

UW Board of Trustees Fiscal and Legal Affairs Committee
Agenda
May 8, 2024

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

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FISCAL AND LEGAL AFFAIRS COMMITTEE
COMMITTEE MEETING MATERIALS

AGENDA ITEM TITLE: University of Wyoming Athletics Ticket Office

- OPEN SESSION
- CLOSED SESSION

PREVIOUSLY DISCUSSED BY COMMITTEE:

- Yes
- No

FOR FULL BOARD CONSIDERATION:

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

Attachments/materials are provided in advance of the meeting.

EXECUTIVE SUMMARY: Internal Audit has completed a review of the Athletics Ticket Office. This review is an independent assessment providing feedback to management regarding the design and operational effectiveness of internal controls. This evaluation presents opportunities for improvement by identifying any risks to the University related to internal control weaknesses.

PRIOR RELATED COMMITTEE DISCUSSIONS/ACTIONS: NA

WHY THIS ITEM IS BEFORE THE COMMITTEE: As per the 2023-2024 Board of Trustees approved Internal Audit plan.

ACTION REQUIRED AT THIS COMMITTEE MEETING: NA

PROPOSED MOTION: NA



UNIVERSITY OF WYOMING

Internal Audit

**University of Wyoming
Athletics Ticket Office**

April 5, 2024

Auditor:

Rebecca Garcia, MBA, CIA

April 5, 2024

University of Wyoming Board of Trustees:

Internal Audit has completed a review of the Athletics Ticket Office. Matt Chapman joined the UW as Assistant Athletic Director for Athletics Ticketing and Sales in August of 2022.

This review is an independent assessment providing feedback to management regarding the design and operational effectiveness of internal controls. This evaluation presents opportunities for improvement by identifying any risks to the University related to internal control weaknesses.

The objectives of this audit were to assess activity during FY2023 through current to acquire an understanding of operational components and assess controls in place to mitigate operational, financial, compliance, and strategic risks.

Any concerns and weaknesses identified have been discussed with management and may be subject to follow-up. If the department is not in compliance with criteria, policies, procedures, or best-practice, this situation is described in a formal observation so that the department can develop an action plan to mitigate or accept the risks. The following observations have been made:

- **Observation #1:** Complimentary tickets are provided to full-time staff and graduate assistants; practice has not been vetted by Budget and Finance
- **Observation #2:** Various preventative internal controls were found to be absent

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

We would like to thank Matt Chapman – Assistant Athletics Director for Athletics Ticketing and Sales, Samuel Brodie - Associate Athletic Director for Athletics Budgeting & Financial Management, Dana Jorgensen – Assistant Athletic Ticket Office Manager, Debbie Allred – Director for Athletics Business Operations and other Athletics personnel for the assistance we received on this audit. We would like to bring special attention to and commend the efforts Matt and his staff made during the audit to immediately resolve concerns identified.

Sincerely,



Becky Garcia MBA, CIA
Acting Director, Internal Audit

Background

MISSION STATEMENT

The University Of Wyoming Department Of Intercollegiate Athletics is committed to the development of tomorrow's leaders by creating an environment that promotes personal growth, academic and athletic excellence in a progressive, inclusive, and transparent manner. The Department of Intercollegiate Athletics will support the overall University of Wyoming mission, provide an outstanding fan experience, encourage community engagement, and serve as a source of pride for alumni, supporters, and the state of Wyoming.

GUIDING PRINCIPLES

- **Dedication to Student-Athletes:** We will promote the well-being of student-athletes and provide opportunities for academic, athletic, and personal success. We will foster academic excellence, graduate student-athletes, support their development as citizens, and prepare them to be leaders.
- **Integrity:** We will demonstrate integrity in all areas. We are dedicated to financial stability, rules compliance, diversity, and personal accountability.
- **Respect:** We will celebrate a climate of mutual respect, inclusiveness, loyalty, and sportsmanship by recognizing contributions to our teams, our department, and the university.
- **Competitive Success:** We will endeavor to be the very best when representing the University of Wyoming and our state. We are committed to providing the resources and personnel for our teams to achieve success.
- **Tradition:** The legacy of the University of Wyoming athletics is proud and strong. We will honor our outstanding tradition.
- **Excellence:** We believe in a spirit of comprehensive excellence. We will strive for excellence in all we do.

GENERAL INFORMATION

The University of Wyoming Department of Intercollegiate Athletics (DIA) consists of 17 teams competing at the NCAA Division I level: men's and women's basketball, men's and women's cross country, football (FBS), men's and women's golf, women's soccer, men's and women's swimming, women's tennis, women's volleyball, men's and women's indoor track, men's and women's outdoor track and wrestling. All sports are fully-funded up to the NCAA maximum for grant-in-aids (i.e., scholarships).

The University of Wyoming competes in the Mountain West Conference (MWC), the Western Athletic Conference (WAC), and the Big 12 Conference. In addition to the University of Wyoming the MWC consists of the U.S. Air Force Academy, Boise State University, Colorado State University, University of Nevada-Las Vegas, University of New Mexico, and San Diego State University, University of Nevada, Utah State, University of Hawaii, San Jose State University and Fresno State.

The DIA is managed by the Director of Intercollegiate Athletics who reports directly to the President of the University. The Director of Intercollegiate Athletics ensures the department operates in a manner consistent with the rules and regulations of the University, the MWC and the NCAA.

Audit Scope, Procedures, and Outcomes

The following steps represent the extent of work needed to achieve the audit objectives and are summarized below. The scope of this audit focused on FY2023 through current. The status includes an evaluation of risks to the achievement of objectives.

- **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.

Function	Status	Summary of Findings/Recommendations
Ticketing System	Action Required	Policies, user data, and backup controls were reviewed to ensure adequate segregation of duties, and system access were appropriate. Athletics relies upon Paciolan provided guidance for navigating system use and were encouraged to provide reference to this resource in current policy documentation. One terminated employee was found to have access beyond departure and another employee was found to have access beyond need. (Observation #2)
Complimentary Tickets	Action Required	The UW Athletics Ticket Office manages the historical policy and practice of offering complimentary tickets to full-time Athletics division staff and Graduate Assistants. This benefit was found not to have been assessed and approved by the Division of Budget and Finance or to include a component of annual reporting to Payroll for consideration as a taxable benefit in annual W-2 calculations. (Observation #1)
Ticket Office Procedures	Action Required	Review of policies and procedures for Ticket Office operations to ensure presence and adequacy of internal controls. Most concerns identified at the time of the audit were discussed and Athletics engaged in immediate action to resolve them. It was found that the UW Store began to engage in Athletic Ticket sales during FY24 though standardized agreement documentation was not available to assess if activities have followed expectations. Formalized documentation is recommended to ensure practice aligns with policy and procedures, to establish a shared understanding of operational expectations, and to serve as a tool for succession planning. (See Observation #2)

Cash Handling	Commendation	Processes and procedures were reviewed, and business operations were observed to ensure appropriate internal controls are present. Assets are appropriately safeguarded, segregation of duties adequately ensure no one person has control over the cash handling process, accountability of cash drawers is assigned and appropriately validated, working funds are regularly validated, deposits are made timely, and reconciliations are complete.
Accounts Receivable	Satisfactory	As per UW policy, regular monitoring of accounts receivable is of critical importance to improve cash flow, reduce bad debts, and ensure appropriate translation to university financial statements. Paciolan ticketing software is utilized to manage accounts receivable and generated reports were found to be presented to management for weekly review.
Access and Assets	Satisfactory	Vault and office safeguards were observed to ensure comprehensiveness for the protection of assets and people. No issues were noted.
PCI Compliance	Action Required	100% of employees were tested for having completed University required Payment Card Industry Compliance (PCI) training; no employees were found to have completed training at time of audit. PCI training has been assigned to all Ticket Office employees and is expected to be fully completed as of the time of follow-up. (Observation #2)
Financial Analysis & Management	Commendation	The Athletics Ticket Office utilizes Paciolan, an integrated ticket solution that also allows for necessary accounts receivable management. As a supplementary system that is critical to operations, reconciliation processes to the system of record are a key internal control. Reconciliation processes were found to be well developed, comprehensive, complete and a component of procedural documentation. Financial reports reviewed by management on a weekly basis were found to include comprehensive detail upon which informed decisions may be made.

Observations, Recommendations, and Responses

Observation #1

Complimentary tickets are provided to full-time staff and graduate assistants; practice has not been vetted by Budget and Finance

Criteria (control framework or policy that establishes the standard)

As per University Regulation 6-4¹:

C. Use by Internal Users for non-University Purposes. University buildings and grounds and equipment shall not be used by an internal user for personal or private purposes unrelated to University purposes. Internal users who are using University buildings or grounds or equipment as a private citizen may have use of said buildings, grounds or equipment as an external user but only in accordance with the procedures set forth in this Regulation.

IV. FEES

A. Users may be assessed fees, charges and/or deposits for use of University buildings and/or grounds, as set forth in the University Fee Book or applicable Presidential Directives.

B. Any request for a reduction or waiver of any portion, or all, of a fee, charge or deposit shall be submitted to the Vice President for Administration, who shall make the final determination.

As per IRS Publication 15-B, Employer's Tax Guide to Fringe Benefits²:

Any fringe benefit you provide is taxable and must be included in the recipient's pay unless the law specifically excludes it.

As per the 2024 UW Business Fee Book³:

Section 2 of Chapter VIII (STUDENTS) of the Regulations of the Trustees stipulates that "All student fees, charges, refunds, and deposits shall be fixed by resolution of the Trustees and shall be published in the appropriate university publications."

Tickets - Intercollegiate Athletics		FY 2024
Athletic and Special Events	Call UW Ticket Office 307-766-7220	
*Faculty/Staff discount will be in accordance with IRS guidelines.		

¹https://www.uwyo.edu/regs-policies/_files/docs/regulations-2021/uw_reg_6-4_approved_6-16-21.pdf

²<https://www.irs.gov/publications/p15b>

³https://www.uwyo.edu/budget-finance/financial-affairs/_faffles/docs/fee-book/business-feebook-fy-2024-06.30.2023.pdf

Condition (the current state based on testing)

The UW Athletic Tickets Office manages a historical program of providing complimentary admission to athletic events for division Full-Time Staff and Graduate Assistants. This program was found not to have been assessed and approved by the VP of Budget and Finance (Administration) or to include a component of annual reporting to Payroll for consideration as a taxable benefit in annual W-2 calculation.

In addition, this practice is not consistent with the Fee Book.

Consequence (the impact to the unit or the University)

Failure to comply with IRS regulations increases institutional audit risk and may result in substantial penalties due to a finding of non-compliance.

Lack of compliance with the Fee Book puts the institution at risk of missing strategic and financial objectives. Comprehensive and consistent presentation of rates in the Fee Book satisfies an internal control process of review and approval of policies/processes/procedures/fees that are disseminated from the administrative level. Deviations from this process could result in compliance risk.

Corrective Action (action plans that address the condition, recommendations)

It is recommended that the Athletics Ticket and Business Offices collaborate with the Division of Budget and Finance to formally submit the Complimentary Tickets policy granting free tickets to full-time staff and graduate assistants for fee waiver consideration. If a waiver is approved, it is further recommended that the Athletics Ticket and Business Offices collaborate with Budget and Finance to devise a mechanism of annual reporting of calculated fringe benefit received for reporting to Payroll for inclusion in W-2 calculations.

Response:

We agree. Our action plan to implement the audit recommendations is to collaborate with the Division of Budget and Finance to appropriately document the Athletics Complimentary Tickets policy and acquire any requisite approvals. We will also work with the Division of Budget and Finance to determine the taxable liabilities that may be associated with any complimentary tickets provide and ensure that any requisite reporting (i.e. Payroll reporting for withholding) be properly documented and implemented.

The anticipated completion date for these tasks is July 1, 2024, or sooner but will obviously be contingent upon feedback/input from the Division of Budget and Finance. Furthermore, it should be noted that once the Athletics Complimentary Tickets policy is approved/finalized, the Fee Book will be updated accordingly.

Observation #2

Various preventative internal controls were found to be absent

Criteria (control framework or policy that establishes the standard)

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) As per this framework, policies and procedures are critical foundational and directive control designed to encourage the occurrence of stated objectives. This guidance standardizes practice, establishes internal controls to prevent deviation, and mitigates the risks that the lack of uniformity could present to achieving goals. In addition, they: provide transparency, reinforce the commitment to the institutional mission through expectations of compliance, serve as a reference for accountability, and are fundamentally important to succession planning.

The establishment of procedural expectations will lead toward establishing internal controls that: reduce errors, increase effectiveness and efficiency, address risks to the achievement of objectives, provide for succession planning, and transparency.

As per the Standard Administrative Policy and Procedure on Payment Card Industry Compliance⁴:

I. Purpose

The purpose of this policy is to prevent credit card fraud, hacking, and various other security vulnerabilities and threats, and minimize the possibility of a breach of account data by adhering to the Payment Card Industry Data Security Standard (PCI DSS).

IV. Training

All personnel in positions that store, process, transmit, have access to, or affect the security of account data will complete PCI DSS training upon hire and at least annually. All personnel will acknowledge, in writing or electronically, that they have read and understand these security policies and procedures, and that they will comply with these policies. These acknowledgements will be kept in the employee's personnel file.

Condition (the current state based on testing)

In review of policies and procedures, no process was observed to regularly assess staff's access to Paciolan for continued appropriateness and need. One individual was found to have access for a sustained period beyond termination, and another individual retained access beyond need.

UW Athletics and the UW Store engaged in a symbiotic partnership during 2024 in which UW Store engages in athletic events ticket sales though no formalized documentation was observed detailing expectations upon which audit could validate terms of the arrangement.

⁴ <https://www.uwyo.edu/fsbo/files/docs/pci/pci-policy-sap-final8-7-18.pdf>

No employees were found to have completed mandated PCI training as per UW policy which establishes preventative internal controls to mitigate risks associated with accepting credit payments.

Consequence (the impact to the unit or the University)

Incomplete onboarding (training) and offboarding of access to systems presents risks to the monetary and data assets of the institution.

Undocumented understanding of business relationships may result in confusion, ineffectiveness, inefficiencies, inconsistencies, gaps in internal controls, and waste.

Corrective Action (action plans that address the condition, recommendations)

It is recommended that all applicable employees complete PCI training as soon as possible.

It is further recommended that the Athletic Ticket Office Policies and Procedures be modified to include updated guidance regarding.

- A process to regularly review access to assess for continued appropriateness and need.
- A component of mandatory alignment and enforcement of institutional PCI policies; training completion should be considered as a component of performance evaluation.

And that the Athletic Ticket Office collaborates with the UW Store to establish formalized expectations of UW Store athletic ticket sales for shared understanding but also to serve for adequate succession planning. The details of this arrangement may be documented in parallel procedural documentation held by each unit though a formal Memorandum of Understanding submitted through the WyoCloud contract module. To be considered for discussion and inclusion are the following areas.

