing training to departments regarding cash handling and deposit procedures.

Reflecting the shift toward online student payments, the Cashier's Office is currently largely back-office, while still serving all of the campus' cashiering needs.

## Audit Scope, Procedures, and Outcomes

The following steps represent the extent of work needed to achieve the audit’s objectives. The scope of this audit focused on Calendar Year 2022 and the audited areas are summarized below. The audit steps included:

- **Commendation** – The department is operating in an exemplary manner toward satisfying a criterion, policy, or procedure.
- **Satisfactory** – The department currently satisfies a criterion, policy, or procedure.
- **Improvements Recommended** – The department should strengthen areas of compliance with criterion, policy, or procedure to ensure that the quality of the program will not be compromised. These areas are discussed formally with management and may not be subject to formal observation and recommendation.
- **Action Required** – The department is not in compliance with the criterion, policy, or procedures. A formal observation is made, and recommendation is issued that will require the department to develop an action plan to mitigate the risks.

Area Audited	Test Work Performed	Status	Sample Size	Summary of Findings/Recommendations
Reconciliations	TouchNet to Banner	<b>Commendation</b>	<b>6 days out of 262 days 2%</b>	TouchNet reconciliations to Banner were sampled and verified. The documentation was traced to the reports and spreadsheets used in the process. The process is complex yet effective and ensures consistent data integrity. Furthermore, reconciliation processes have aided the integration of data with external systems. This has proven to be crucial in times of outage or disruption and ensured full transaction processing and recovery. Continued diligence in maintaining all aspects of integrity in this control is critical.

	Working Fund	<b>Satisfactory</b>	<b>23/23</b> <b>100%</b>	The working fund for the Cashier's Office includes the vault and cashier's drawers. This fund also previously included all change funds assigned to university departments. A WyoCloud integrated process for accounting for working funds assigned to campus departments was implemented in 2022. Internal Audit reviewed the process to ensure implementation as expected. Funds will no longer require manual tracking through Cashier's ledgers and are now fully accounted for as departmental assets in WyoCloud.
Access	Alarms	<b>Satisfactory</b>	<b>Processes</b>	Compliance with policies and procedures regarding access to the office and related security issues was reviewed. The alarms have been tested as per policy except as limited by pandemic protocol. All alarms are in working condition. No issues were noted.
	Vault Door Combination	<b>Satisfactory</b>	<b>Process</b>	Per policy, it was reported that the vault door combination was changed in 2022 and upon turnover.
Cash Handling	Analysis of Vault Balances	<b>Satisfactory</b>	<b>Processes</b>	An analysis of the amount of currency kept in the vault was performed. Cashier's is effectively managing the balance in the vault as per their written procedures. When the vault balance exceeds the limit, then cash is removed and deposited within a reasonable timeframe. No issues were noted, though the department is encouraged to continue to evaluate policies against demands on cash for reasonableness.
	Cash Count	<b>Satisfactory</b>	<b>100%</b>	The amount of cash in the vault and drawers was counted and verified against reconciliations. No issues were noted.



<p>Policies and Procedures</p>	<p><b>Satisfactory</b></p>	<p><b>Processes</b></p>	<p>Policies and procedures were reviewed in full for consistency, segregation of duties, and appropriate controls. Procedures are continuing to be adapted so that controls match capacity and resources. Internal Audit offered minor suggestions for improvement and anticipates serving in an advisory capacity in ensuring the processes and documentation continue to be comprehensive and adequate. Compliance was tested to ensure that various elements were being followed. Concerns identified in the 2021 audit have resolved. No issues were noted.</p>
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## **Distribution List**

Edward Seidel, President of the University of Wyoming

Alex Kean, Deputy Vice President, Budget and Finance

Aaron Courtney – Interim Associate VP of Budget and Institutional Planning



UNIVERSITY OF WYOMING

**Internal Audit**

# **Continuous Monitoring Program 2022**

March 2, 2023

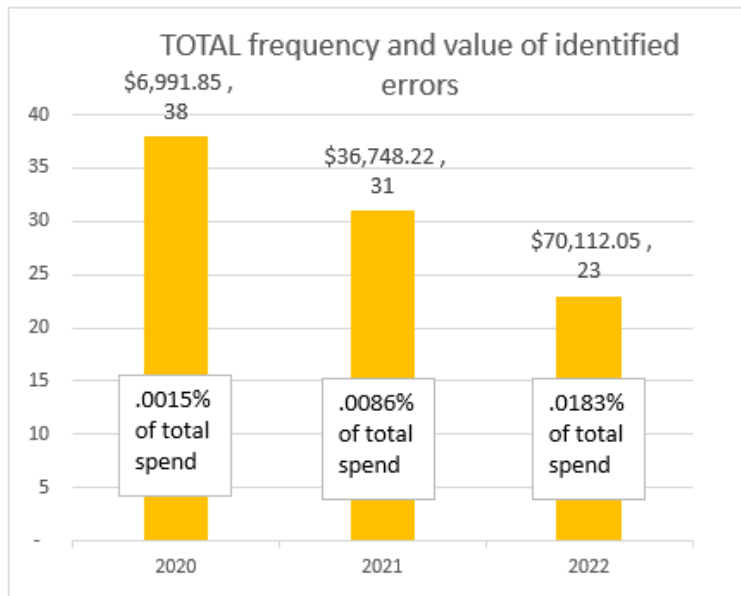
Annual Update

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**University of Wyoming Board of Trustees:**

In 2020 Internal Audit developed and initiated a continuous monitoring program as for the purpose of providing assurance regarding the integrity of the procurement process. This continuous monitoring strategy uses data analysis that looks at anomalies that may indicate errors, waste, and potential fraud.



Internal Audit, the Division of Budget and Finance, and Procurement Services have collaborated to continue the development of this program. This is not a static process, and through the work of individuals in these two departments, tests are developed and regularly modified to address present and emerging risks.

Since the program began in 2020, 92 errors have been identified and approximately \$113,852 has been reimbursed or credited to the University due to some form of duplicate or errant payment. In limited cases, the department had preemptively acquired credit or reimbursement.

The table above represents the number of errors, dollar amount recovered, and the associated percentage of total University spending. The frequency of identified errors has reduced and this could be due to the educational component of the Continuous Monitoring Program.

When errors are identified, Procurement Services takes action to seek reimbursement or credits and identifies process to improve internal controls. Internal Audit further uses the results of these tests to identify areas that present a higher risk for use in further development of the audit plan and audit program.

The attached report discusses the tests and the results in greater detail.

Sincerely,

Danika Salmans MBA, CIA, CRMA  
Director of Internal Audit

Becky Garcia MBA, CIA  
Senior Internal Auditor

## Background

Internal controls that guide our procurement processes are critical to protecting the University of Wyoming from financial, compliance, reputational, and operational risks. Institutional policies and procedures are designed to provide guidance and protect funds. Every individual on campus has the responsibility to adhere to these policies and order their university business with the upmost integrity.

The Procurement Services team serve as critical gatekeeper to ensure that polices are followed while still creating a pathway for the campus to obtain the goods and services that are needed for operations in an timely manner.

Continuously monitoring procurement data and systems is performed to reduce losses and optimize procurement processes. The objectives of the Continuous Monitoring Program are:

- Continuously validate purchasing transactions, using data and analytics to trace patterns, spot anomalies, and reduce fraud, waste, and abuse.
- Monitor to detect non-compliance with legal and ethical business standards.
- Uncover opportunities to improve the efficiency and effectiveness of the end-to-end procurement process, including by finding and closing gaps in controls.
- Identify processes and/or units that might require further review through the auditing function.

The following tests have been developed and/or modified to address identified procurement risks:

- **Test #1:** Was a p-card receipt submitted for personal reimbursement? (2020)
- **Test #2:** Was the merchant name changed when the p-card was reconciled, thus concealing the source of the purchase? (2020)
- **Test #3:** Were duplicate reimbursements or payments made to employees or vendors?
  - #3 – Duplicate payment of an invoice by p-card and direct payment (2020)
  - #3.1 – Duplicate payment of reimbursement to an employee (2020)
  - #3.2 – Duplicate payment of invoice to a vendor (2021)
- **Test #4:** Were p-card transactions split to avoid spending limits? (2021)
- **Test #5:** Are there any employees that are suppliers? (New 2022)
- **Test #6:** Do terminated employees still holding active p-cards? (NEW 2022)

In the past calendar year (2022), units within the Division of Budget and Finance have collaborated to institute the following enhanced internal controls or policy clarifications that directly mitigate risks identified in continuous monitoring:

- In May 2021, expense module features were implemented that work to detect duplicate entries based on various factors; when identified, a pop-up window will display noting current expense and potential duplicate for review and validation
- In September 2021, a new expense type was released to campus for better tracking of fraudulent charges on university procurement cards
- In February 2022, the p-card policy was clarified to identify and allow for the purchase of de minimis value “gift cards,” used for research/participant incentives when other WyoCloud financial tools are not feasible
- In June of 2022, a document explaining the importance of providing a detailed business purpose was created and disseminated to cost center approvers and accountants

As part of a procurement card program maintenance the Procurement team now has a dedicated manager for the P-card program. This individual is responsible for continual maintenance of the program and regularly reviews the need for the current cards.

Other steps that are being taken include considering an RFP to determine if the current provider is the most competitive in the marketplace, rebranding the card design, and tax-exempt information has been added to the card, and pursuing certified procurement card professional (CPCP) accreditation for staff members who manage the program.

The procurement card program at UW provides an easy and efficient way for campus users to make simple, low-dollar, low-risk purchases at UW. National benchmarks show that the traditional way of purchasing a good or service (on a purchase order) can result in processing costs ranging from \$50 to \$200 per order. Conversely, transactions processed on a purchasing card create efficiency savings between 55% and 80%.<sup>1</sup>

Below are basic facts regarding UW's p-card program:

- The number of p-cards:
  - 2020: 1,766
  - 2021: 1,674
  - 2022: 1,723
- The number of transactions processed on p-cards:
  - 2020: 91,126
  - 2021: 67,790
  - 2022: 91,829
- Total spent on p-cards:
  - 2020: \$23,318,029
  - 2021: \$17,887,392
  - 2022: \$26,669,447
- Average p-card transaction amount:
  - 2020: \$347
  - 2021: \$263
  - 2022: \$290
- P-Card Rebate
  - Revenue given back to UW in calendar year 2020: \$378,000
  - Revenue given back to UW in calendar year 2021: \$294,281
  - Revenue given back to UW in calendar year 2022: \$435,761

Given the rebate generated from p-cards as well as the ability to efficiently make a purchase, p-cards are a valuable tool for both UW and organizations across the nation. UW has both individual p-cards, as well as p-cards assigned to departments and specifically for travel.