- Duration
- Financial/sales or profit-sharing arrangements
- Responsibility for cost burdens (equipment maintenance)
- Financial management roles and responsibilities
 - Responsible
 - Accountable
 - Consulted
 - Informed

Response:

We agree. Our action plan to implement the audit recommendations is to:

- A. Adopt an onboarding checklist to include PCI compliance training for all incoming Athletics Ticket Office staff. Additionally, the Associate Athletic Director for Budgeting and Financial Management/designee shall conduct an annual audit of Athletics staff to ensure appropriate PCI compliance trainings are completed.

- B. Adopt a termination checklist to ensure removal of Paciolan access upon termination. Additionally, the Assistant Athletic Director for Ticketing & Sales/designee shall conduct a biannual (at least once after Football season end and once after Basketball season end) audit of all active employees in Paciolan to ensure individuals have been removed and/or access limited, as appropriate.
- C. The Associate Athletic Director for Budgeting and Financial Management/designee will coordinate with the Athletic Ticket Office and University Store to produce a formal Memorandum of Understanding (MOU) between the two units. The resulting MOU shall appropriately document the roles/responsibilities of both parties to ensure adequate documentation and continuity in the event of a staff departure.

The anticipated completion date for these tasks is September 30, 2024 or sooner.

Distribution List

Edward Seidel, President of the University of Wyoming

Alex Kean - Vice President for Budget and Finance

Tom Burman – Athletic Director, Intercollegiate Athletics

Matt Whisenant – Deputy Director, Intercollegiate Athletics

Sam Brodie – Associate AD for Budgeting & Financial Management, Intercollegiate Athletics

Matt Chapman - Assistant AD for Athletics Ticketing and Sales, Intercollegiate Athletics

FISCAL AND LEGAL AFFAIRS COMMITTEE
COMMITTEE MEETING MATERIALS

AGENDA ITEM TITLE: Review of State Match and Footnote Requirements FY24

- OPEN SESSION
- CLOSED SESSION

PREVIOUSLY DISCUSSED BY COMMITTEE:

- Yes
- No

FOR FULL BOARD CONSIDERATION:

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

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

EXECUTIVE SUMMARY: Internal Audit has completed a review of the state match and footnote components of the current UW legislative appropriations. This audit is an engagement in the 23-24 Internal Audit Plan as approved by the Fiscal and Legal Affairs Committee of the Board. The objective of this audit was to identify funding allocations subject to match requirements and to ascertain the effectiveness of operational and financial controls related to management of these funds as well as to ensure compliance with legislation.

Internal Audit began this engagement by reviewing Supplemental Budget enrolled appropriation legislation from the 2023 General Session of the State of Wyoming Legislature as applies to the fiscal biennium commencing July 1, 2022, and ending June 30, 2024 (FY23 & FY24).

PRIOR RELATED COMMITTEE DISCUSSIONS/ACTIONS: NA

WHY THIS ITEM IS BEFORE THE COMMITTEE: As per the 2023-2024 Board of Trustees approved Internal Audit plan.

ACTION REQUIRED AT THIS COMMITTEE MEETING: NA

PROPOSED MOTION: NA



UNIVERSITY OF WYOMING

Internal Audit

Review of State Match and Footnote Requirements – FY24

April 18, 2024

Auditor:

Rebecca Garcia, MBA, CIA

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April 18, 2024

University of Wyoming Board of Trustees:

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Any concerns or areas for improvement identified have been discussed with management and may be subject to follow-up. If the department is not in compliance with criteria, policies, procedures, or best-practice, this situation is described in a formal observation so that the department can develop an action plan to mitigate the risks. The following observations have been made:

- **Observation #1:** Current mechanisms of financial tracking complicate presentation of net results

As UW receives approximately 50% of its full operating budget from the state, it is necessary to mitigate risks to future funding by assuring that current expectations are met. For this reason, consideration should be made for future audit plans to review state match and footnotes as a biennial engagement.

Sincerely,



Becky Garcia MBA, CIA
Acting Director, Internal Audit

Background

Scope Defined

The State of Wyoming operates on a biennial budget for all executive, legislative and judicial branch agencies, including the University of Wyoming. Budgets are drafted for two fiscal years of operations by agency personnel in conjunction with the State Budget Department. Requests are reviewed by the Governor for further recommendations and are ultimately provided to the Wyoming Legislature for consideration. During a Budget Session, a bill ultimately representing action from both house and senate becomes law. Supplemental budget requests and appropriation actions are considered during the General Session.

During the 2023 General Session held in March 2023, an additional \$45,110,000 was supplementally appropriated with 6 additional footnotes outlined.

Section 067. UNIVERSITY OF WYOMING ^{9.}

PROGRAM			
State Aid ^{1., 2., 10., 11.,}			
<u>14., 15.</u>	304,213,013		304,213,013
	<u>324,773,013</u>		<u>324,773,013</u>
Family Medical Residency	14,801,609		14,801,609
WWAMI Medical Education ^{3.}	16,283,547		16,283,547
School of Energy Res. ^{4.,}			
<u>5., 6., 16.</u>	<u>22,468,000</u>		<u>22,468,000</u>
	<u>37,518,000</u>		<u>37,518,000</u>
Tier 1 Engineering	<u>7,584,703</u>		<u>7,584,703</u>
	<u>13,084,703</u>		<u>13,084,703</u>
NCAR MOU	<u>1,528,316</u>		<u>1,528,316</u>
Endowments & Matching ^{7.,}			
<u>8., 12., 13.</u>	<u>2,500,000</u>	25,000,000 ^{§13}	<u>27,500,000</u>
	<u>6,500,000</u>		<u>31,500,000</u>
TOTALS	<u>369,379,188</u>	<u>0</u>	<u>394,379,188</u>
	<u>414,489,188</u>		<u>439,489,188</u>

The following table summarizes the State Match components considered in this review as well as relevant status updates.

Source	\$	Details	Conditions	Status
Budget Session 2022 SF0001 Section 067 Footnote 1	\$10M	State match for funds received by the university from athletics booster organizations or individuals donating funds to be used solely for athletics programs	Recruitment, intercollegiate athletics participation, athletic training equipment; cannot be used for salaries or capital construction; matched on a quarterly basis and subject to reversion	FY23 match met, \$5M was received and fully allocated for expenditure on qualifying categories; full FY24 match met and drawdown of \$5M will be received 4/2024; funds projected to fully expended by year end
Budget Session 2022 SF0001 Section 067 Footnote 2	\$200k	Support the UW rodeo team	NA	FY23 & FY24 drawdown received and fully expended
Budget Session 2022 SF0001 Section 067 Footnote 3	\$1,579,948	WWAMI – unfunded increases to student tuition	Not to be transferred or expended for any other purpose	WWAMI funds are requested from the state quarterly throughout the biennium; funding to support unfunded increases in tuition is fully budgeted in the professional services natural account coding; support has been fully expended
Budget Session 2022 SF0001 Section 067 Footnote 4	\$2M	Nuclear energy collaboration and training program	Available federal funds must first be exhausted; not to be transferred or expended for any other purpose	\$2M has been received from the state and \$404k spent as of report date; SER in working with Admin & Finance expects balances of funds to be legally obligated by FY end in satisfying footnote conditions
Budget Session 2022 SF0001 Section 067 Footnote 6	\$300k	Feasibility study on using carbon dioxide in public works projects	Not to be transferred or expended for any other purpose	Funds have been entirely received from the state and fully expended; reporting conditions were met - initial report provided to legislative committee as per footnote in October 2022

Source	\$	Details	Conditions	Status
Budget Session 2022 SF0001 Section 067 Footnote 7	\$2.5M	1:1 match for excellence in research, education, and extension in ranch and rangeland management	Not to be transferred or expended for any other purpose and subject to reversion 6/30/28	Funds are managed by the Foundation; \$2.49M in matching funds have been committed (\$1.2M received) with \$10k remaining unmatched yet available
Budget Session 2022 SF0001 Section 067 Footnote 8	\$25M	1:1 match for research related to flow through porous media;	Research, experiments, and projects to be conducted in Wyoming to the extent possible on geologic formations and energy extraction opportunities that may be found within Wyoming; not to be transferred or expended for any other purpose	\$22M towards meeting footnote match conditions is committed for porous media projects tied to WY, matching funds to be drawn from the state upon execution of agreement; Budget Session 2024 HB0001 Section 303 reappropriated funds – shall revert on 6/30/25
Budget Session 2022 SF0001 Section 067 Footnote 9	NA	General education reporting requirement	Due by 6/1/22	Conditions met with report provided to legislative committee in May 2022
Budget Session 2022 SF0001 Section 067 Footnote 10	\$250k	Funding effective	Shop Wyoming marketplace or equivalent is made available to Wyoming companies for the sale of firearms and or firearm related products	Conditions satisfied, funds are available and drawn quarterly with other State Aid
General Session 2023 HB0001 Section 067 Footnote 11	\$460k +\$400k	\$460k Compensation increase for 3 vacant and 2 filled pathologist positions in BSL3	Only after 2 vacant BSL3 pathologist positions are filled, an additional \$400k is appropriated for compensation increases for 1 epidemiologist, 2 technicians, and the Director of BSL3	2 vacant BSL3 positions filled 9/8/23; additional funds reported used for competitive salaries for an epidemiologist, a Director and a technician though work continues to legally obligate funds and bring all positions to market
General Session 2023 HB0001 Section 067 Footnote 12	\$1.5M	1:1 match for excellence in research, scholarships, or endowments to support SER	Retained by the State Treasurer in accordance with W.S. 21-16-904	Funds are managed by the Foundation; \$625k in matching funds have been committed (\$83.5k received) with \$875k remaining unmatched yet available

Source	\$	Details	Conditions	Status
General Session 2023 HB0001 Section 067 Footnote 13	\$2.5M	1:1 match for excellence in research, education, and extension in the College of Agriculture	College of Agriculture advisory board must be consulted; shall be retained by the State Treasurer in accordance with W.S. 21-16-904; shall not revert until 6/30/28 ; shall not be transferred or expended for any other purpose	Funds are managed by the Foundation; \$2.5M in matching funds have been received
General Session 2023 HB0001 Section 067 Footnote 14	\$1.5M	3D elevation program data conversion; \$.5M for hosting, dissemination, and public availability of data	Shall not be transferred or expended for any other purpose; shall not revert until 6/30/26	Funds are being managed institutionally; \$1.18 is legally obligated to date, remaining funds are expected to be reappropriated for a different purpose or reverted
General Session 2023 HB0001 Section 067 Footnote 15	\$7.5M	College of Health Sciences plan, develop, and sustain an accredited physician assistant training program	Appropriation to be reduced 1:1 for every \$1 appropriated for this purpose in 2023 HB0195; shall not be transferred or expended for any other purpose; shall not revert	\$107k expended to date for relevant costs, to include search for a Director; funds from state projecting to be fully received by end of FY though funds do not revert
General Session 2023 HB0001 Section 067 Footnote 16	\$300k	SER to undertake technological and economic analysis of feasibility of producing high-grade graphite material from coal and other sources	Shall not be transferred or expended for any other purpose	\$87k expended to date for relevant costs; SER in working with Admin & Finance expects balances of funds to be legally obligated by FY end in satisfying footnote conditions

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 expenditures related to match and footnote requirements per FY23/24 legislation from the 2022 Budget Session. The status includes the risk to the achievement of objectives.

- **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.

The audit steps included:

Test Work Performed	Areas Audited	Status	Sample Size	Summary of Findings/Recommendations
Operational & Strategic Controls	Institutional Policies, Procedures, and Practices	Commendation	NA	<p>A well-developed reconciliation spreadsheet was observed at the institutional level to ensure appropriated funds are received in WyoCloud and footnoted components are tracked. The Budget Office and Accounting Office collaborate on an annual basis and as needed to ensure the fiscal year’s draw schedule matches WOLFS, legislation, and UW Board of Trustees Approved budget. Additionally, the two offices meet every quarter to review state appropriations for any funds that need to be reverted to the State of Wyoming. Every quarter, budget vs. actual reports are reviewed and unexpected variances are investigated for reporting to the Board of Trustees Biennium Budget Committee. Budget and Finance policies and procedures are fully documented and readily available.</p> <p>The Foundation Procedure for Management of State Matching Funds held at the Foundation was reviewed and found to be comprehensive; compliance expectations include management of funds considers and adheres to legislative mandates.</p>

Validate Match Funds Received	All	Satisfactory	100%	The most current match documentation housed by Accounting and the Foundation was reviewed to ensure validity and recording in WyoCloud or Foundation financials.
Validate State Funds Have Been Received and Appropriately Allocated Using WyoCloud Chart of Accounts	All	Improvements Needed	100%	All footnoted and matched funds per legislation were reviewed for receipt and allocation so that revenue and expenditures may be tracked is managed in accordance with criteria. Use of WyoCloud Chart of Accounts tools was inconsistent. (Observation #1)
Verify Budgets Have Been Established	All	Satisfactory	100%	When timing and planning allowed, appropriated funding was found to have been budgeted. As the University of Wyoming budgeting timeline does not parallel the state, discrepancies in budgeted revenue to actuals are not unexpected and no concerns were noted.
Verify Expenditures are Compliant with Requirements	All	Satisfactory	100%	All expenditures allocated towards match/footnoted appropriations were reviewed for compliance and were found to be reasonable, allowable, and allocable. No concerns were noted.

Observation #1

Current mechanisms of financial tracking complicate presentation of net results

Criteria (control framework or policy that establishes the standard)

The Matching Principle in accounting indicates tracking of revenues and expenditures in a standardized manner leads to ultimate common understanding of a net result.

Reconciliation processes are a critical component of maintaining an accurate picture of supplementary accounting records for the purposes of compliance, controlling risk, transparency, and lending to the goal of supporting decision making.

Condition (the current state based on testing)

With funding managed using WyoCloud, chart of accounts tracking mechanisms was not found to be institutionally inconsistent and subject to preferences of decentralized management. In nuanced instances, external ledgers are utilized in a supplemental manner to manage project and fiscal commitments/encumbrances that cannot currently be tracked in WyoCloud due to system limitations. A review of these external ledgers was necessary to validate expenditure/reporting compliance with the relevant footnote. Reconciliation processes were demonstrated and all transactions observed were found to be allowable/allocable/reasonable.

Root Cause (underlying cause that has led to condition)

Match and footnote circumstances tend to vary widely in effective dates, purposes, conditions, amounts, managing division/unit, reversion dates, and reporting expectations.

Consequence (the impact to the unit or the University)

Inconsistent institutional accounting and multiple levels of supplemental records that may not reconcile to the system of record lead to the risks of non-compliance, miscalculation, inconsistencies in reporting, and potentially contribute to confusion in decision making.

Corrective Action (action plans that address the condition, recommendations)

Due to the array of conditions observed in the 23-24 biennial legislation, a one size fits all approach to institutional accounting is unlikely to be effective or efficient. Due to institutional needs for consistent and standard reporting regarding use of these appropriated funds, Budget and Finance should consider the unique needs of legislation in a consistent manner. The proposed chart of accounts structure used consistently will eliminate a layer of external tracking, lead to a less cumbersome process for reconciliations, and provide consistent transparent representation of net results at all levels of the institution. A decision tree guidance document should be developed and disseminated to managing divisions/units.

The institutional award management process may be appropriate in some observed circumstances due to the capability of systems utilized to monitor compliance with effective dates, purposes, conditions, amounts, reversion dates, and reporting expectations. Program Codes may also be assigned to each legislative directive (footnote). Furthermore, in the instances in which multiple qualifying projects require tracking within a footnote, Activity Codes may be further necessary.

Response:

We agree. Our action plan to implement the audit recommendations is to:

A: Establish a decision tree guidance document to disseminate to managing divisions/units. The Division of Budget and Finance has developed internal division guidance regarding the recognition of state appropriations and related expenditures designed to establish consistent practices for appropriations and state match.

B: The Division of Budget and Finance will work with campus users to identify and eliminate any system limitations that may exist and work toward using the institutional award management system as frequently as possible.

The anticipated implementation date for these objectives is July 1, 2024.

Distribution List

Edward Seidel, President of the University of Wyoming

Alex Kean, Vice President, Budget and Finance

Ashlie Reese, Associate Vice President, Finance

Aaron Courtney, Associate Vice President, Budget and Institutional Planning

FISCAL AND LEGAL AFFAIRS COMMITTEE
COMMITTEE MEETING MATERIALS

AGENDA ITEM TITLE: Follow-up Reporting

- OPEN SESSION
- CLOSED SESSION

PREVIOUSLY DISCUSSED BY COMMITTEE:

- Yes
- No

FOR FULL BOARD CONSIDERATION:

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

EXECUTIVE SUMMARY: According to the Institute of Internal Auditors Global Internal Audit Standards, Internal Audit must establish a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action. A follow-up has been performed for all audits due, current updates are provided.

PRIOR RELATED COMMITTEE DISCUSSIONS/ACTIONS: NA

WHY THIS ITEM IS BEFORE THE COMMITTEE: Follow-up of items due as completed per Board of Trustees approved Internal Audit plans.

ACTION REQUIRED AT THIS COMMITTEE MEETING: NA

PROPOSED MOTION: NA



UNIVERSITY OF WYOMING

Internal Audit

Summary Follow-up Report

April 24, 2024

Auditor:

Rebecca Garcia MBA, CIA



April 24, 2024

University of Wyoming Board of Trustees:

According to the Institute of Internal Auditors Global Internal Audit Standards, Internal Audit must establish a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action.

A follow-up has been performed for the following audits. Action items will be given the following assessment rating:

- Complete – Task has been implemented and addressed, and process owner provided full supporting documentation.
- Not Applicable – Management provided justification that either the risk is no longer present, management accepted the risk, or the task is not yet due (i.e., planned completion date is after close of follow-up review fieldwork).
- In Progress – Task is overdue and not fully-implemented, but management has started to address the action plan.
- Not Started – The process owner did not begin addressing the task and it is overdue.



UNIVERSITY OF WYOMING

- **Wyoming State Veterinary Laboratory**

- Original Audit Report Date: July 12, 2022
- Follow-Up Due: January 12, 2023
- Status Update as of April 23, 2024
 - Management has provided documented and well-developed processes for accounts receivable, reconciliations, and cash handling as well as additional areas that will serve beneficial for business continuity and succession planning. Audit is considered closed.

Observation	Reported March, 2024	Progress Since March, 2024
Observation #1: The Q-Pulse , Vetstar Animal Disease Diagnostic System (VADDS), and S2 system lack proper verification of access	Complete	
Observation #2: Processes related to account receivables, reconciliations, and cash handling are incomplete	In Progress	Complete
Observation #3: Elements of lab safety and PCI training have not been completed by staff	Complete	
Observation #4: Advisory committee has not been active as per Wyoming Statute 21-17-308	Complete	

- **Change of Management Audit for the Office of the Provost and Executive Vice President for Academic Affairs**

- Original Audit Report Date: August 22, 2022
- Follow-Up Due: February 22, 2023
- Status Update as of April 18, 2024
 - Unit has demonstrated progress and reports being currently in the process of establishing processes and guidance documents for funding commitments, release time, academic affairs division budgeting, provost subdivision expenditure submissions, and an annual review and update of practices and procedures. The office has tasked specific people to accomplish these guidance documents and processes by the end of Summer 2024. The office is continuing to improve the Academic Affairs website for users and is starting the process of creating an intranet to house guidance documents and processes for the Office of the Provost. FY25 implementation is expected.

Observation	Reported March, 2024	Progress Since March, 2024
Observation #1: Some current operating procedures are not formalized, documented, and/or are dated	In Progress	In Progress



UNIVERSITY OF WYOMING

- **Student Health Services**

- Original Audit Report Date: September 8, 2022
- Follow-Up Due: June 8, 2023
- Status Update as of April 18, 2024
 - The director of Student Health continues to work to implement control measures through prioritizing hire of vacant positions and continuing to assess benefits of and actions needed to acquire accreditation. If full accreditation is pursued, this process is anticipated to take a year to complete with full completion expected in Summer 2025.

Observation	Reported March, 2024	Progress Since March, 2024
Observation #1: Relevant training has not been required or fulfilled	Complete	
Observation #2: Quality control measures have lapsed	In Progress	In Progress

- **Student Course/Program Fees**

- Original Audit Report Date: November 1, 2022
- Follow-Up Due: May 1, 2023
- Status Update as of April 18, 2024
 - Hard Banner coding to address internal controls deficiencies noted at time of audit is in the final stages of development with an expected completion date of May 3rd.

Observation	Reported March, 2024	Progress Since March, 2024
Observation #1: Banner access control deficiencies were identified	In Progress	In Progress
Observation #2: No procedural guidance has been provided to departments that standardizes practices regarding fee accounting and utilization	Complete	
Observation #3: Rolling fund balances were identified that have not been disclosed during the annual assessment process	Complete	



UNIVERSITY OF WYOMING

- **Change of Management Audit for Administration and Finance**
 - Original Audit Report Date: December 22, 2022
 - Follow-Up Due: June 22, 2022
 - Status Update as of April 18, 2024: Complete - Closed
 - Unit has provided thorough standardized procedural documentation defining WyoCloud accounting practices; audit is considered closed.

Observation	Reported March, 2024	Progress Since March, 2024
Observation #1: Current leadership lacks formally documented job descriptions that detail responsibilities	Complete	
Observation #2: Written standardized procedures defining WyoCloud accounting practices were absent and accounting anomalies were observed	In Progress	Complete

- **HR Payroll Review**
 - Original Audit Report Date: December 22, 2022
 - Follow-Up Due: September 22, 2023
 - Status Update as of April 18, 2024
 - Unit continues to advance campus compliance of employee I-9 completion, within the federal timeline. The final design of internal controls is expected to be fully compliant and is progressing toward completion in Summer 2024.

Observation	Reported March, 2024	Progress Since March, 2024
Observation #1: The Fringe Reserve Account has been used for expenditures that do not qualify as “fringe,” per the Federal Fringe Rate Agreement	Complete	
Observation #2: Compliance with I-9 and HCM Funding Form procedures was not enforced	In Progress	In Progress



UNIVERSITY OF WYOMING

- **Operations**

- Original Audit Report Date: March 2, 2023
- Follow-Up Due: 12/2/2023
- Status Update as of April 23, 2024
 - Unit has collaborated with Procurement to outline appropriate documentation in WyoCloud for streamlined processes. Operations has also drafted revisions to the annual consultant agreement template to provide clarity for consultant services relating to bidding and awards. The template revision is currently under review with the capital construction team and will then be submitted to General Counsel. Operations continues to review and draft updates to UniRegs for submission to the Board of Trustees for approval; completion of the remaining observation is expected in conjunction with Observation #1 from the Capital Construction Audit.

Observation	Reported March, 2024	Progress Since March, 2024
Observation #1: Authority and accountability in managing obligations of funds in facility projects lacks clarity	NA	In Progress
Observation #2: Increased transparency would lend to campus understanding and could mitigate rationalizations to circumvent policy	NA	Complete

- **Change of Management: College of Business**

- Original Audit Report Date: October 3, 2023
- Follow-Up Due: April 3, 2024
- Status Update as of April 24, 2024
 - Unit has revised bylaws, developed comprehensive operating procedural documentation, and embedded SMART goal in strategic planning. Audit is considered closed.

Observation	Reported March, 2024	Progress Since March, 2024
Observation #1: Some current operating procedures are not formalized, documented, and/or are dated	NA	Complete



UNIVERSITY OF WYOMING

- **Capital Construction**

- Original Audit Report Date: July 17, 2023
- Follow-Up Due: April 17, 2024
- Status Update as of April 23, 2024
 - UW Operations has completed drafting updates to UniReg 6-1, 6-4 and 6-9. The revisions are currently under internal review. Revisions will then be submitted to General Counsel and ultimately submitted to the Board of Trustees for approval. Completion of Observation #1 is expected in conjunction with Observation #1 from the Operations Audit. UW Operations has worked with Budget and Finance to transition to dedicated WyoCloud fund source accounting for project financial management. A dedicated fund source accounting for each capital project is now set up in WyoCloud before work begins.

Observation	Reported March, 2024	Progress Since March, 2024
Observation #1: Institutional guidance documentation is either not present or not representative of current practices	NA	In Progress
Observation #2: Current mechanisms of financial tracking of expenditures and revenue complicate presentation of net results	NA	Complete



UNIVERSITY OF WYOMING

- **Change of Management: College of Health Sciences**

- Original Audit Report Date: July 18, 2023
- Follow-Up Due: April 18, 2024
- Status Update as of April 18, 2024
 - Unit has successfully provided evidence of recommendations in place to resolve two observations. The current Acting Dean of the College of Health Sciences is in the process of forming a working group to provide recommendations related to Observation #2 and anticipates full implementation and resolution will take 6 months.

Observation	Reported March, 2024	Progress Since March, 2024
Observation #1: The Student Pharmacy does not have documented fund handling procedures and staffing fluctuations compromise internal controls	NA	Complete
Observation #2: Documented operational, financial, and personnel guidelines have not been fully developed to ensure effective and efficient progress toward shared strategic objectives between the college and EHCW	NA	In Progress
Observation #3 Procedures for independent verification of access have not been established	NA	Complete

Sincerely,

Becky Garcia MBA, CIA
Acting Director of Internal Audit

FISCAL AND LEGAL AFFAIRS COMMITTEE
COMMITTEE MEETING MATERIALS

AGENDA ITEM TITLE: Internal Audit Charter

- OPEN SESSION
- CLOSED SESSION

PREVIOUSLY DISCUSSED BY COMMITTEE:

- Yes
- No

FOR FULL BOARD CONSIDERATION:

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

EXECUTIVE SUMMARY: The Internal Audit Charter is reviewed and approved by the Board of Trustees Fiscal and Legal Affairs Committee (FLAC) annually as per the Annual Schedule of Items.

PRIOR RELATED COMMITTEE DISCUSSIONS/ACTIONS: NA

WHY THIS ITEM IS BEFORE THE COMMITTEE: As per Annual Schedule of Items.

ACTION REQUIRED AT THIS COMMITTEE MEETING: Seeking approval for the Internal Audit Charter as presented.

PROPOSED MOTION: "I move that the Fiscal and Legal Affairs Committee approves the Internal Audit Charter as presented and moves for full Board approval."

Background:

The Internal Audit Charter is reviewed and approved by the Fiscal and Legal Affairs Committee (FLAC) of the Board of Trustees as per the Annual Schedule of Items.

The new Global Internal Audit Standards, released January 9, 2024, will become effective January 9, 2025. Internal audit functions may start adopting the Standards now. The previous version, the International Standards for the Professional Practice of Internal Auditing¹ released in 2017, remains approved for use during a one-year transition period.

As per the Institute of Internal Auditors Global Internal Audit Standards:

Standard 6.2 Internal Audit Charter: The chief audit executive must develop and maintain an internal audit charter that specifies, at a minimum, the internal audit function's:

- Purpose of Internal Auditing.
- Commitment to adhering to the Global Internal Audit Standard.
- Mandate, including scope and types of services to be provided, and the board's responsibilities and expectations regarding management's support of the internal audit function.
- Organizational position and reporting relationships.

¹ <https://www.theiia.org/en/standards/what-are-the-standards/mandatory-guidance/standards/>

University of Wyoming Internal Audit Charter

Internal Audit Mandate

The University of Wyoming Board of Trustees empowers the internal audit function to provide the board and senior management with objective assurance, advice, insight, and foresight. The internal audit function will carry out this mandate by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of governance, risk management, and control processes throughout the organization.

Purpose, Process, and Mission

The purpose of the University of Wyoming's Internal Audit department is to provide independent, objective assurance and consulting services designed to add value and improve university operations. This purpose is established by the Institute of Internal Auditors and reciprocated in the Internal Audit Charter of the University of Wyoming. Internal auditing strengthens the University's ability to create, protect, and sustain value by providing the board and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

Audits are performed based on a risk-based audit plan that is flexible so that Internal Audit can respond to emerging risks to include being one point of contact for addressing violations of laws, misuse of university resources, fraud, waste, abuse, etc., and cooperate with other units to coordinate a review of those concerns as deemed appropriate.

The process of performing audits includes an initial risk assessment, the development of an audit program, testing, communication of results, collaboration, finalization of recommendations, obtaining management's action plan to mitigate risks, and reporting to the board for evaluation of management's response relative to the board's risk tolerance.

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

Commitment to Adherence to the Global Internal Audit Standards

The Internal Audit department will govern itself by adherence to the mandatory elements of The Institute of Internal Auditors (IIA) Global Internal Audit Standards.

Authority

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

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

- Approve the Internal Audit department's charter.
- Approve the risk-based Internal Audit plan.
- Approve the Internal Audit department's budget and resource plan.
- Receive communications from the Director of Internal Audit on the Internal Audit department's performance relative to its plan and other matters.
- Approve decisions regarding the appointment and removal of the Director of Internal Audit.
- Approve the remuneration of the Director of Internal Audit.
- Make appropriate inquiries of management and the Director of Internal Audit to determine whether there is inappropriate scope or resource limitations.

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

The Fiscal and Legal Affairs Committee authorizes the Internal Audit department to:

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

Independence and Objectivity

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

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

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

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

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

Internal Auditors will:

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

The Director of Internal Audit will confirm to the Fiscal and Legal Affairs Committee, at least annually, the organizational independence of the Internal Audit department. The Director of Internal Audit will disclose to the Fiscal and Legal Affairs Committee any interference and related implications in determining the scope of Internal Auditing, performing work, and/or communicating results.