Proper internal controls and monitoring processes act to mitigate the risks related to procurement card usage.

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<sup>1</sup> NAPCP: <https://www.napcp.org/page/WhyUsePCards>

## Continuous Monitoring Program – Testing Detail

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### TEST 1: Was a p-card receipt submitted for personal reimbursement?

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#### Purpose/Risk Addressed

This test was designed to identify instances when an individual submitted a UW p-card expenditure for personal reimbursement. If both expenses are paid, this creates a circumstance in which the University paid twice for the same expenditure.

As the p-card reconciliation and the expenditure for personal reimbursement would appear on different expense reports, visual detection is difficult. This error may be accidental or an effort to fraudulently extort funds from the University.

#### Results:

Over the last three years, this test identified 58 errors and approximately \$11,659 in duplicate payments. Actions have been taken to obtain reimbursement.

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### TEST 2: Was the merchant name changed when the p-card was reconciled, thus concealing the source of the purchase?

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#### Purpose/Risk Addressed

The moment a p-card purchase is made, a merchant name is associated with that transaction in the raw data. During the reconciliation process, the field that contains the Merchant Name is auto-filled from the p-card data. However, this field can be modified. If this field is modified, it could conceal the source of the transaction.

During the reconciliation process, the field that contains the Merchant Name must remain editable. Due to this, a compensating control has been devised to monitor any modifications to this field.

#### Results:

All modifications to the merchant name were investigated to ensure that the change was not made to conceal the true nature of the purchase. In all instances, the Merchant Name was modified to better clarify the source of the purchase.



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### TEST 3: Were duplicate payments made to vendors through a p-card payment and check or EFT?

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#### Purpose/Risk Addressed

Vendors submit invoices to the University for goods or services provided. Some invoices can be paid with a p-card. The potential exists for the same invoice to be paid by a p-card and then processed through other payment mechanisms causing a disbursement of a check or EFT. This would create a duplicate payment for the same services.

#### Results:

Over the last three years, this test identified 12 errors and approximately \$5,888 in duplicate payments. Actions have been taken to receive a credit from the vendors.

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### TEST 3.1: Were duplicate reimbursements or payments made to employees?

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#### Purpose/Risk Addressed

Employees may be reimbursed for UW-related expenses. The process involves submitting an itemized request for reimbursement with supporting documentation. Reimbursements may be submitted more than once, on different dates. This duplicate reimbursement needs to be refunded to the University.

As these would be submitted on different dates, detection is difficult. An employee could submit duplicate reimbursements accidentally or covertly to fraudulently extort funds from the University.

#### Results

Over the last three years, this test identified 17 errors and approximately \$16,566 in duplicate payments. Actions have been taken to obtain a reimbursement.

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### TEST 3.2: Were duplicate reimbursements or payments made vendors?

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#### Purpose/Risk Addressed

Payments to vendors may be duplicated in many ways and remain undetected.

Data analytics and continuous monitoring will help to identify these duplicate payments so that credit memos and/or refunds to the University can be obtained from the respective vendors.

#### Results:

Over the last two years, this test identified 5 errors and approximately \$79,736 in duplicate payments. Actions have been taken to obtain a credit memo and/or refund.

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#### TEST 4: Were transactions split to avoid p-card spending limits?

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##### Purpose/Risk Addressed

The p-card transactional spending limit is set at \$4,999. This is set so that spending above that amount is regulated and should go through other spending mechanisms that require the application of additional controls such as contracts and/or bids.

To avoid this transactional spending limit, an individual (or multiple people) can violate p-card policies and split a transaction.

##### Results:

This test was developed in 2021 and has been used since to identify instances in which the spending limit was violated by splitting the transaction. In each instance, Procurement has taken action to educate the individuals regarding the importance of the policy. If repeat instances are identified, additional action may be taken such as revocation of p-card privileges.

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#### TEST 5: Have employees been inappropriately paid as suppliers/vendors?

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##### Purpose/Risk Addressed

According to IRS guidelines, it is possible to have a W-2 employee who also performs work as a 1099 independent contractor so long as the individual is performing completely different duties that would qualify them as an independent contractor. In addition, employees are suppliers in the procurement system so that the individual can be reimbursed for work related expenditures.

The risk exists that an employee could submit expenditures as a vendor that conflict with IRS guidelines. Tests have been designed to identify instances in which an employee is paid as a supplier for work that is similar to their job duties. If conflicts are found, further investigation is performed to understand the nature of the service provided. If a conflict exists, actions are taken to include education of the individual and the department.

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#### TEST 6: Are there past employees that still have an active p-card in their name?

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##### Purpose/Risk Addressed

Due to the inherent risk of external system processes, it is possible for past employees to still have an active p-card. These situations need to be identified and cards canceled as soon as possible.

This test was developed in 2022 and has been effective in identifying 37 instances in which cards for past terminated employees remained active. Once these are identified through testing and validated by Procurement, the card is canceled. In addition, analysis of the root cause is completed to further develop controls.

## Continuous Process Improvement

The continuous monitoring program has been a vital component of detective internal controls. For this program to be effective, it requires: regular review and revision; tests to be run regularly to identify errors and/or potential fraud and that emerging risks be assessed, and new tests developed. Internal Audit will continue to collaborate with Procurement Services and Financial Affairs on this project for continuous development and improvement. This continuous monitoring program will continue to include:

- Internal Audit will leverage the functionality of IDEA data analytics to run the tests mentioned in this initiative on a quarterly basis.
- Validated errors will be communicated to for further action and refunds/credits will be obtained where appropriate.
- Internal Audit and Financial Affairs will meet regularly to exchange information regarding new developments and immerging risks.
- Annually Internal Audit will update the FLAC regarding any changes, additions, or developments in testing protocols.

## **Distribution List**

Edward Seidel, President of the University of Wyoming

Alex Kean, Vice President of Budget and Finance

Ashlie Reese, Associate Vice President of Finance

Skylar Thimens, Director of Strategic Sourcing and Procurement



UNIVERSITY OF WYOMING

# **Risk Assessment 2023**

March 4, 2023

Auditors:

Danika Salmans MBA, CIA, CRMA

Rebecca Garcia MBA, CIA

Chief Risk Officer:

Tim Wiseman

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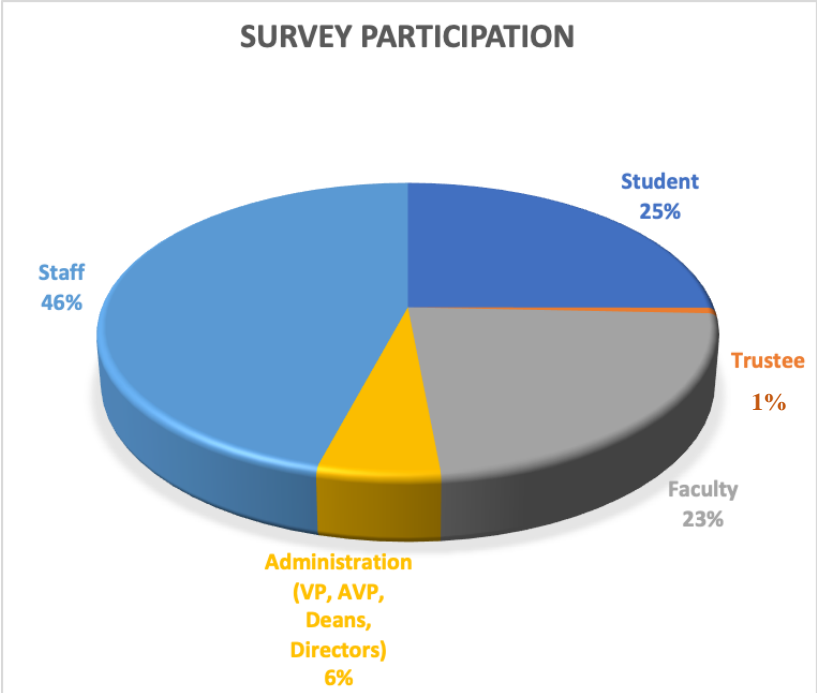
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# EXECUTIVE SUMMARY:

The report contains the results from the 2023 Risk Assessment. The survey serves as a mechanism to identify and measure risks to the University’s strategic objectives. It also provides a measurement of culture and potential factors related to ethical conduct.

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

Each year, the assessment process attempts to be more inclusive, reaching additionally identified stakeholders during the previous calendar year. In 2021, the risk assessment received 295 responses. The 2022 assessment received 462 responses, and the 2023 survey received 639 unique and complete responses from individuals representing various stakeholder groups including students and major budget units. This cross-section provides a more comprehensive view of basic classification groupings for the respondent population.



As the University has just established a new strategic plan, the risk assessment will provide critical information that contributes to the next phase of implementation and planning.

The results of the 2023 annual risk assessment have the potential to diagnose the current state of strategic efforts and identify risks that may challenge the achievement of objectives related to the mission of the University of Wyoming.

The Enterprise Risk Management Advisory Committee (ERMAC) will review this report to evaluate areas of vulnerability. In the past,

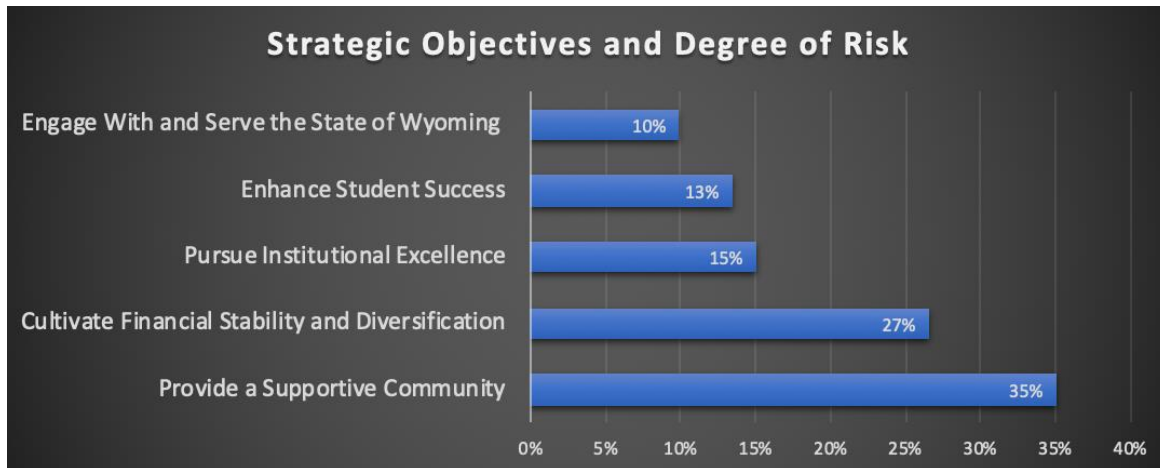
the committee has used this report to update, formulate and prioritize Enterprise Risk Management (ERM) focus projects and/or recommendations for the coming year.