Scope of Internal Audit Activities

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

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

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

- The Internal Audit department's purpose, authority, and responsibility.
- The Internal Audit department's plan and performance relative to its plan.
- Any changes that may affect the Internal Audit department's charter or mandate.
- The Internal Audit department's plan and budget, as well as resource requirements.
- Results of internal audit services, including conclusions, significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by, the Fiscal and Legal Affairs Committee.
- Progress towards and results of a quality assurance and improvement program.
- Any response to risk by management that may be unacceptable to the University of Wyoming Board of Trustees.

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

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

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

Responsibility

The Director of Internal Audit has the responsibility to:

- Submit, at least annually, to senior management and the Fiscal and Legal Affairs Committee a risk-based Internal Audit plan for review and approval.
- Communicate to senior management and the Fiscal and Legal Affairs Committee the impact of resource limitations on the Internal Audit plan.
- Review and adjust the Internal Audit plan, as necessary, in response to changes in the University of Wyoming's business, risks, anonymous reports, operations, programs, systems, and controls.
- Communicate to senior management and the Fiscal and Legal Affairs Committee any significant interim changes to the Internal Audit plan.
- Ensure each engagement of the Internal Audit plan is executed, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work programs and testing results, and the communication of engagement results with applicable conclusions and recommendations to appropriate parties.
- Follow up on engagement findings and corrective actions, and report periodically to senior management and the Fiscal and Legal Affairs Committee any corrective actions not effectively implemented.
- Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld.
- Ensure the Internal Audit department collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the Internal Audit charter.

Global Internal Audit Principles and Standards – Ethics and Professionalism

The following outlines the behavioral expectations for professional internal auditors; including chief audit executives, other individuals, and any entities that provide internal audit services. Conformance with these principles and standards instills trust in the profession of internal auditing, creates an ethical culture within the internal audit function, and provides the basis for reliance on internal auditors' work and judgment.

- Principle 1: Demonstrates integrity.
- Principle 2: Maintain Objectivity.
- Principle 3: Competency.
- Principle 4: Exercise Due Professional Care.
- Principle 5: Maintain Confidentiality.

Definition of Internal Auditing

Internal Auditing is an independent, objective assurance and advisory service 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 governance, risk management, and control processes.

FISCAL AND LEGAL AFFAIRS COMMITTEE
COMMITTEE MEETING MATERIALS

AGENDA ITEM TITLE: Internal Audit Plan

- OPEN SESSION
- CLOSED SESSION

PREVIOUSLY DISCUSSED BY COMMITTEE:

- Yes
- No

FOR FULL BOARD CONSIDERATION:

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

EXECUTIVE SUMMARY: The annual Internal Audit Plan is reviewed and approved by the Fiscal and Legal Affairs Committee (FLAC) of the Board of Trustees as per Trustee Bylaws and the Annual Schedule of Items. This plan begins on September 1, 2024, and runs through August 31, 2025.

PRIOR RELATED COMMITTEE DISCUSSIONS/ACTIONS: NA

WHY THIS ITEM IS BEFORE THE COMMITTEE: As per Trustee Bylaws and Annual Schedule of Items.

ACTION REQUIRED AT THIS COMMITTEE MEETING: Seeking approval for the Internal Audit Plan as presented.

PROPOSED MOTION: "I move that the Fiscal and Legal Affairs Committee approves the Internal Audit Plan as presented and moves for full Board approval."

Background:

The annual Internal Audit Plan is reviewed and approved by the Fiscal and Legal Affairs Committee (FLAC) of the Board of Trustees as per Trustee Bylaws and the Annual Schedule of Items. This plan begins on September 1, 2024, and runs through August 31, 2025.

As per the Institute of Internal Auditors Global Internal Audit Standards:

Standard 9.4 Internal Audit Plan: The chief audit executive must base the internal audit plan on a documented assessment of the organizations' strategies, objects, and risks. This assessment must be informed by input from the board and senior management as well as the chief audit executive's understanding of the organization's governance, risk management, and controls processes. This assessment must be performed at least annually.

Methodology:

The methodology used in preparing this plan in accordance with Standard 9.4 consisted of the following steps.

1. The 2024 Annual Risk Assessment was performed, and results were reviewed. Input from senior management and the board was included in the assessment. Auditable elements were assessed and added to the Internal Audit Plan.
2. Risks were assessed and added to the Internal Audit Plan.
3. Annual audit mandates were added to the Internal Audit Plan.
 - a. Follow-up activity required by the Institute of Internal Auditors (IIA) Global Internal Audit Standards
 - b. Rules-Compliance audits required/advised by the National Collegiate Athletic Association (NCAA)
 - c. Other regular/annual audits deemed necessary due to risk.
4. Input from members of the President's Cabinet and other UW leadership was considered and auditable areas were added to the Internal Audit Plan.

Internal Audit Resources:

The Office of Internal Audit is projected to be staffed with three (3) Full Time Equivalent (FTE) audit personnel by July 1, 2024.

2024-2025 Internal Audit Plan

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

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

AGENDA ITEM TITLE: Quarterly Investment Performance Report

- OPEN SESSION
- CLOSED SESSION

PREVIOUSLY DISCUSSED BY COMMITTEE:

- Yes
- No

FOR FULL BOARD CONSIDERATION:

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

Attachments/materials are provided in advance of the meeting.

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

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

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

ACTION REQUIRED AT THIS COMMITTEE MEETING: None

PROPOSED MOTION: None



University of Wyoming

Investment Performance Review For the Quarter Ended March 31, 2024

Client Management Team

Joan Evans, Director
Gray Lepley, Portfolio Strategist
Amber Cannegieter, Key Account Manager

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Agenda

- Market Update
- Account Summary
- Portfolio Review

Market Update

Current Market Themes



- ▶ The U.S. economy is characterized by:
 - ▶ Robust growth that continues to show surprising strength
 - ▶ Sticky inflation that remains above the Federal Reserve (Fed)'s 2% target
 - ▶ Labor markets continuing to show impressive job gains and low unemployment
 - ▶ Resilient consumer spending supported by wage growth that is outpacing inflation



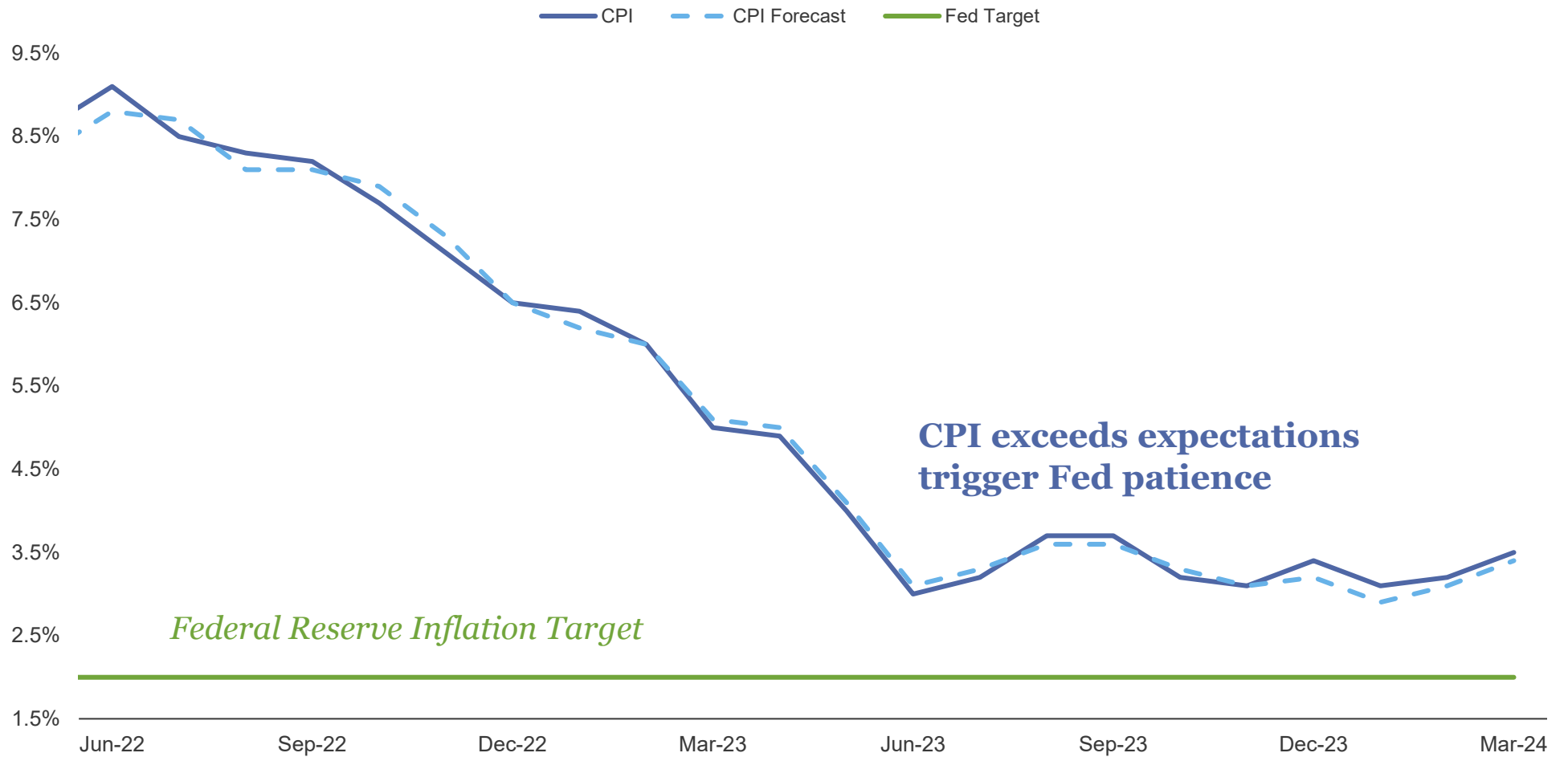
- ▶ Federal Reserve reaffirms rate cut expectations
 - ▶ Forecast of 75 basis points of cuts this year
 - ▶ After entering the year expecting 6 cuts in 2024, markets have adjusted their expectations to only 2 to 3 cuts in 2024
 - ▶ Fed officials reaffirm that restoring price stability is the priority, but further confidence in inflation moving toward the 2% target is needed, which may delay the timing of rate cuts



- ▶ Treasury yields increase following the change in market expectations
 - ▶ Yields on maturities between 2 and 10 years rose 30-40 basis points during the quarter
 - ▶ Yield curve inversion persists
 - ▶ Spreads in most sectors fell to multi-year lows given the strong economic environment

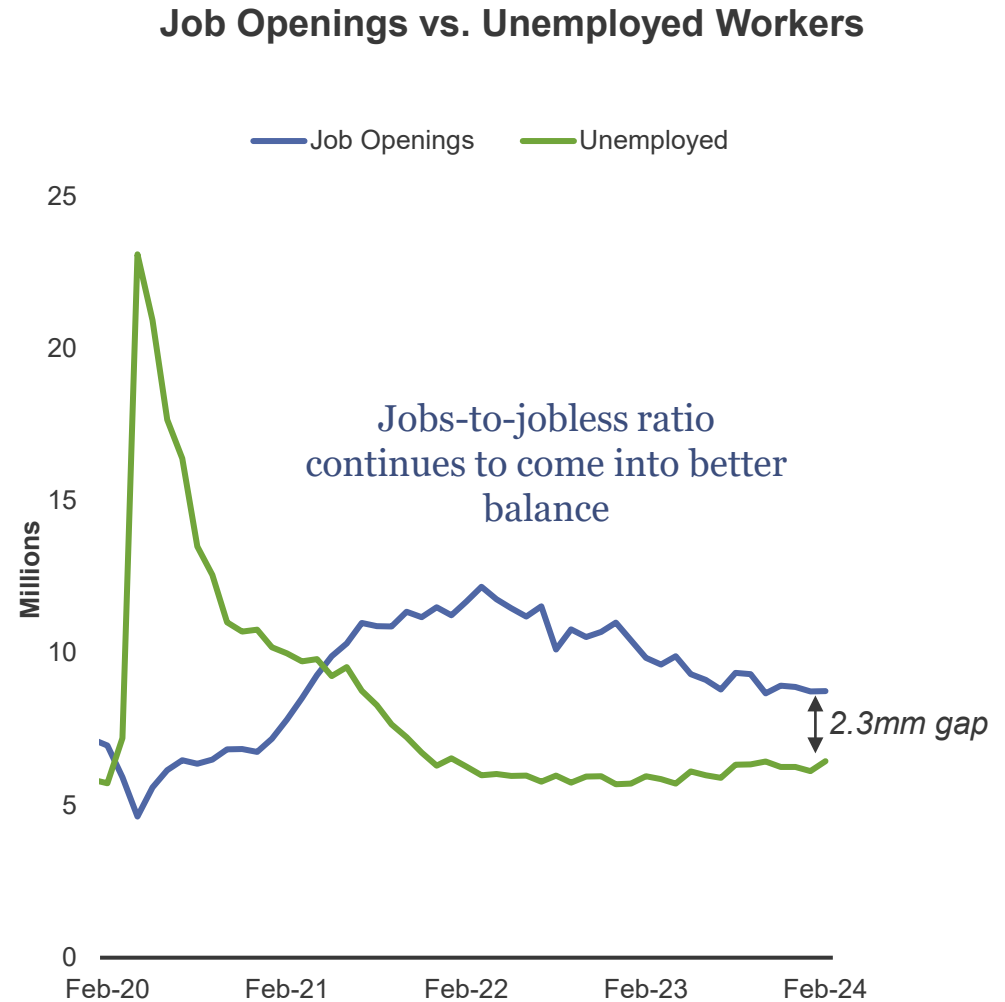
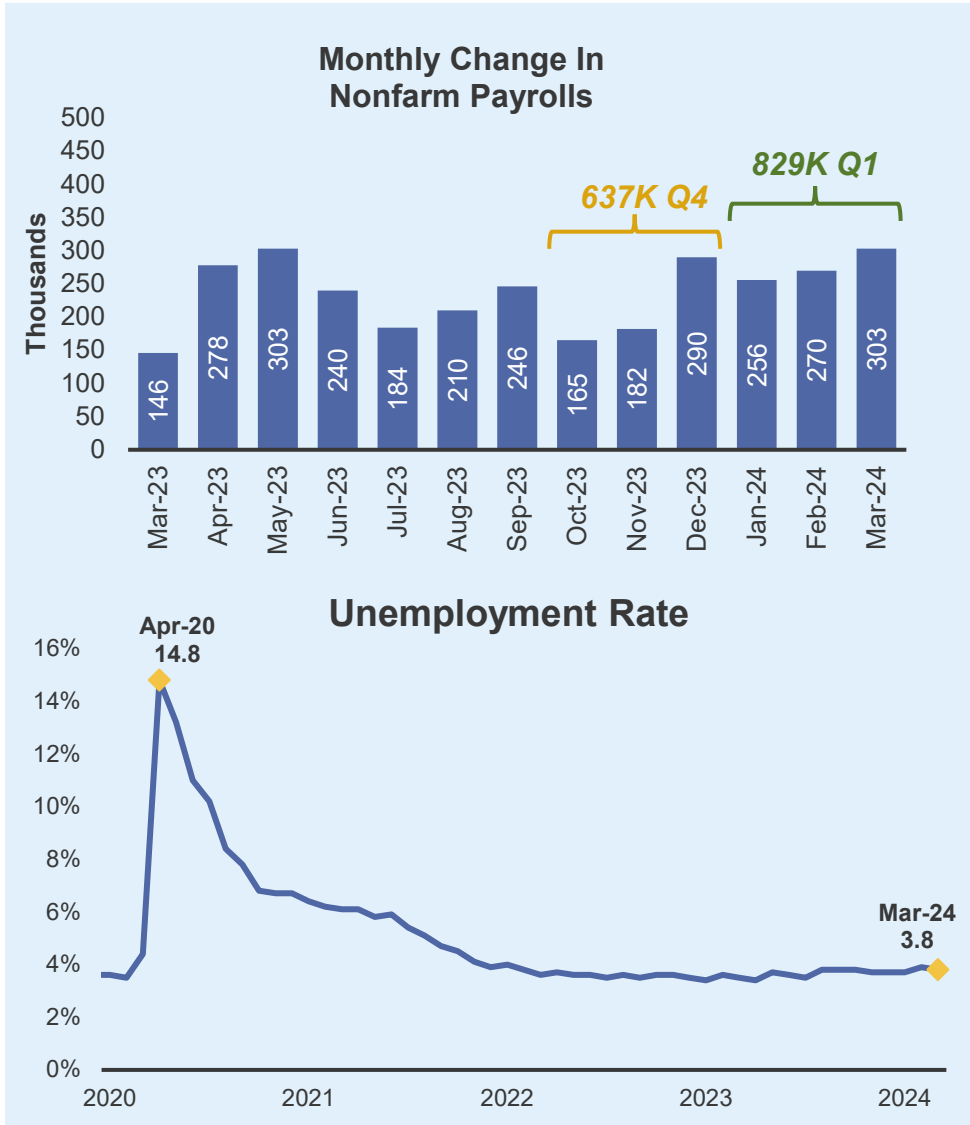
Inflation Remains Range Bound After Significant Decline in CPI in 2022 and Early 2023

Consumer Price Index Year-Over-Year Changes



Source: Bloomberg, as of 3/31/2024.

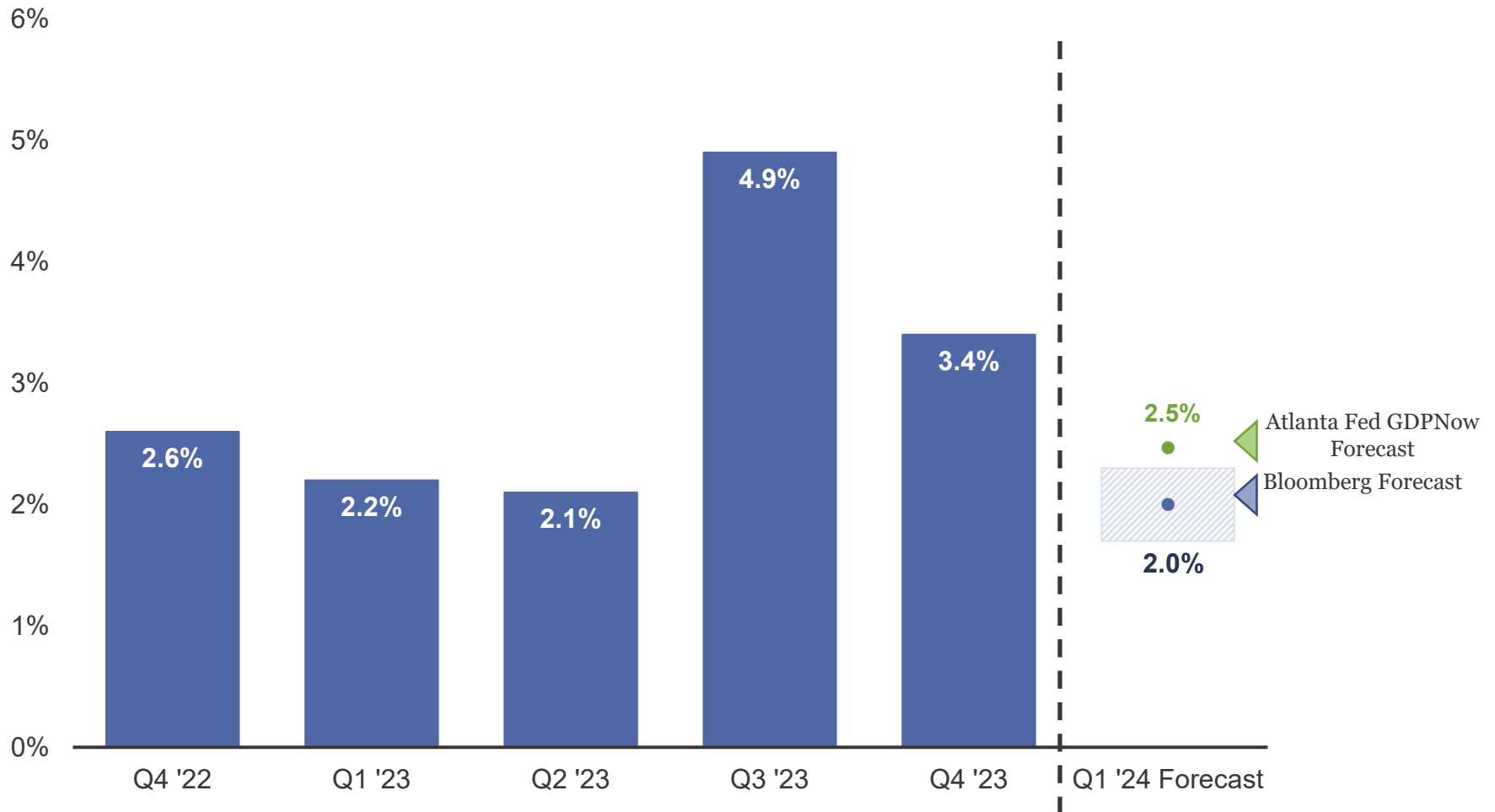
Labor Market Remains Strong



Source: Bloomberg. Job openings as of February 2024. Monthly change in nonfarm payrolls and unemployment rate as of March 2024. Data is seasonally adjusted.

Consumer Spending Continues to Drive Strong Economic Growth

U.S. GDP

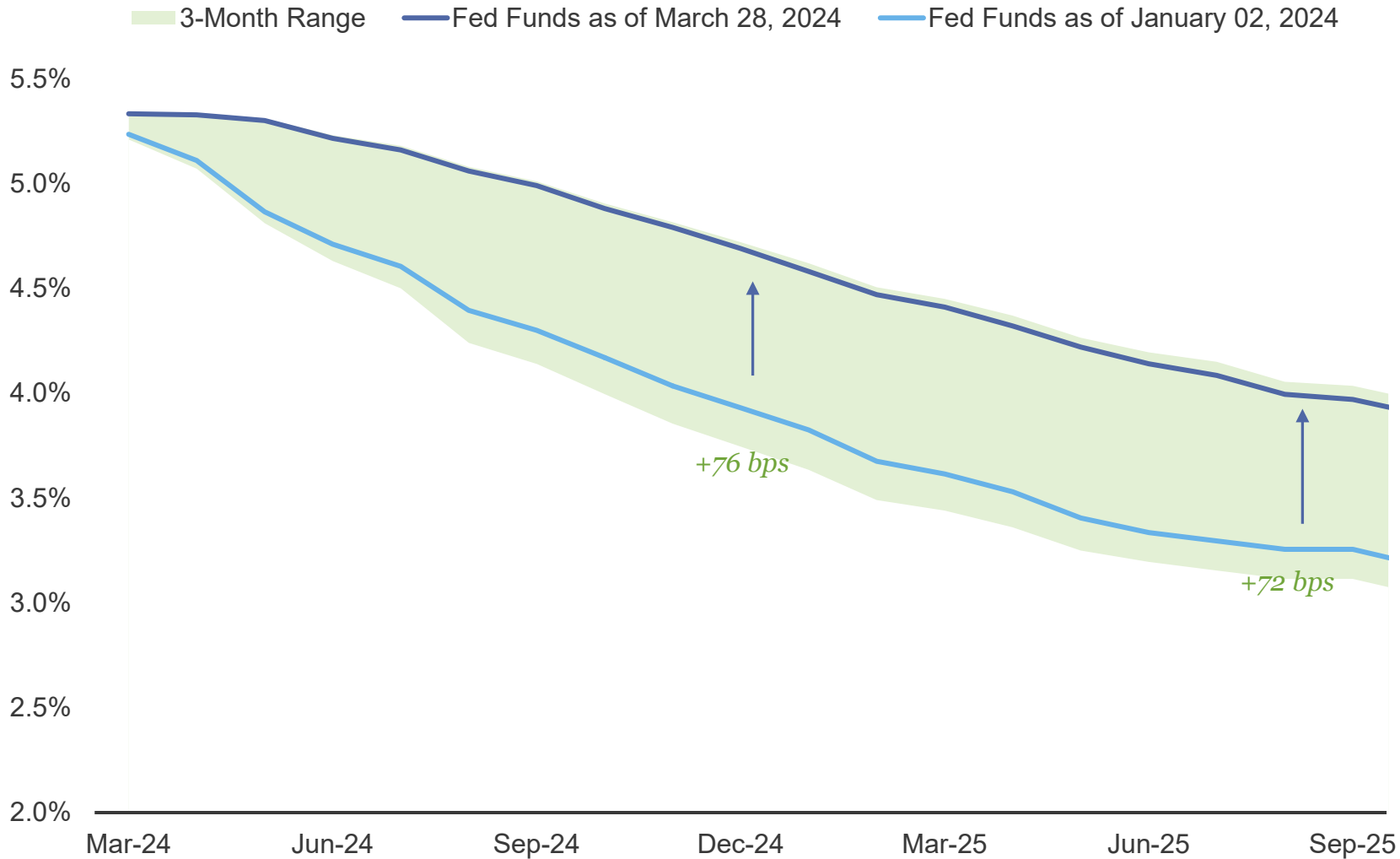


Source: Bureau of Economic Analysis, U.S. Department of Commerce; as of March 28, 2024.

GDPNow estimates provided by the Federal Reserve Bank of Atlanta; as of April 4, 2024. The Atlanta Fed GDPNow estimate is a model-based projection not subject to judgmental adjustments. It is not an official forecast of the Atlanta Fed, its president, the Federal Reserve System, or the Federal Open Market Committee. Bloomberg Forecasts as of March 2024.

Market Reversed Course and Now Expects a Slower Pace of Rate Cuts

Implied Fed Funds Rate



Market reprices expectations for number of cuts in 2024 in response to hotter than expected inflation and a resilient labor market

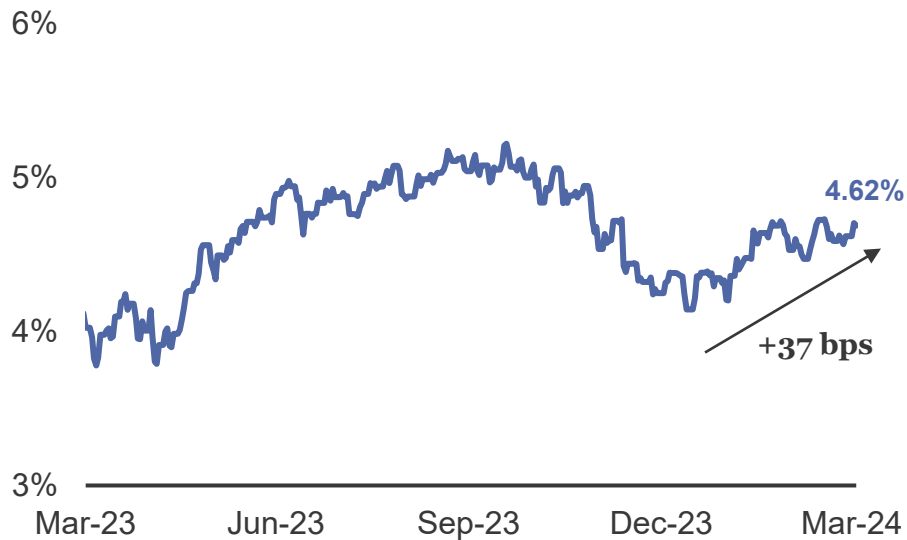
Source: Bloomberg, as of March 2024.

Yields Reprice on Fed Patience

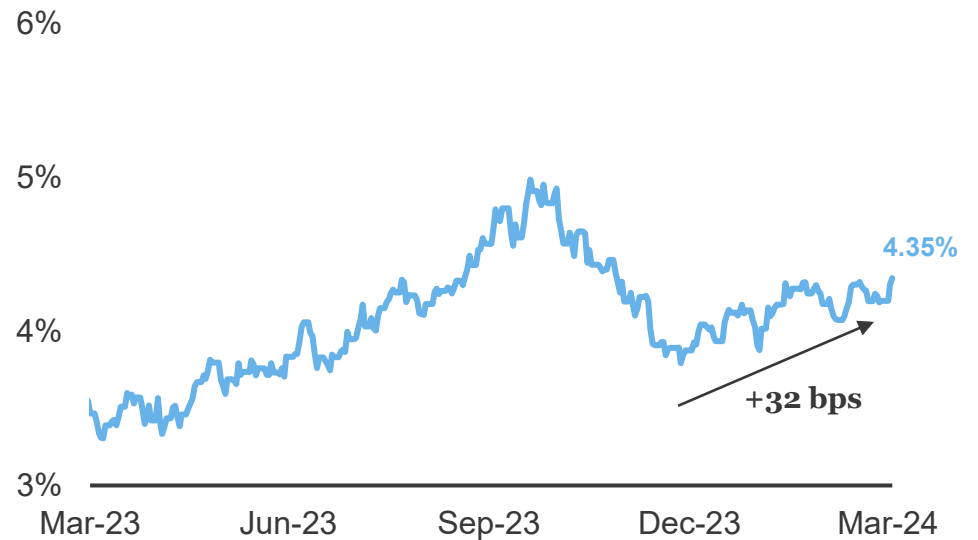
**From the
March 24 FOMC
Meeting
Press Conference**

“...the Committee needs to see **more evidence** to build our **confidence** that inflation is moving down sustainably toward our 2 percent goal, and **we don’t expect that it will be appropriate to begin to reduce rates until we’re more confident** that that is the case”