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

**According to the survey, the top four risks facing the University of Wyoming have changed slightly from 2022 to 2023:**

2022	2023
Recruitment and Retention of Staff and Faculty	Recruitment and Retention of Staff and Faculty
Funding and Budget Cuts	Recruitment and Enrollment of Students
Recruitment and Enrollment of Students	Funding/Budget Cuts or Conditions
General Facility and Deferred Maintenance	Student Mental Health

The strategic objective most at risk of being advanced is to Provide a Supportive Community – foster a culture of community that values and cares for students, faculty, and staff.



The student component of the survey identified two objectives that represent where they felt our greatest challenges exist:

- **32% selected Enhance Student Success** - Integrate best practices in teaching and learning to produce skills required for life, work, citizenship, and adaptation to the needs of a changing world.
- **29% selected Provide a Supportive Community** - Foster a culture of community that values and cares for students, faculty, and staff.

The survey also captured specific risks related to each of the objectives. This information should be used as each unit forms their implementation plans. The risks and challenges should be considered and interpreted through the lenses of expertise that each department possess. Following this ERM model will greatly enhance the advancement of these objectives.

The following report also includes an assessment of progress on action plans developed and executed by the Enterprise Risk Management Advisory Committee (ERMAC) to address risks identified in the 2022 Risk Assessment. Overall, the survey responses indicate that these projects need continued action as the risks still present a threat to the University.

An added element to the 2022 Risk Assessment was an evaluation of the ethical culture on campus. This area was evaluated again in 2023 and a comparison made so that changes can be addressed. An assessment of culture and conduct can provide information regarding the achievement of goals and can impact the risks related to fraud, theft, compliance, and safety issues. The results were favorable as most agreed that positive cultural elements were present. However, the responses also indicate that this is an area where further attention is still needed to make improvements.

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



## SURVEY RESULTS:

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

### Asset and Access Security and Safety:

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

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

#### 2022

171 individuals out of 462 (37%) submitted responses indicating a concern regarding building access or asset security concerns.

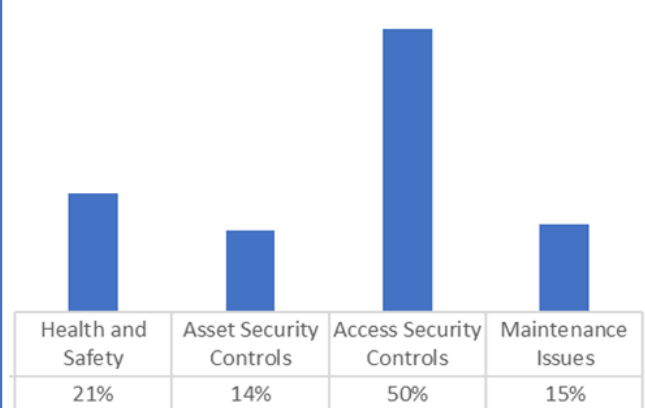
#### Access and Asset Concerns



#### 2023

114 individuals out of 639 (17%) submitted responses indicating a concern regarding building access or asset security concerns.

#### Access and Asset Concerns



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

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

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

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

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

## Operational Concerns:

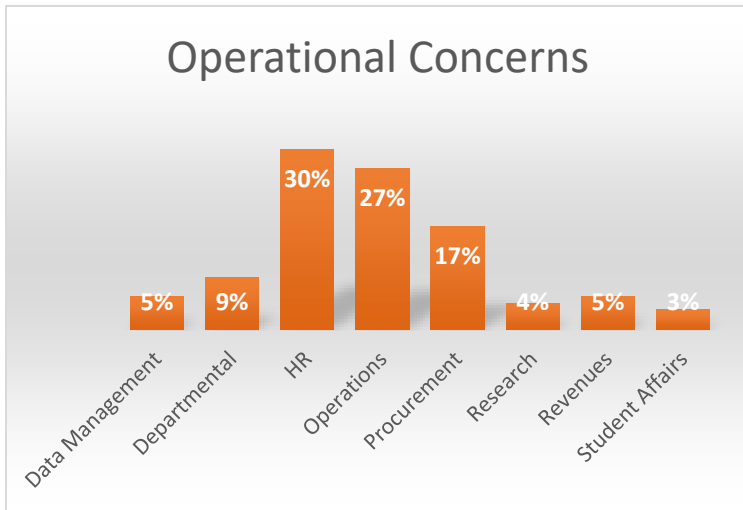
“Please describe a business process, procedure or area that should be reviewed?”

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

The concerns tabled below indicate areas in which operational processes are not meeting expectations.

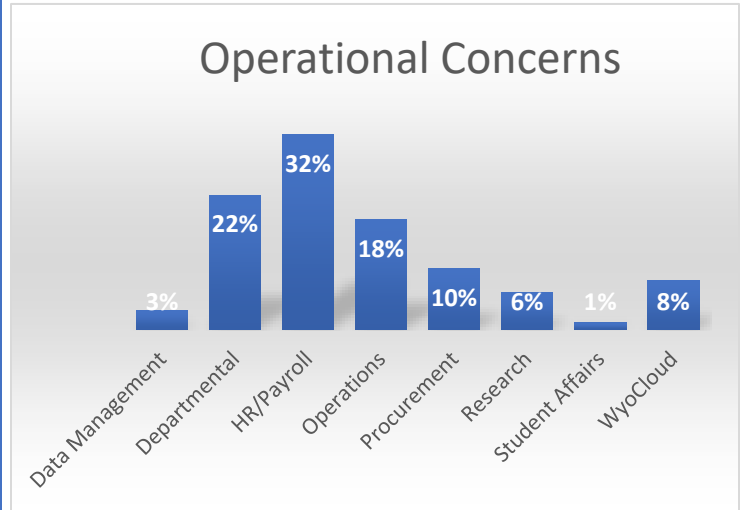
### 2022

98 individuals out of 462 (21%) submitted responses indicating operational concerns.



### 2023

102 individuals out of 639 (16%) submitted responses indicating operational concerns.



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

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

**Departmental:** operational concerns regarding specific departments

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

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

**Procurement:** operational concerns regarding timeliness of contract approvals, p-card utilization and documentation, travel requests, spending against closed Foundation sister accounts

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

**Student related affairs:** operational concerns regarding the scheduling of classes, safety of student spaces

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

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



## Change in Leadership:

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

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

### 2022

89 individuals out of 462 (19%) submitted responses indicating a change in leadership.

### 2023

182 individuals out of 639 (28%) submitted responses indicating a change in leadership.

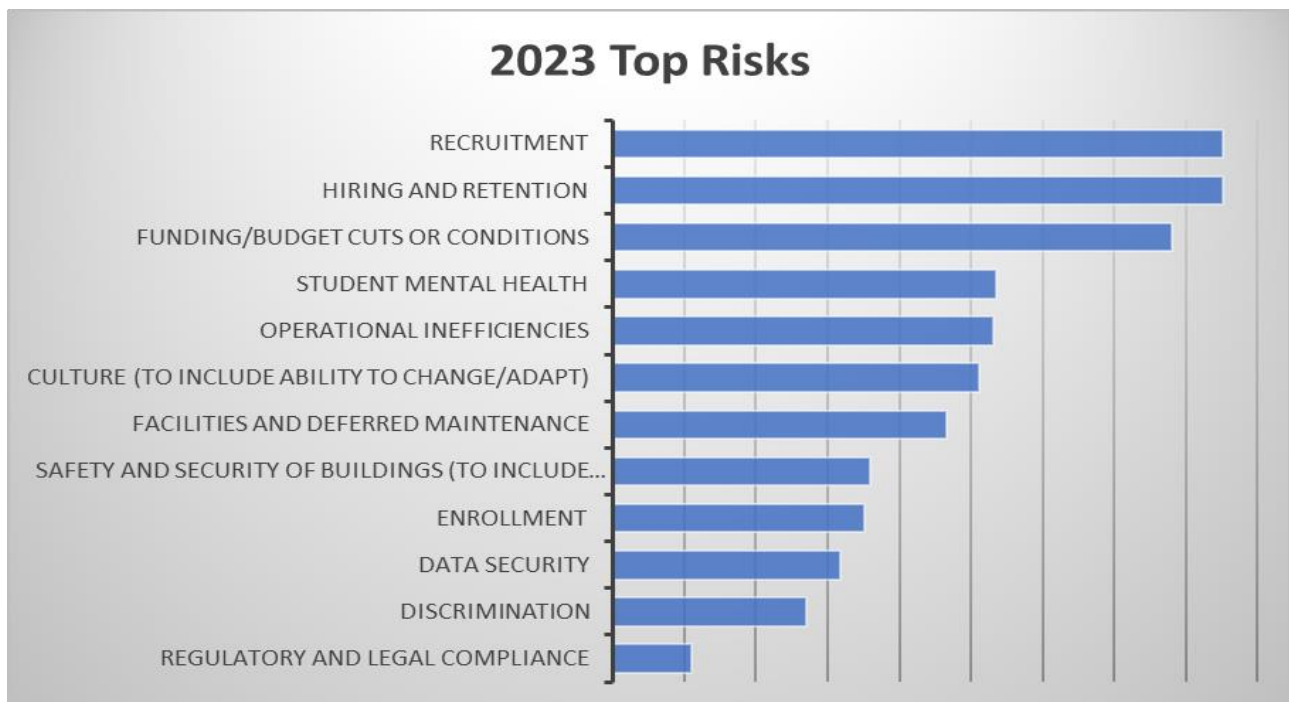
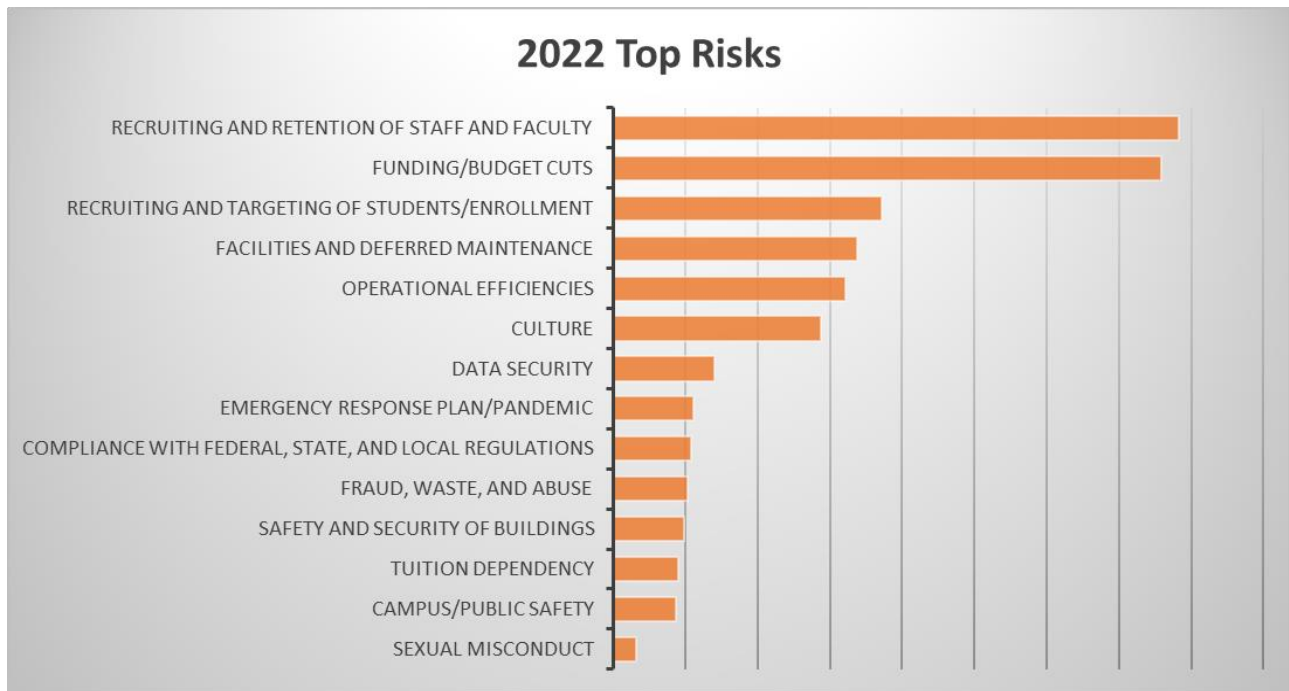
The change of leadership were identified in the following positions and will be considered in the creation of the Internal Audit plan.