2-Year Treasury Yield



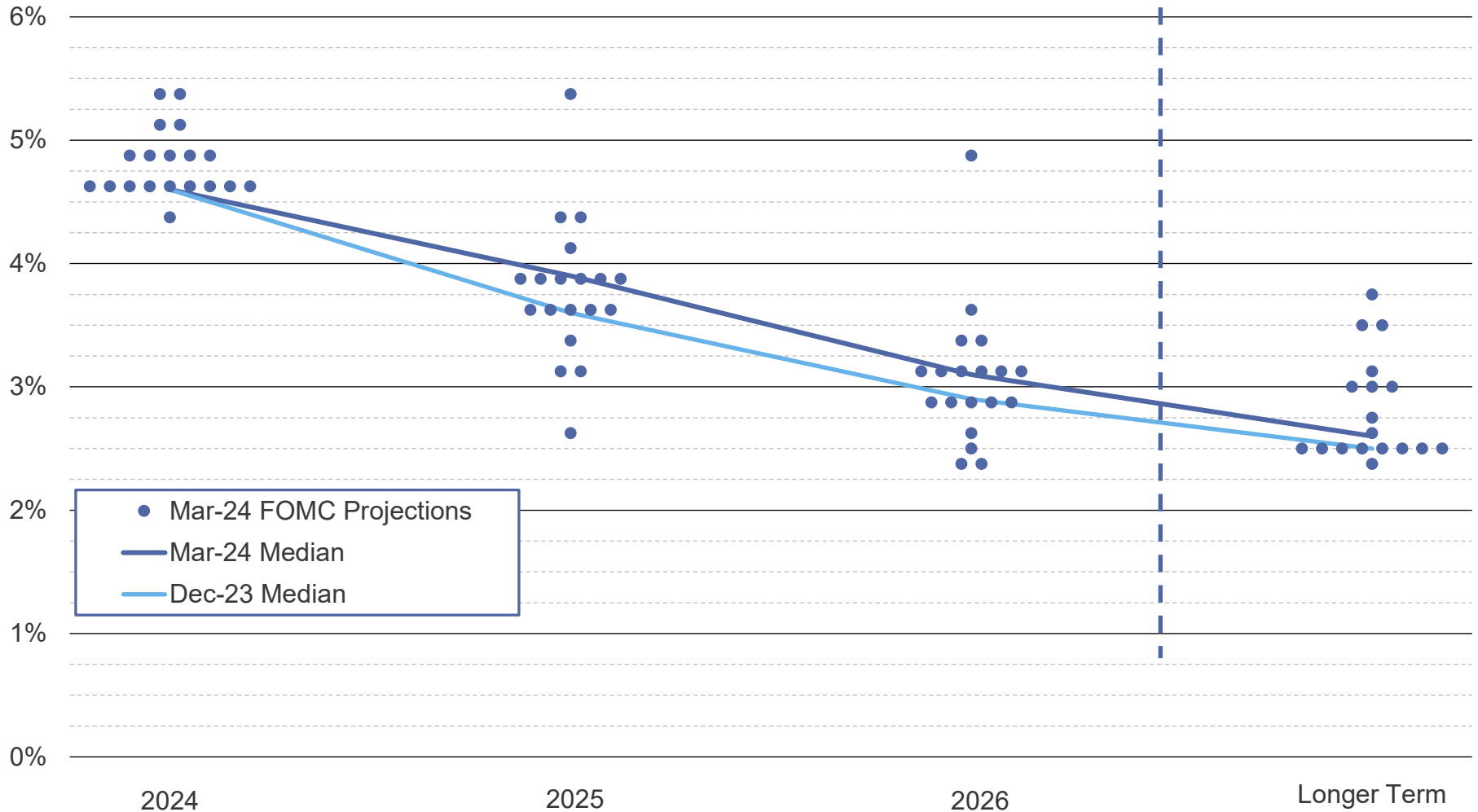
10-Year Treasury Yield



Source: Federal Reserve, Bloomberg, as of 3/31/2024.

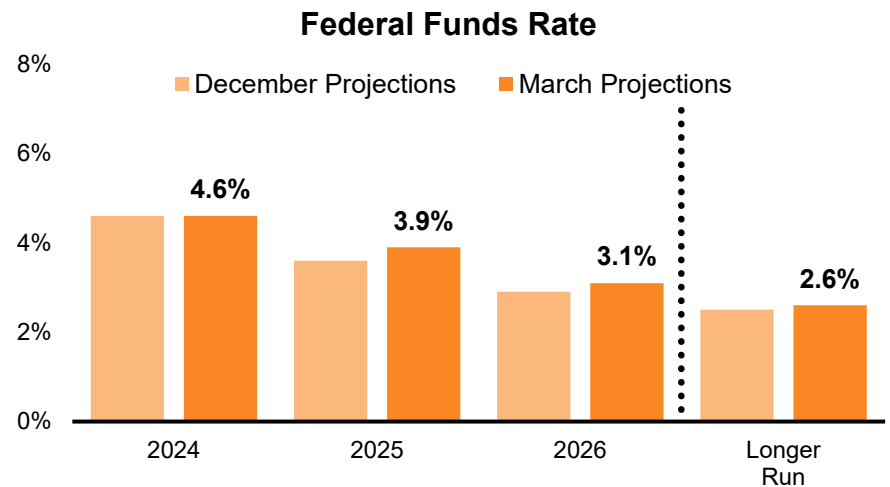
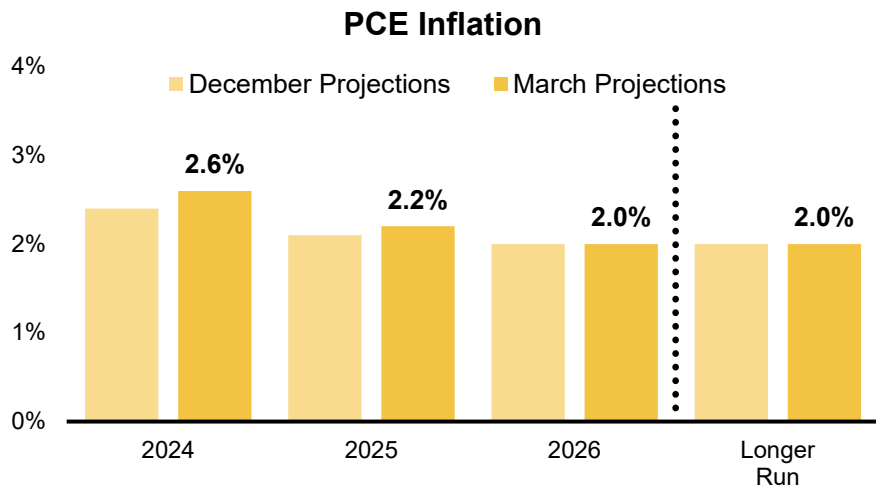
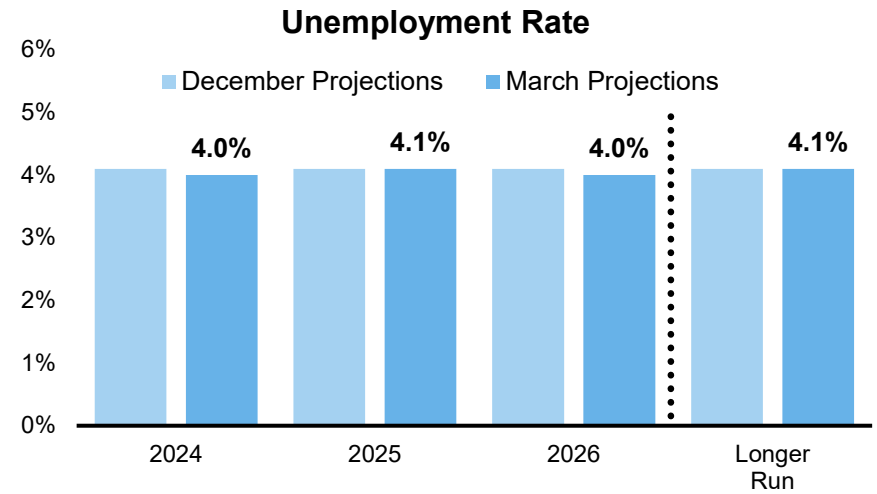
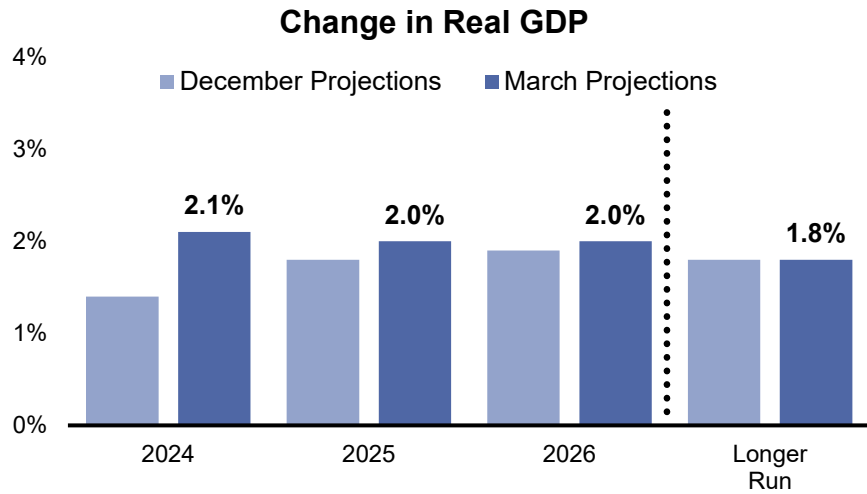
Fed's Updated "Dot Plot" Shows Little Change in 2024 Expectation

Fed Participants' Assessments of 'Appropriate' Monetary Policy



Source: Federal Reserve. Individual dots represent each Fed members' judgement of the midpoint of the appropriate target range for the federal funds rate at each year-end.

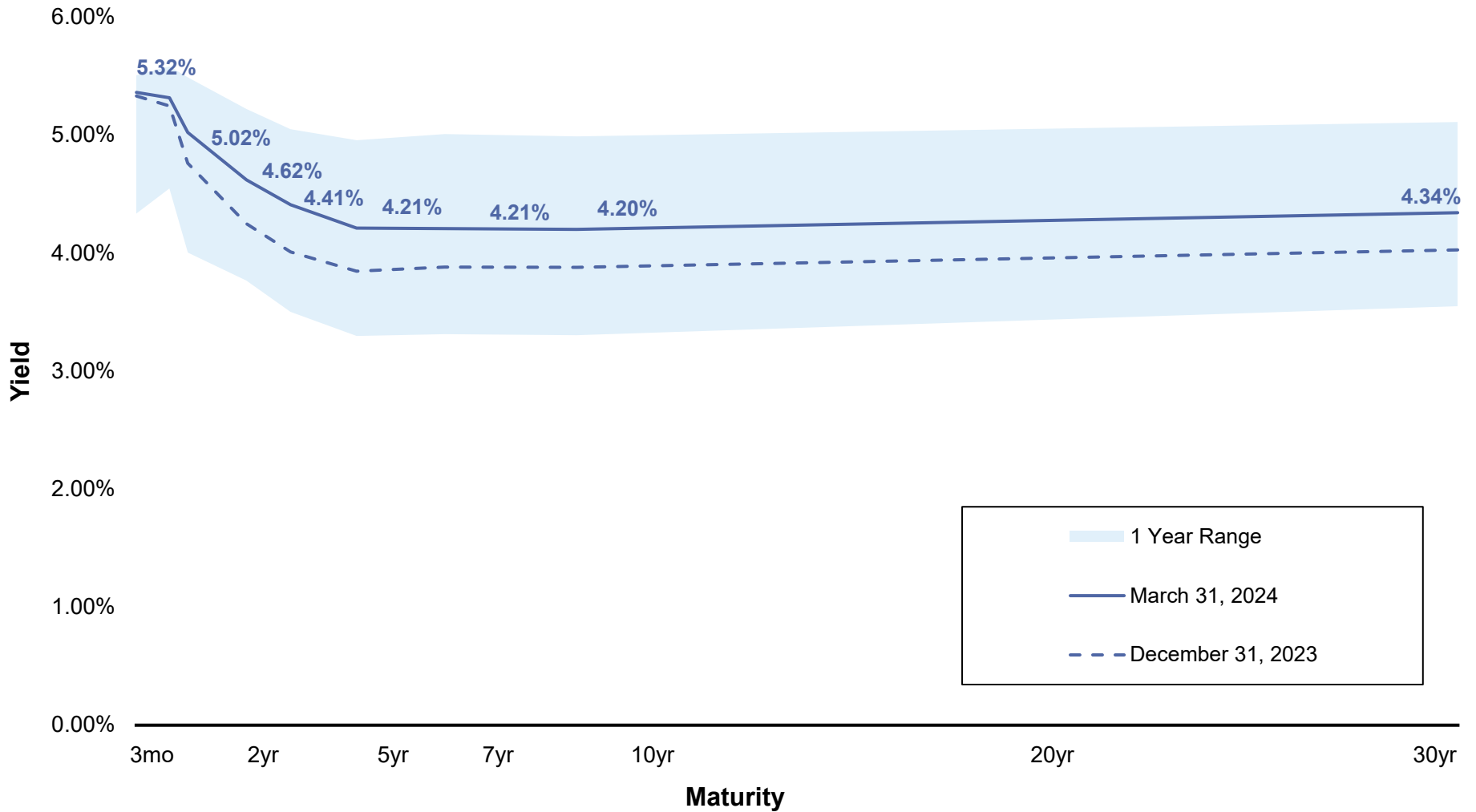
Summary of Economic Projections Show Stronger Economic Story



Source: Federal Reserve, latest economic projections as of March 2024.

Treasury Yields Move Higher as Market Evolves to Revised Fed Expectations

U.S. Treasury Yield Curve



Source: Bloomberg, as of 3/31/2024.

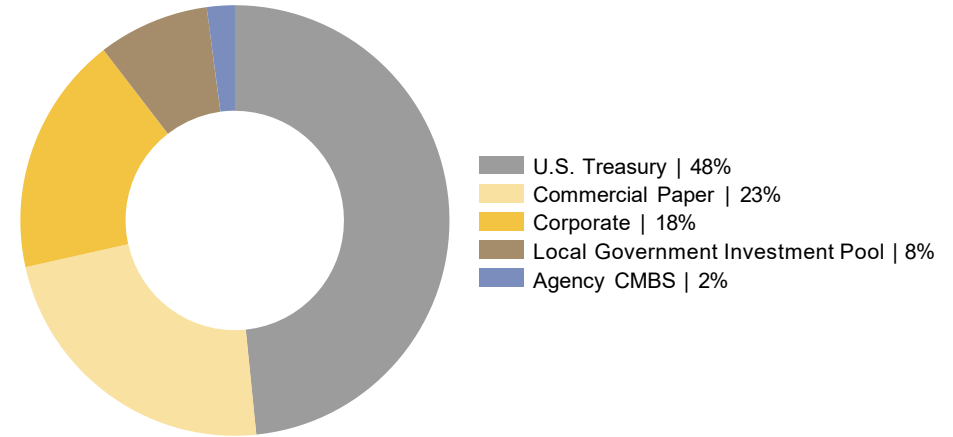
Account Summary

Consolidated Summary

Account Summary

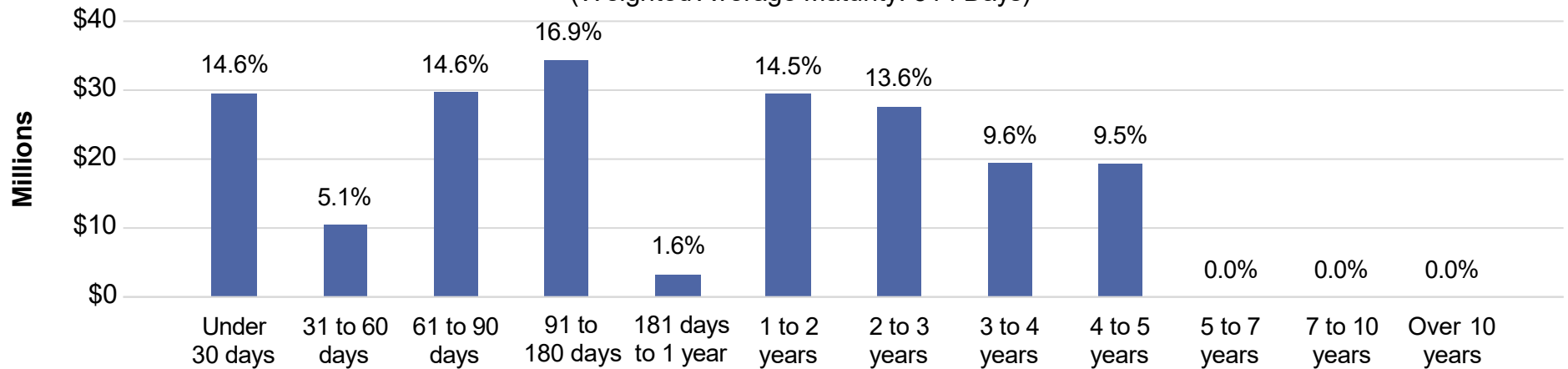
WGIF	\$168,725,974
WGIF Managed Account	\$284,170,814
Total Program	\$452,896,788

Sector Allocation



Maturity Distribution

(Weighted Average Maturity: 514 Days)



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

Certificate of Compliance

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

Acknowledged : *PFM Asset Management LLC*

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

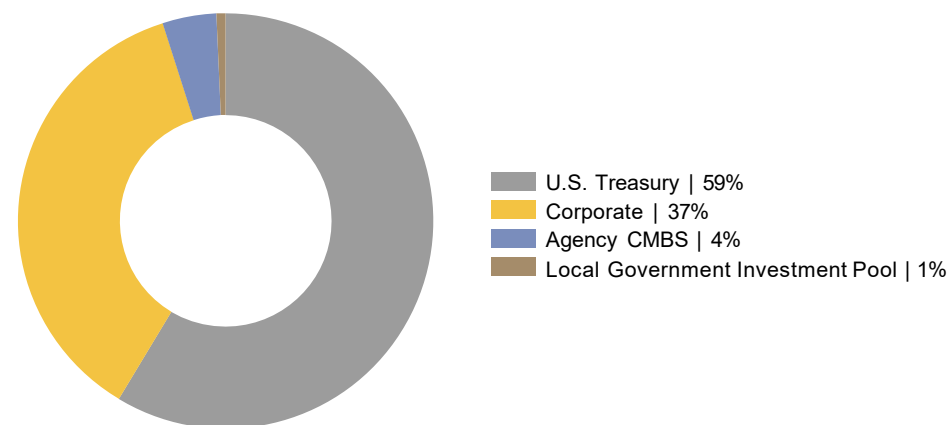
Portfolio Review: WGIF-UNIVERSITY OF WYOMING CORE

Portfolio Snapshot - WGIF-UNIVERSITY OF WYOMING CORE¹

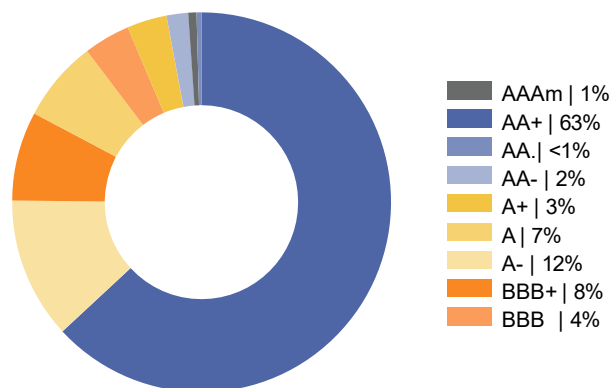
Portfolio Statistics

Total Market Value	\$100,101,132.26
Managed Account Sub-Total	\$98,723,068.05
Accrued Interest	\$674,162.69
Pool	\$703,901.52
Portfolio Effective Duration	2.46 years
Benchmark Effective Duration	2.49 years
Yield At Cost	3.16%
Yield At Market	4.69%
Portfolio Credit Quality	AA

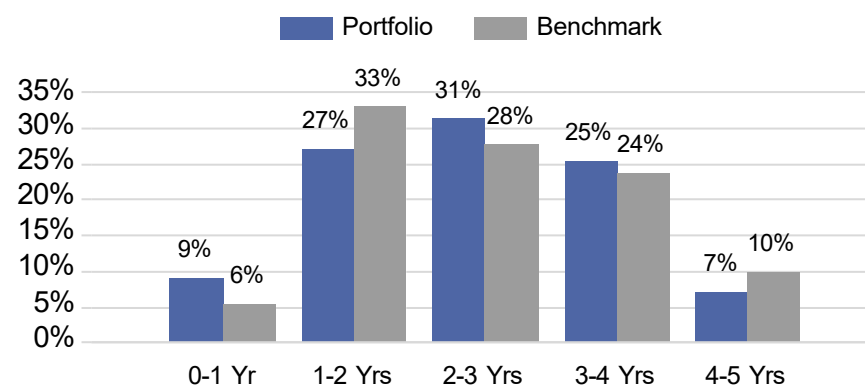
Sector Allocation



Credit Quality - S&P



Duration Distribution



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

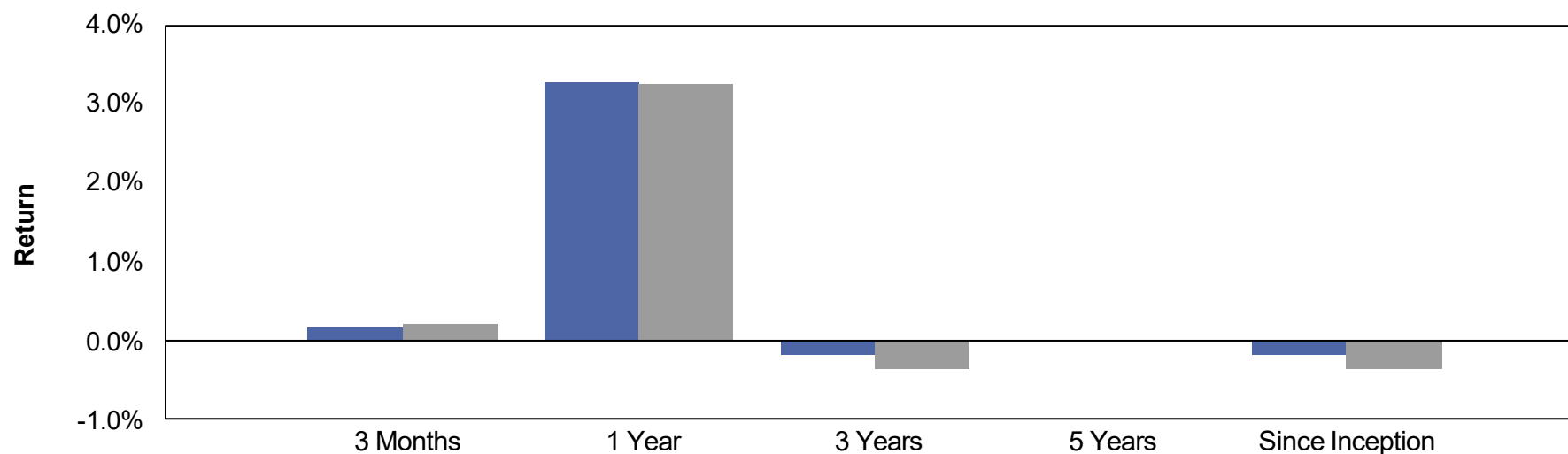
Yield and duration calculations exclude balances invested in WGIF.

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

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

Portfolio Performance

Portfolio Benchmark



Market Value Basis Earnings	3 Months	1 Year	3 Years	5 Years	Since Inception ¹
Interest Earned ²	\$686,611	\$2,441,656	\$4,784,428	-	\$4,784,428
Change in Market Value	(\$532,045)	\$716,911	(\$4,994,046)	-	(\$4,994,046)
Total Dollar Return	\$154,566	\$3,158,567	(\$209,618)	-	(\$209,618)
Total Return³					
Portfolio	0.16%	3.28%	-0.19%	-	-0.19%
Benchmark ⁴	0.20%	3.26%	-0.36%	-	-0.36%
Difference	-0.04%	0.02%	0.17%	-	0.17%

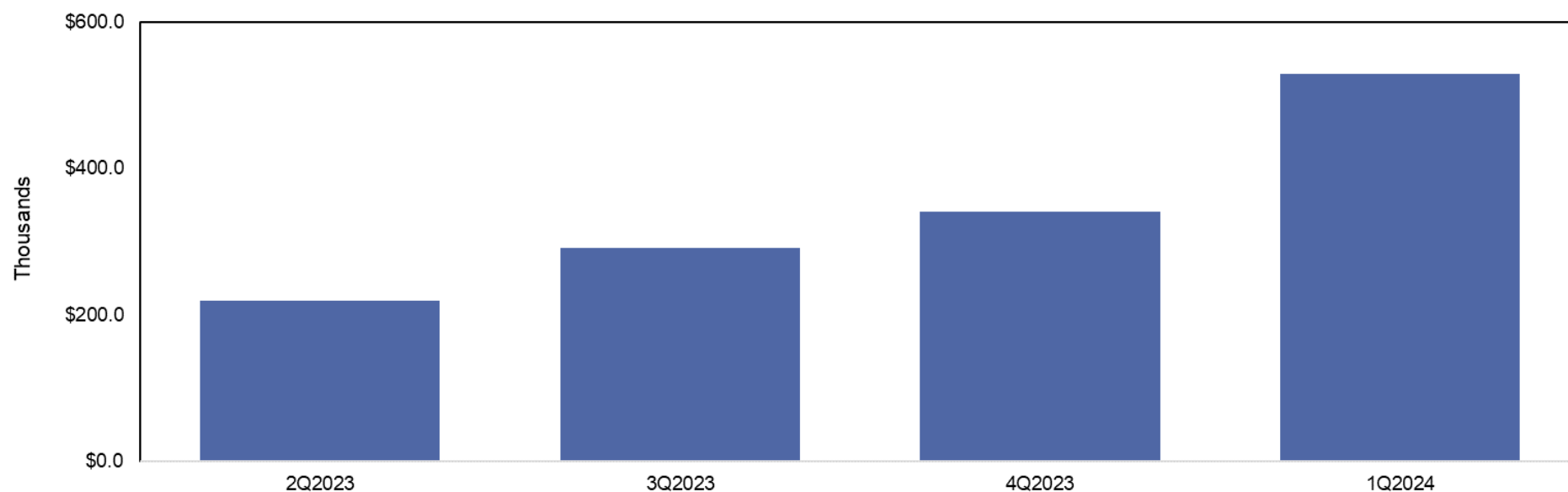
1. The lesser of 10 years or since inception is shown. Since inception returns for periods one year or less are not shown. Performance inception date is March 31, 2021.

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

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

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

Accrual Basis Earnings - WGIF-UNIVERSITY OF WYOMING CORE



Accrual Basis Earnings	2Q2023	3Q2023	4Q2023	1Q2024
Interest Earned ¹	\$518,728	\$592,664	\$643,653	\$686,611
Realized Gains / (Losses) ²	(\$282,366)	(\$296,267)	(\$332,052)	(\$231,528)
Change in Amortized Cost	(\$17,180)	(\$5,010)	\$30,072	\$73,343
Total Earnings	\$219,182	\$291,386	\$341,673	\$528,426

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

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

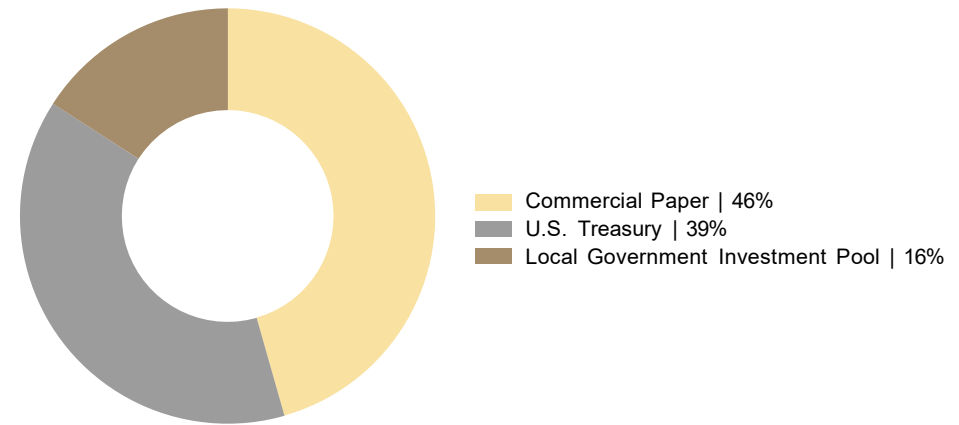
Portfolio Review:
WGIF-UNIVERSITY OF WYOMING SHORT TERM

Portfolio Snapshot - WGIF-UNIVERSITY OF WYOMING SHORT TERM¹

Portfolio Statistics

Total Market Value	\$102,677,574.26
Managed Account Sub-Total	\$86,376,627.00
Accrued Interest	\$0.00
Pool	\$16,300,947.26
Portfolio Effective Duration	0.25 years
Benchmark Effective Duration	0.41 years
Yield At Cost	5.38%
Yield At Market	5.47%
Portfolio Credit Quality	AA