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

## Top risks facing our university:

“What risks could threaten the achievement of objectives?”

The following charts indicates the top risks facing all colleges and universities today and represents a compilation of top risk as reported by United Educators (UE). The results from 2022 and 2023 are presented for comparison. These risks present challenges to the achievement of our strategic objectives and are highly likely to have a detrimental impact in the next 0-4 years if left untreated. The respondents were asked to choose the top four risks that deserve the greatest degree of attention and treatment.



The **recruitment and retention of staff, faculty, and students** remain as top issues that challenge the achievement of strategic objectives. In 2023, respondents identified a greater concern regarding student mental health, operational efficiencies, culture, and facilities and deferred maintenance.

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



### Strategic Risks:

“Which strategic objective do you feel is most at risk of not being advanced?”

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

The University has committed to five major objectives as a part of our 2023+ Strategic Plan. The information in the following section can be used to:

- Inform the implementation and reporting phases of the strategic plan at all levels of planning
- Inform the budgeting process so that funds can be funneled strategically to mitigate risks, and take advantage of opportunities
- Inform our understanding of culture and perceptions that will impact success
- Inform and direct the Internal Audit Plan



Based on the results, the strategic objective most at risk is “Providing a Supportive Community.” Strategic treatment needs to address our ability to foster a culture of community that values and cares for students, faculty, and staff.

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

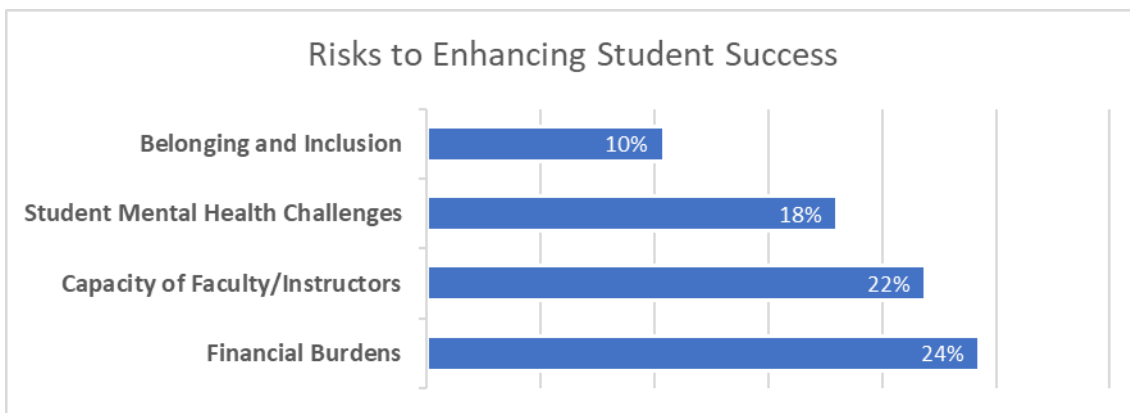
The students that participated in the survey felt that “Enhancing Student Success” was the objective that deserves the greatest amount of treatment (32%), and Providing a Supportive Community was a secondary concern at (29%).

### Strategic Objectives:

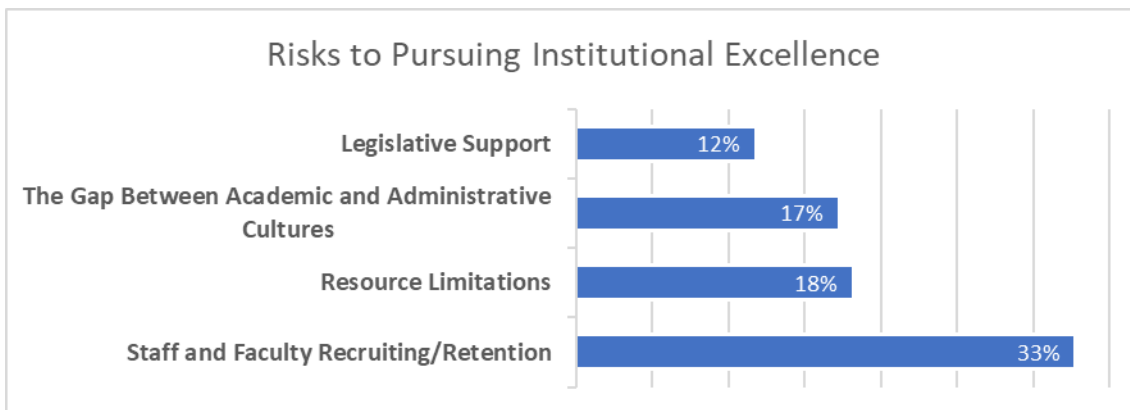
“Select the risks you believe are certain to have a significant impact on our advancement of each objective?”

The next part of the survey explored situational risks to each of the strategic objectives. During the implementation phase of planning, each department will have the opportunity to decide goals and objectives that contribute to the overall strategic plan. Goals should address these risks so that hurdles can be averted, and opportunities maximized.

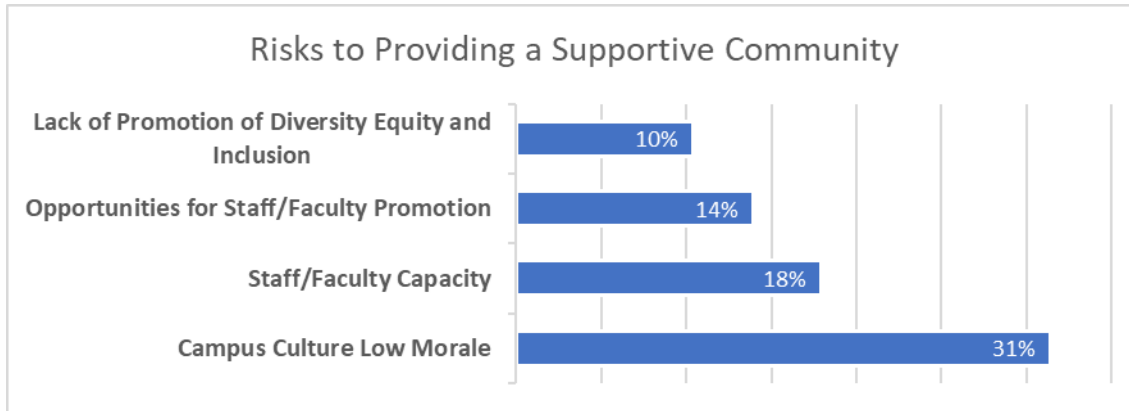
**Enhance Student Success** - Integrate best practices in teaching and learning to produce skills required for life, work, citizenship, and adaptation to the needs of a changing world.



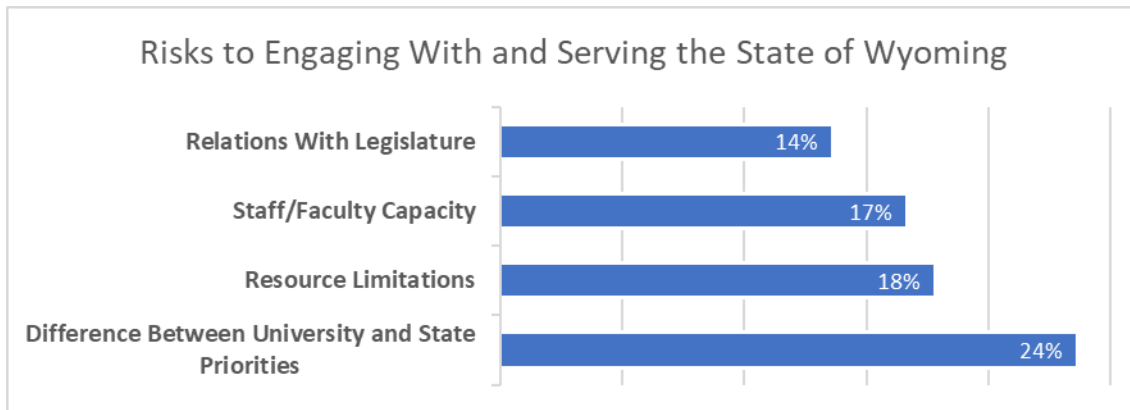
**Pursue Institutional Excellence** - Nurture a culture of diverse ideas and knowledge creation that promotes teaching, learning, community engagement, economic development, and world-class research.



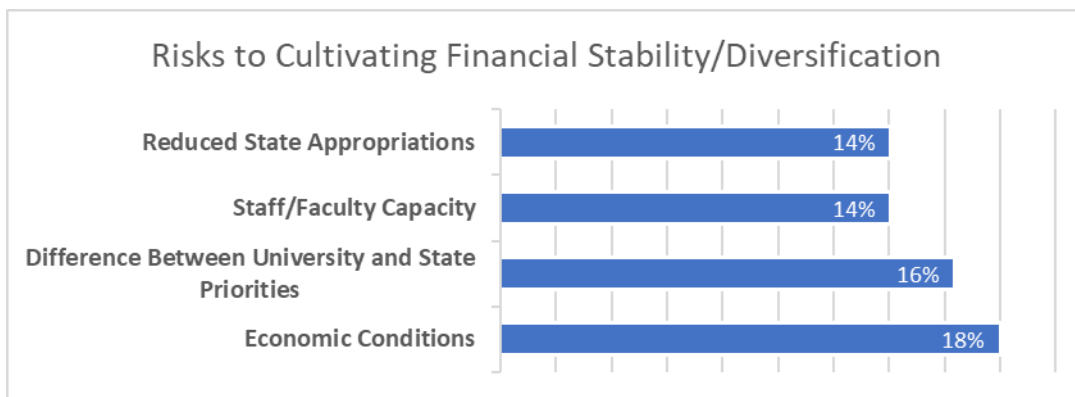
**Provide a Supportive Community** - Foster a culture of community that values and cares for students, faculty, and staff.



**Engage With and Serve the State of Wyoming** - Sustain and enhance our extensive service to and engagement with the State to improve the mental, physical, and economic health of Wyoming and its residents.



**Cultivate Financial Stability/Diversification** - Ensure the long-term vitality of UW through diversification and growth of revenue streams and effective application of resources, infrastructure, and processes.



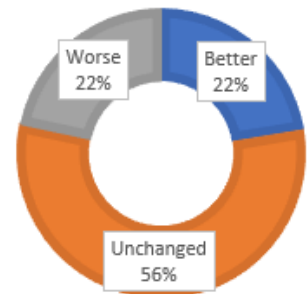
## Enterprise Risk Management Projects:

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

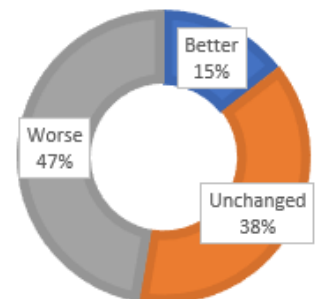
The Enterprise Risk Management Advisory Committee (ERMAC) uses the annual risk assessment to isolate projects that address campus-wide risks. Individuals from various departments across campus develop action plans to treat the risks. The purpose of this section is to assess the progress against projects identified in the 2022 Risk Assessment.

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

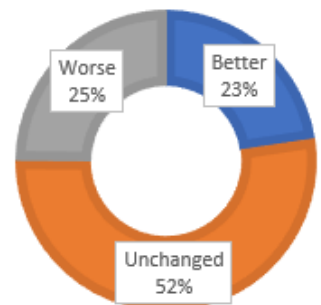
**UW FISCAL SITUATION AND BUDGET:** action plan addresses an assessment of risks associated with program re-alignment and budgetary adjustments; communicating with administration regarding the progress



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

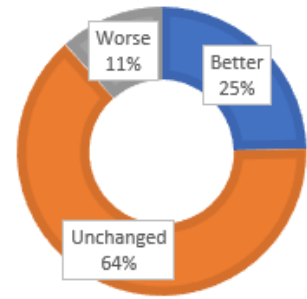


**ENROLLMENT MANAGEMENT AND STUDENT SUCCESS:** action plan addresses efforts and additional engagement initiatives to attract and retain students

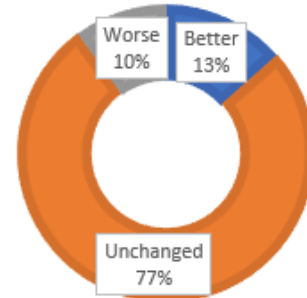




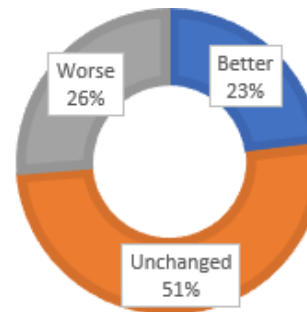
**BUILDING SECURITY AND ACCESS CONTROLS:** action plan addresses the assessment of high-risk situations and monitoring of the design plan to implement improvements



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



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



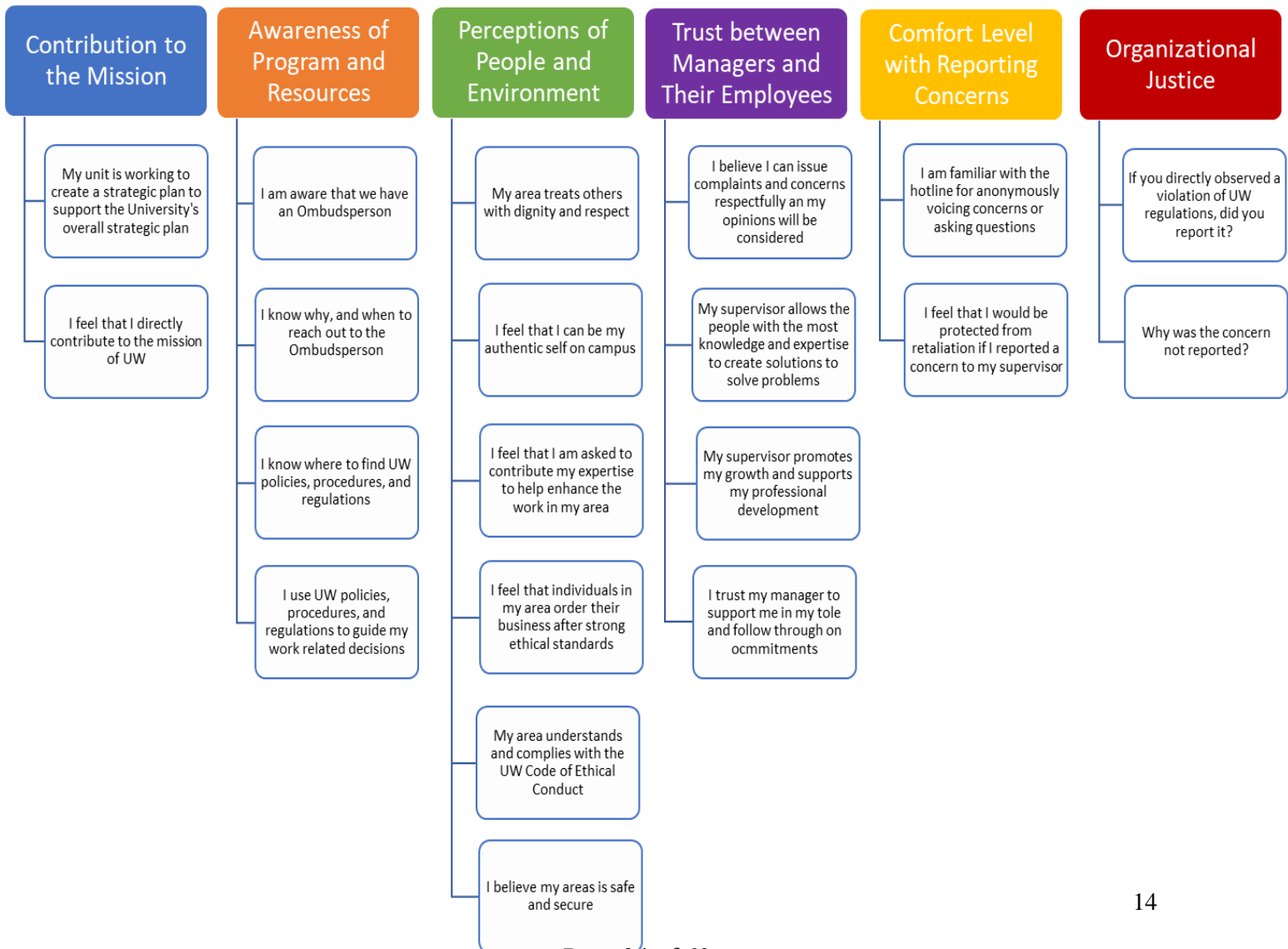
# Culture and Ethics

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

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

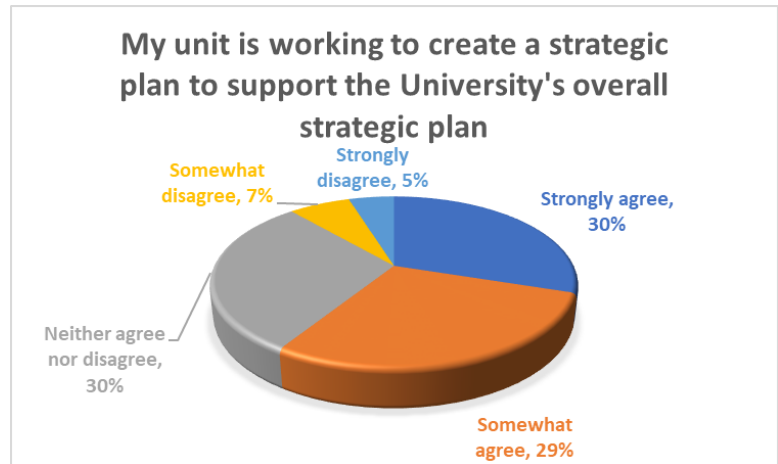
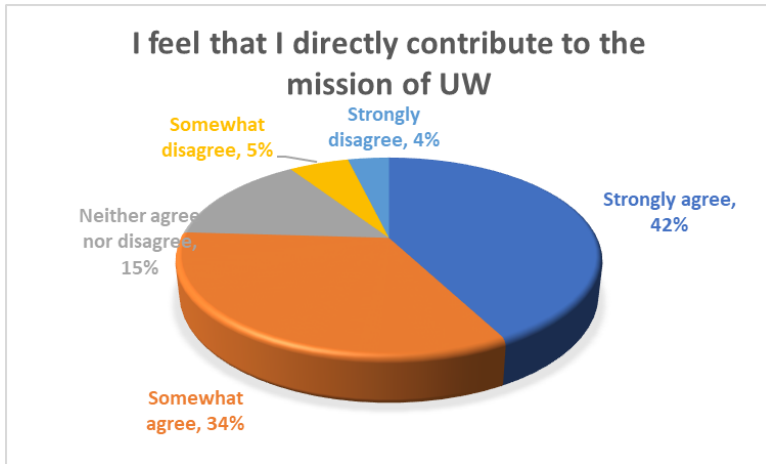
Peter Drucker (an Austrian-American management consultant) famously said, “culture eats strategy for breakfast”, and that is why so many organizations spend millions on strategy and get poor results because an unhealthy culture acts as brakes and/or misalignment element that make the organization move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

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



## Contribution to the mission of the university

A strong culture is one in which each unit understands its unique contribution to the mission and strategic plan of the University. For the 2023 assessment, the following questions evaluated this element.

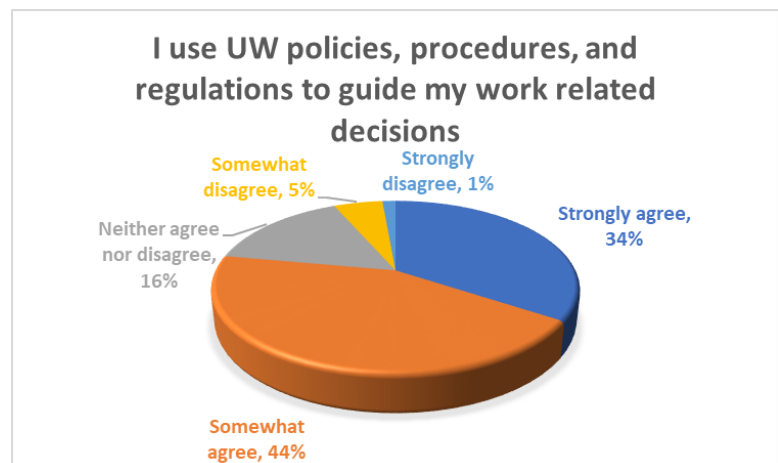
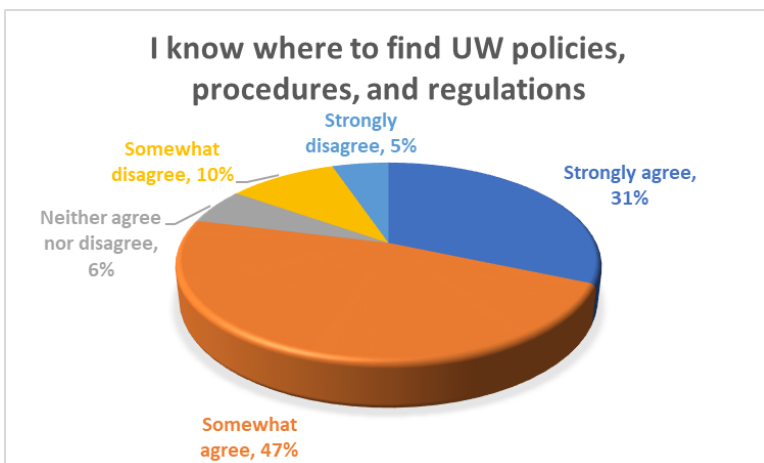


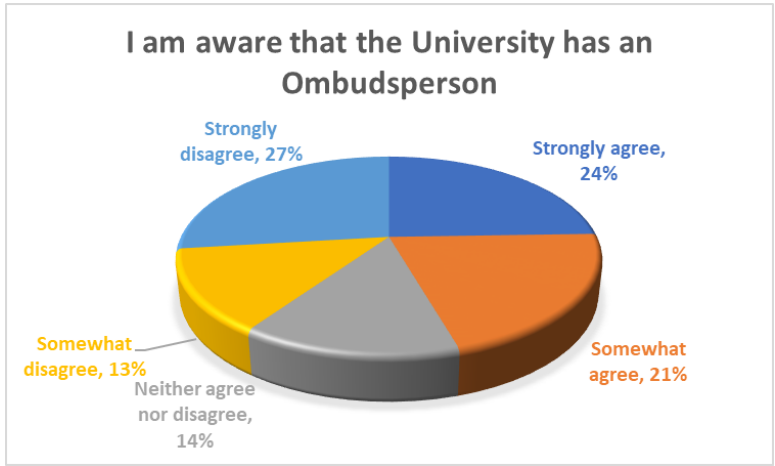
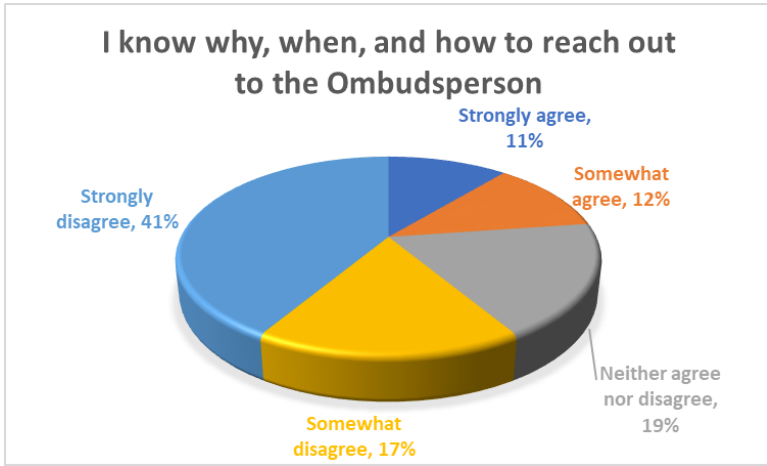
The following table represents an average of “Strongly Agree” and “Somewhat Agree” responses from 2022 and 2023. Slight changes in perception were noted.



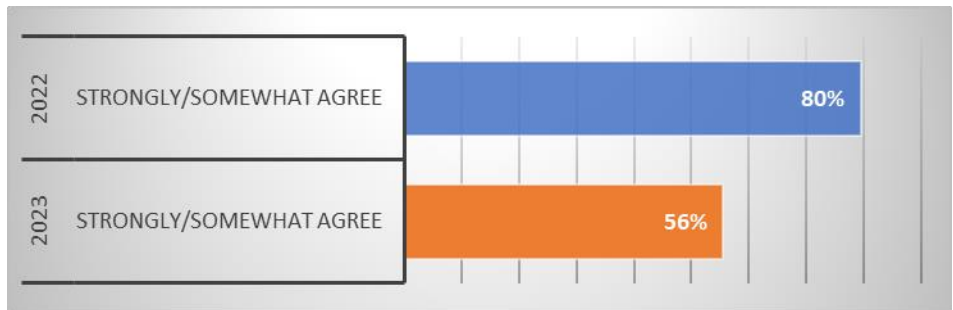
## Awareness of Programs and Resources

General Counsel serves as a resource to the university community, providing guidance and tools such as the UW Code of Ethical Conduct, and Policy Library. The following questions measure the familiarity with these resources and the degree to which these resources are used on a daily basis to guide decisions. For the 2023 assessment, the following questions evaluated this element.



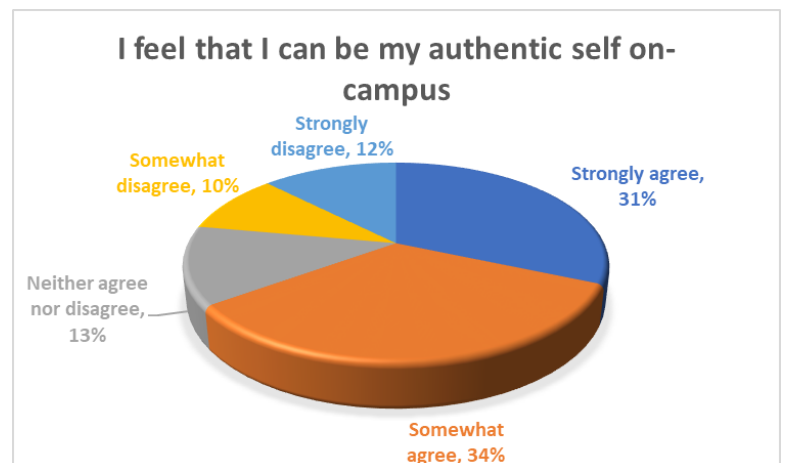
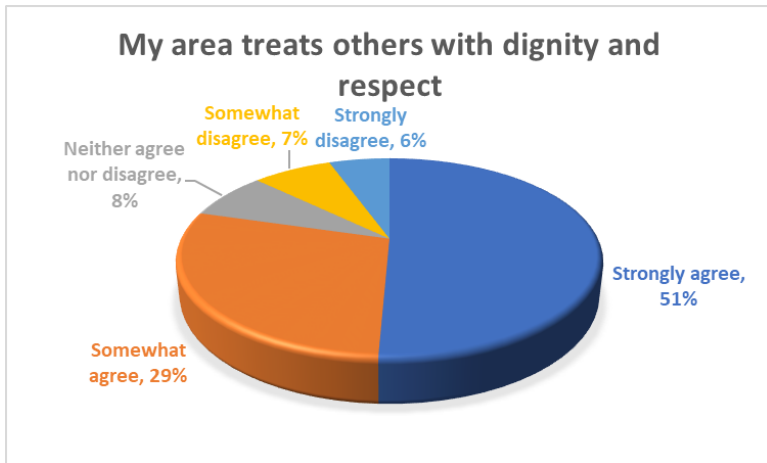


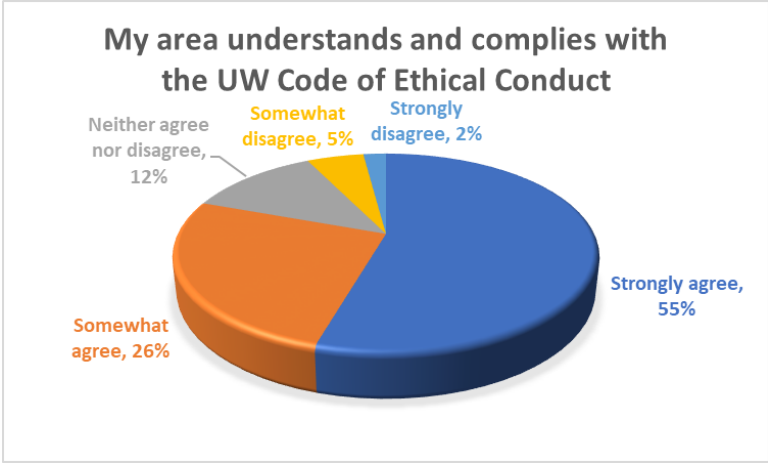
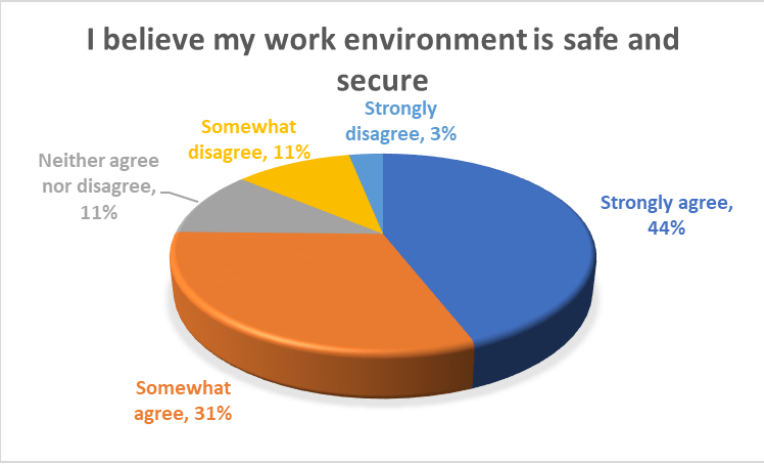
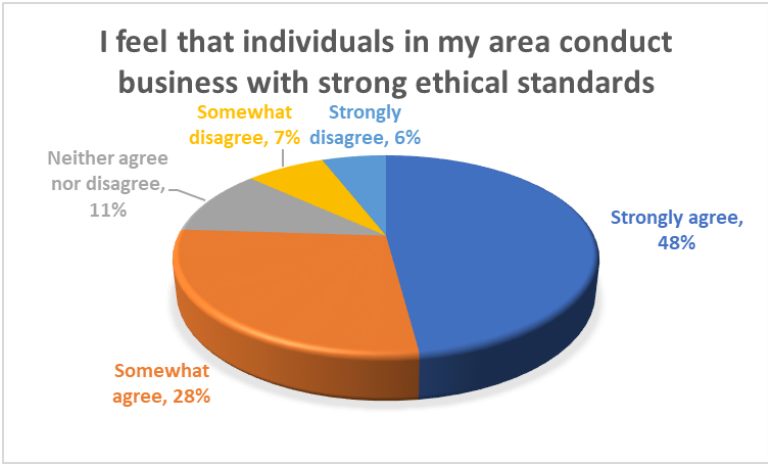
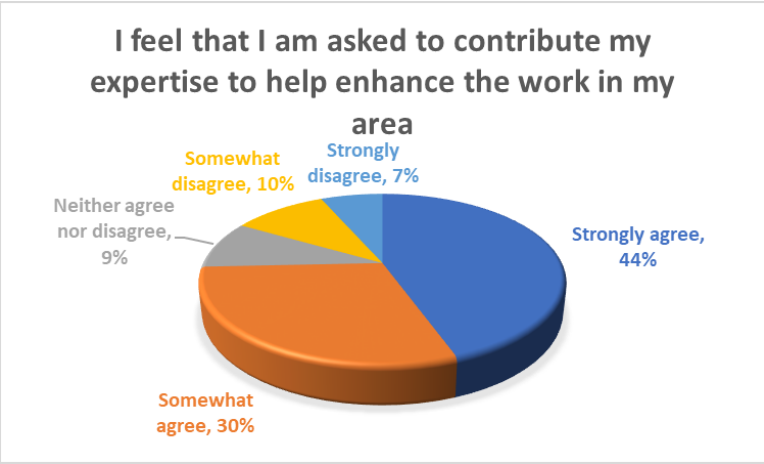
The following table represents an average of “Strongly Agree” and “Somewhat Agree” responses from 2022 and 2023. Slight changes in perception were noted.



## Perceptions of People and Environment

The following questions were included in the survey to measure conditions in the work environment including safety, security, and ethical perceptions of peers and those in leadership roles. For the 2023 assessment, the following questions evaluated this element.



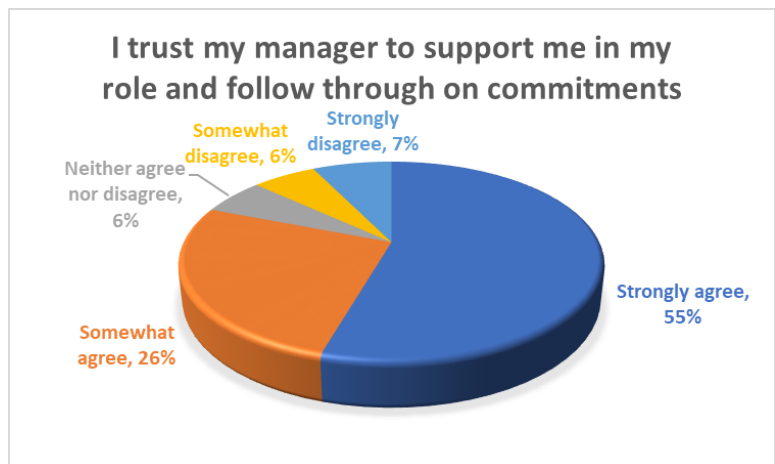
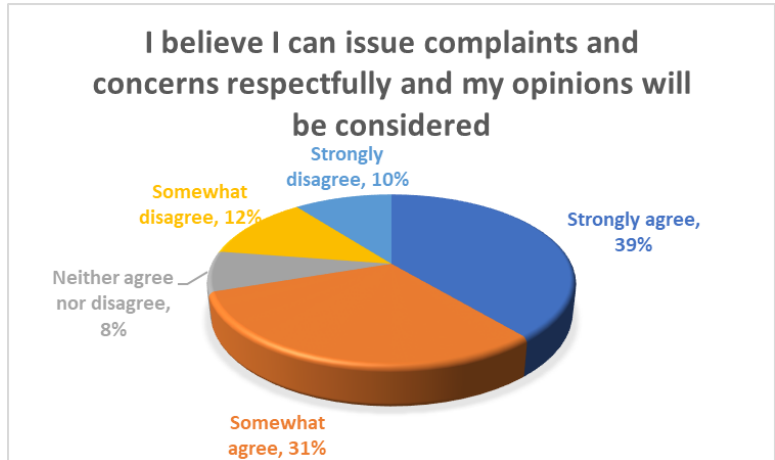


The following table represents an average of “Strongly Agree” and “Somewhat Agree” responses from 2022 and 2023. Slight changes in perception were noted.



## Trust Between Managers and Their Employees

These questions measure the level of trust employees feel with their direct manager, which impacts comfort in speaking up to establish clarity or to report concerns, demonstrating ethical conduct and accountability, and contributing to overall university health. For the 2023 assessment, the following questions evaluated this element.

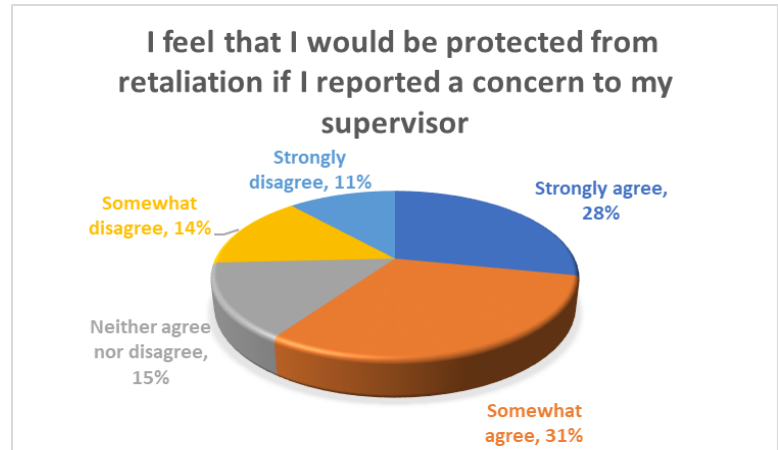
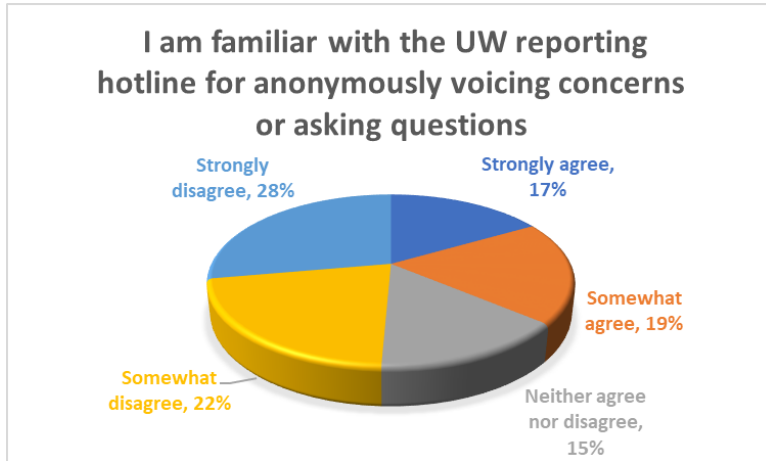


The following table represents an average of “Strongly Agree” and “Somewhat Agree” responses from 2022 and 2023. Slight changes in perception were noted.



## Comfort Level with Reporting Concerns

Employees were asked about their knowledge of UW’s anonymous reporting line and to rate their comfort level with reporting issues to their manager. They were also asked whether they felt they would be protected from retaliation when reporting through various channels. This data was collected to evaluate whether respondents felt they could raise concerns without fear of retaliation. For the 2023 assessment, the following questions evaluated this element.

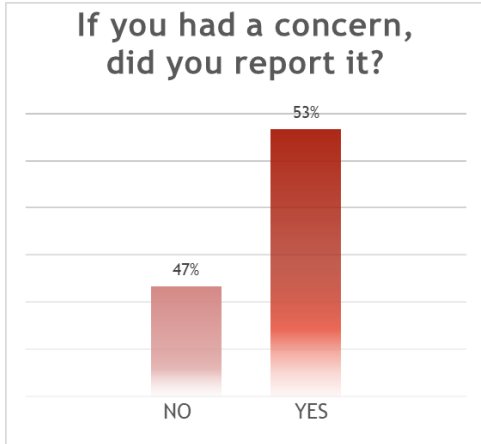


The following table represents an average of “Strongly Agree” and “Somewhat Agree” responses from 2022 and 2023. Slight changes in perception were noted.



## Organizational Justice

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





## APPENDIX

### DEFINITIONS:

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

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

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

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

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

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

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

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

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

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

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

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

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

### PURPOSE:

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

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

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

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

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

This standard:

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

## ENTERPRISE RISK MANAGEMENT (ERM) Background:

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



## Internal Audit Budget Review

According to the International Professional Practices Framework adopted by the Institute of Internal Auditors, Performance Standard 2020 states:

*The Director of Internal Audit must communicate resource requirements to the board for review and approval. The Director must ensure that resources are appropriate, sufficient, and effectively deployed to achieve the approved plan, and communicate the impact of any resource limitations.*

- **IA Standard 1110** – Organizational independence is effectively achieved... when the board approves the audit budget and resource plan

This section provides an overview of the plan for Internal Audit and the resources allocated for FY24 for review by the FLAC. It also illuminates how Internal Audit plans to optimize the resources that are available so that the plan and objectives can still be accomplished.

## Internal Audit Structure and Planning for Fiscal Year 2024

### Strategic Development of Internal Audit

### 3-5 Year Plan

As directed by the FLAC, the vision for Internal Audit is to develop a department that provides value to the University of Wyoming and the Trustees through delivering services that enhance the achievement of strategic objectives and identify risks that will compromise positive outcomes. For Internal Audit to meet the strategic needs of the University, the UW Trustees assisted Internal Audit in developing a vision for developing the department. The proposed Position Tree includes the following positions:

- **Director of Internal Audit** – Responsible for communication, and strategy development
- **Senior Auditor** – Responsible for the execution of audit programs
- **Internal Auditor** – Responsible for testing and documentation and plan development
- **Associate Auditor** – Responsible for testing and documentation
- **Consultation with MHP** – Responsible for providing consultation and supplemental internal audit assistance. (As additional staff is added to the team, the reliance on this resource may proportionately diminish.)

**In FY 2021** Internal Audit filled two positions. The Director of Internal Audit was filled in August 2020 after the retirement of the previous Director in September 2019. The department has also completed the hiring of an Internal Auditor and she began this position in October 2020.

**In FY 2022** Internal Audit continued to develop current staff and focus on the skill development of the department. The budget allocation for FY 22 was adequate to accomplish audit plan and required training.

**For FY 2023** Internal Audit moved the Internal Auditor into the Senior Auditor position. The salary for the Internal Auditor was proportionally increased.

**For FY 2024** Internal Audit will continue the development of current staff with a focus on preparing for a Quality Assurance Improvement Plan Review.

### INTERNAL AUDIT BUDGET – FY 22, FY 23, proposed FY 24

	FY22	FY23	FY24	Notes
B6000: Salaries, Wages & Benefits	250,375.00	277,327.00	289,855.00	2 FTE
B6300: Travel	6,535.00	6,535.00	6,114.00	Site visits, trainings
B6400: Supplies	1,000.00	2,650.00	3,071.00	Supplies, Software & License, IDEA, NAVEX
B6650: Other Expenses	4,850.00	4,850.00	4,850.00	Professional development, ACUA
<b>Operating Expenses</b>	<b>262,760.00</b>	<b>291,362.00</b>	<b>303,890.00</b>	
B7600: Internal Allocations & Sales	1,450.00	1,450.00	1,450.00	Phone, IT, copy services
<b>Total Budget</b>	<b>264,210.00</b>	<b>292,812.00</b>	<b>305,340.00</b>	
<b>Planned Budget Reduction</b>	<b>(810.12)</b>			

**For FY 2025** Internal Audit will explore the possibility of moving forward with adding additional staff related to the Position Tree and allocate funds for QAIP Review.

#### Process:

- To ensure the independence of the Internal Audit department and ensure that resource allocations are adequate, the FLAC should review and recommend to Administration the budget allocated to Internal Audit.
  - This review and approval is completed with consideration of institutional resource limitations



UNIVERSITY OF WYOMING

## Internal Audit Plan Review

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

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

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

Audit Schedule for September 2021- August 2022	Audit Year	Presented
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Alumni (Annual) FY 21	2021-2022	11/17/2021
NCAA (Annual)	2021-2022	1/12/2022
4-H Foundation (Annual) FY21	2021-2022	1/12/2022
Main Cashier (Annual)	2021-2022	3/23/2022
NCAA Football Ticket Verification (Annual)	2021-2022	Canceled - not required
P-Card Initiative and Continuous Monitoring Progress (Annual)	2021-2022	3/23/2022
Risk Assessment Survey (Annual)	2021-2022	3/23/2022
Results and Reporting (Annual)	2021-2022	5/11/2022
Audit Schedule Development (Annual)	2021-2022	5/11/2022
Capital Construction Projects	2021-2022	
HR/Payroll Review - scope to be defined	2021-2022	1/25/2023
Cash Advance Process Review	2021-2022	9/14/2022
Student Course/Program Fees	2021-2022	10/31/2022
Student Health Services	2021-2022	11/16/2022
Alternative (see list below): State Vet Lab	2021-2022	9/14/2022
Consultation - Special Projects (COVID)	2021-2022	NA
Fraud, Waste, and Abuse (FWA) Investigations		
*FWA - questionable use of equipment	2021-2022	11/17/2021
Follow-Up Reports / Unfinished audits from prev	2021-2022	8/31/2022
Change of Management Audit: Admin, Budget, Fin		
FLAC	Additional	1/25/2023
IMPACT 307	Additional	3/23/2022
<b>Alternatives:</b>		
Operations		
State Vet Lab		
Crypto Currency/internal controls - College of Business		
Student Media		
OSP Invoicing		
Student Travel		

**20 scheduled**  
**19 completed**  
**= 95%**

**Audit Schedule for September 2022- August 2023**

**Audit Year**

**Presented**

Audit Schedule for September 2022- August 2023	Audit Year	Presented
NCAA (Annual) 2021-2022	2022-2023	1/25/2023
Main Cashier (Annual)	2022-2023	3/22/2023
NCAA Football Ticket Verification (Annual) Fall 2022 Season	2022-2023	Canceled per NCAA
P-Card Initiative and Continuous Monitoring Progress (Annual)	2022-2023	3/22/2023
Risk Assessment Survey (Annual)	2022-2023	3/22/2023
Results and Reporting (Annual)		3/22/2023
Audit Schedule Development (Annual)		in progress
State Match / Footnote compliance		
Foundation Accounts/UW Sister Accounts internal controls		
HR/Payroll Incremental Review - scope to be defined		
Operations - General Facility and Deferred Maintenance		in progress
Alternative (see list below)		
*Student/Athletics Travel		1/25/2023
Fraud, Waste, and Abuse (FWA) Investigations		
*Investigation related to mis-use of UW equipment	2022-2023	10/31/2022
*Investigation of free services	2022-2023	10/31/2022
*Investigation Conflict of Interest	2022-2023	in progress
Follow-Up Reports	2022-2023	in progress
Change of Management audits ( and unfinished audits from previous year)		
* College of Business	2022-2023	
* College of Health Sciences	2022-2023	
* Office of Research and Economic Development	2022-2023	
* Diversity Equity and Inclusion	2022-2023	
<b>Alternatives:</b>		
Campus security - S2 internal controls		
Student Media		
OSP Invoicing and Receivables		
<del>Student Travel - Athletics Travel</del>		Done
Union operations (financial operations, etc.)		
IDT process and internal control assessment		

**20 scheduled  
9 completed  
= 45%**



**Annual Review of UW Regulation 7-7: Investment and Management of University Funds  
Fiscal and Legal Affairs Committee  
March 22, 2023**

[UW Regulation 7-7 Investment and Management of University Funds](#) outlines the general guidelines and procedures for the investment of University funds. Section XI.E. of Regulation 7-7 requires the Fiscal and Legal Affairs Committee of the Board of Trustees review the policy annually.

The Division of Budget and Finance is proposing the following edits to the policy. Changes have been tracked in the following document.

1. Personnel Title changes reflecting reorganization within the Division of Budget and Finance.
2. Section VI.C Advanced Payment of Higher Education Costs Program has expired and concluded. We are proposing this be deleted.
3. The Government Finance Officers Association (GFOA) recommends including the approach to investment diversification within the investment policy. See proposed additional language in section VII.B.1. The addition of this section serves to make the University's diversification approach more comprehensive.

Next steps:

Any changes approved by FLAC during this annual review will be forwarded to General Counsel to make available to campus for a 4 week review period. Once this is concluded the revised regulation would go to the Board of Trustees at an upcoming meeting for full board approval.

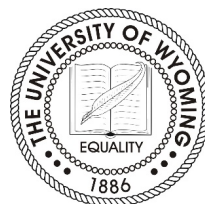


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## UNIVERSITY OF WYOMING REGULATIONS

**Subject:** Investment and Management of University Funds  
**Number:** UW Regulation 7-7

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### 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 Budget and Finance~~ ~~Financial Affairs~~ and the ~~Director of Treasury and Financial Reporting~~ ~~Associate Vice President, Finance~~ will monitor the portfolio held in bank safekeeping. All securities will be evidenced by safekeeping receipts in the University's name.

**B. Sales Prior to Maturity**

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

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

**V. USE OF MANAGER AND ADVISORS**

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

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

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

## VI. INVESTED FUNDS

### A. Endowment Type Funds

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

### B. Operating Funds (including University Reserves)

The ~~Director, Treasury and Financial Reporting~~ Associate Vice President, Finance 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.~~

Commented [AR1]: APHEC program has expired

## 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.

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

**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.

**Commented [AR2]:** We suggest the addition of this section in the Policy per the GFOA standards. The GFOA recommends the inclusion of approach to investment diversification. The University's method to create a mix of assets that will achieve and maintain the University's investment objectives is included in *IX Authorized and Suitable Investments*. The addition of this section serves to make the University's diversification approach more comprehensive.

## 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 prorated basis at the end of each month.

**XI. PERFORMANCE EVALUATION AND REPORTING**

**A. Reporting**

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

**B. Performance Standards**

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

**C. Marking to Market**

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

**D. Credit Downgrades**

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

**E. Policy Considerations**

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

**XII. AUTHORITY AND RESPONSIBILITIES**

**A. Board of Trustees**

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

**B. Fiscal and Legal Affairs Committee**



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

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

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

D. ~~Associate~~ Vice President for Budget and Financial Affairs

The ~~Associate~~ Vice President for Budget and 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~~ Associate Vice President, Finance.

E. ~~Director, Treasury and Financial Reporting~~ Associate Vice President, Finance

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

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

The Foundation Investment Policy allows the University, in its discretion, to withdraw funds that are being managed like an endowment in any amount, in whole or in part, provided, however, that, depending upon the amount requested and the cash flows from the endowment pool, it may take as long as 12 months for the Foundation to fully transfer the requested funds. The Foundation will use its best efforts to transfer the funds as soon after receiving the approved request for withdrawal as possible.

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

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

The Vice President for Budget and 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