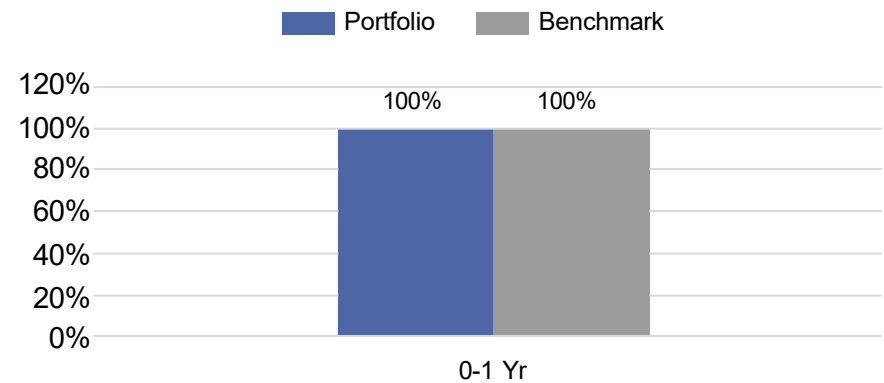
Sector Allocation



Credit Quality - S&P



Duration Distribution



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

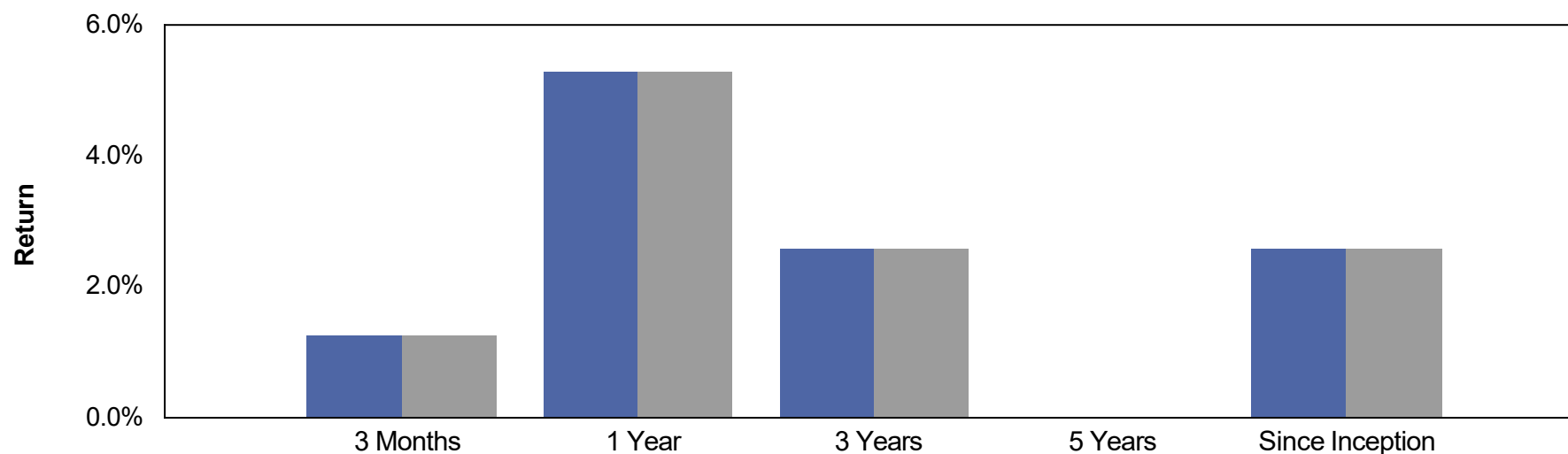
Yield and duration calculations exclude balances invested in WGIF.

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

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

Portfolio Performance

Portfolio Benchmark



Market Value Basis Earnings	3 Months	1 Year	3 Years	5 Years	Since Inception ¹
Interest Earned ²	\$265,695	\$999,769	\$1,531,599	-	\$1,531,599
Change in Market Value	\$1,075,918	\$4,223,482	\$6,259,496	-	\$6,259,496
Total Dollar Return	\$1,341,613	\$5,223,251	\$7,791,095	-	\$7,791,095
Total Return³					
Portfolio	1.32%	5.36%	2.59%	-	2.59%
Benchmark ⁴	1.24%	5.22%	2.57%	-	2.57%
Difference	0.09%	0.15%	0.02%	-	0.02%

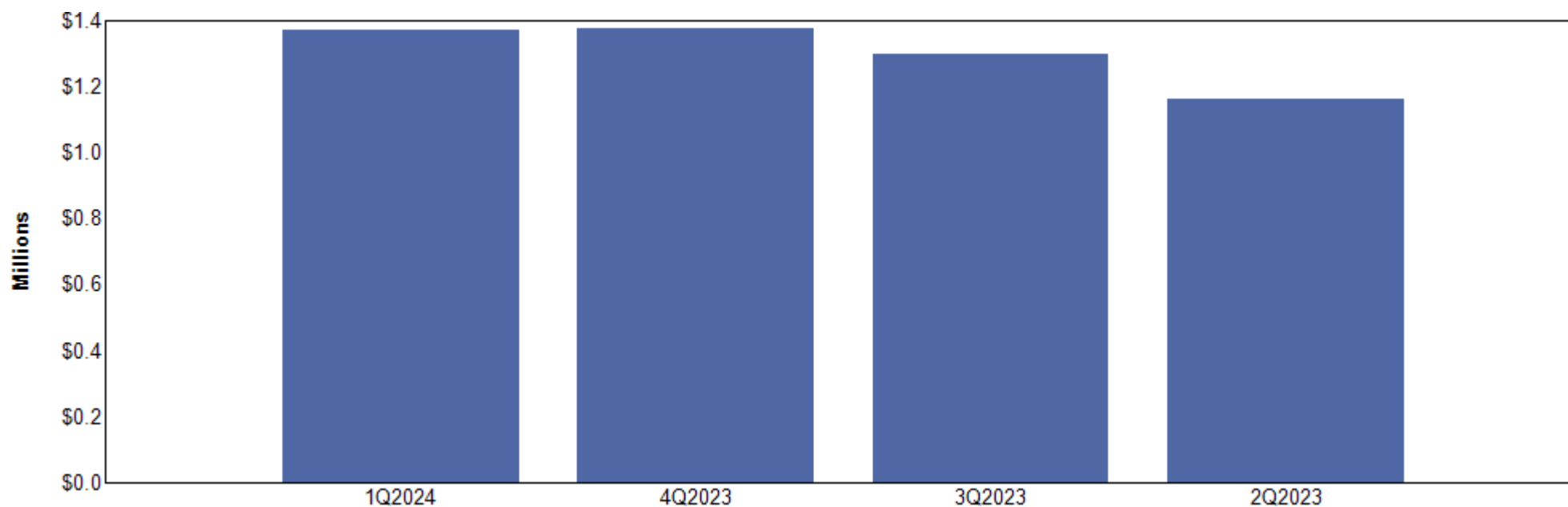
1. The lesser of 10 years or since inception is shown. Since inception returns for periods one year or less are not shown. Performance inception date is March 31, 2021.

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

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

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

Accrual Basis Earnings - WGIF-UNIVERSITY OF WYOMING SHORT TERM



Accrual Basis Earnings	1Q2024	4Q2023	3Q2023	2Q2023
Interest Earned ¹	\$265,695	\$161,252	\$315,291	\$257,531
Realized Gains / (Losses) ²	-	-	-	-
Change in Amortized Cost	\$1,107,905	\$1,216,907	\$983,840	\$902,847
Total Earnings	\$1,373,600	\$1,378,159	\$1,299,130	\$1,160,378

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

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

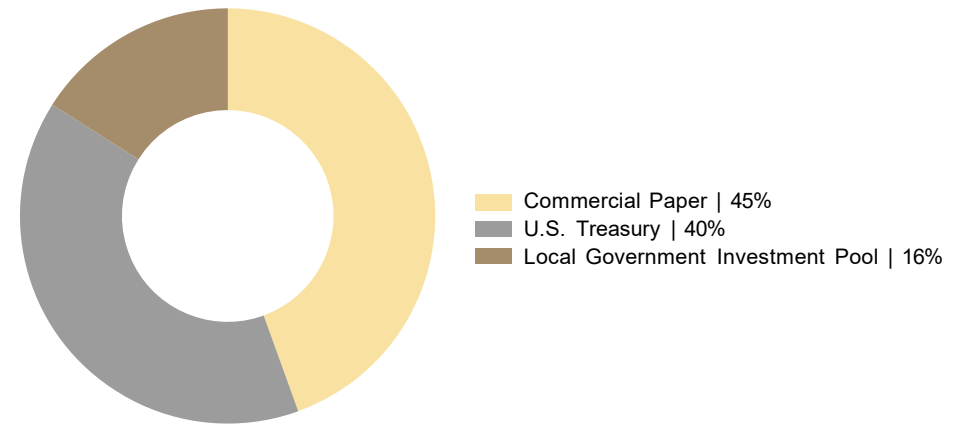
Portfolio Review: WGIF-UOW 2021 CONSTRUCTION FUND

Portfolio Snapshot - WGIF-UOW 2021 CONSTRUCTION FUND¹

Portfolio Statistics

Total Market Value	\$117,063,058.21
Managed Account Sub-Total	\$98,165,657.27
Accrued Interest	\$231,298.70
Pool	\$18,666,102.24
Portfolio Effective Duration	0.27 years
Yield At Cost	4.04%
Yield At Market	5.61%
Portfolio Credit Quality	AA

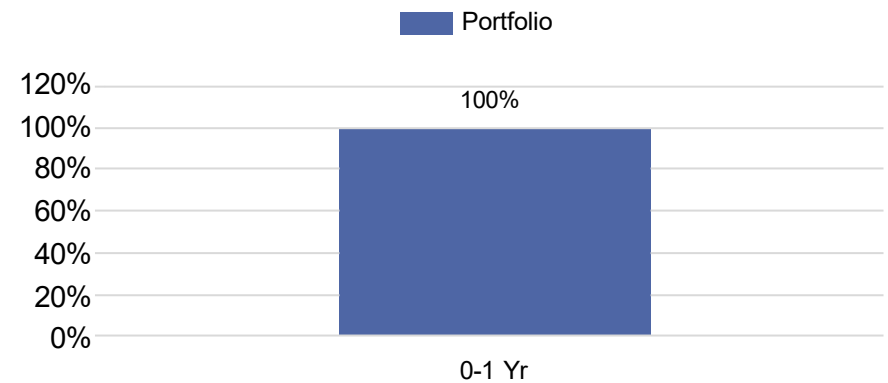
Sector Allocation



Credit Quality - S&P

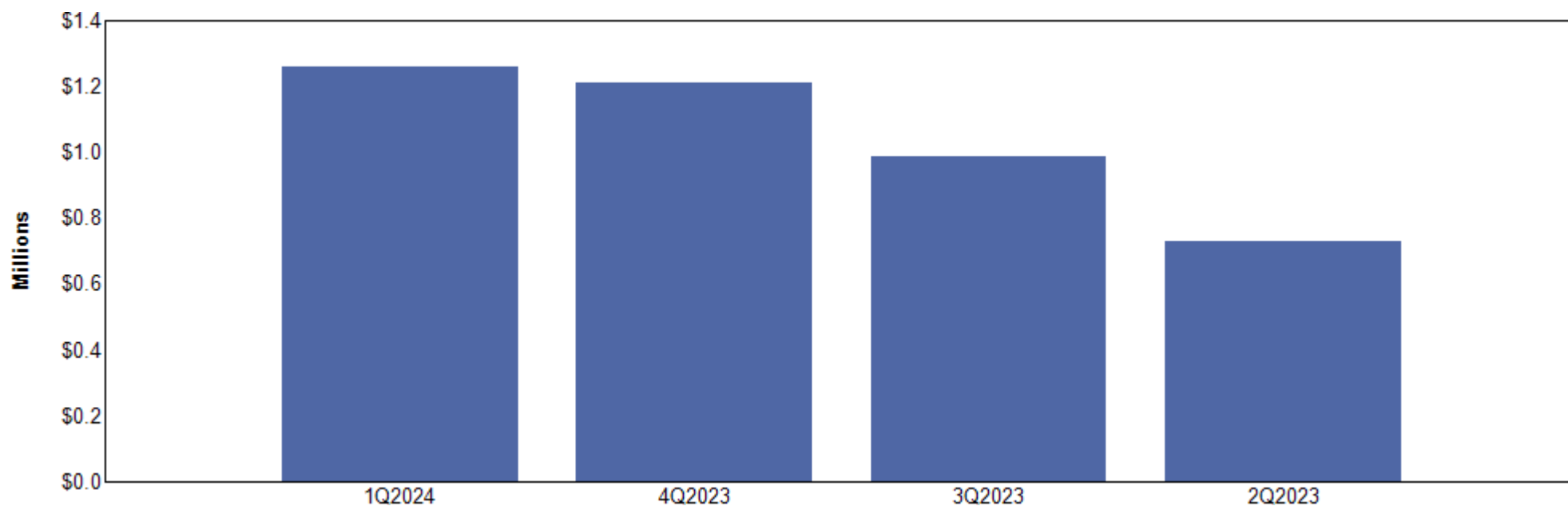


Duration Distribution



1. Total market value includes accrued interest and balances invested in WGIF, as of March 31, 2024.
 Yield and duration calculations exclude balances invested in WGIF.
 An average of each security's credit rating was assigned a numeric value and adjusted for its relative weighting in the portfolio.

Accrual Basis Earnings - WGIF-UOW 2021 CONSTRUCTION FUND



Accrual Basis Earnings	1Q2024	4Q2023	3Q2023	2Q2023
Interest Earned ¹	\$544,987	\$881,859	\$1,286,809	\$1,087,374
Realized Gains / (Losses) ²	-	-	-	-
Change in Amortized Cost	\$714,847	\$330,716	(\$297,272)	(\$359,480)
Total Earnings	\$1,259,834	\$1,212,575	\$989,537	\$727,894

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

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

Important Disclosures

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

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

The views expressed within this material constitute the perspective and judgment of PFMAM at the time of distribution and are subject to change. Any forecast, projection, or prediction of the market, the economy, economic trends, and equity or fixed-income markets are based upon certain assumptions and current opinion as of the date of issue and are also subject to change. Some, but not all assumptions are noted in the report. Assumptions may or may not be proven correct as actual events occur, and results may depend on events outside of your or our control. Changes in assumptions may have a material effect on results. Opinions and data presented are not necessarily indicative of future events or expected performance.

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Important Disclosures

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

Glossary

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

Glossary

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

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

AGENDA ITEM TITLE: University Investment Allocation

- OPEN SESSION
- CLOSED SESSION

PREVIOUSLY DISCUSSED BY COMMITTEE:

- Yes
- No

FOR FULL BOARD CONSIDERATION:

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

EXECUTIVE SUMMARY:

UW Regulation 7-7: Investment and Management of University Funds sets forth the guidelines for the investment of university funds. The regulation prescribes two pools of investments in section IX. D., one to satisfy the operating cash flows of the university and the other to invest. These are termed the short-term pool and the core pool, respectively.

The University conducted a formal competitive bid process and executed a contract with PFM Asset Management in January 2021, to act as UW's investment advisor, at which time the administration initially allocated \$200,000,000 to the short-term investment pool and \$75,000,000 to the core investment pool. In January 2022, the opportunity to add \$25,000,000 to the core pool from the short-term pool was presented to FLAC for comment and was implemented bringing the core pool to \$100,000,000. At this time, the Division of Budget & Finance recommends moving \$50,000,000 from the short-term pool to the core pool to take advantage of the current record-high interest rates for the next two to five years. This will bring the core pool to \$150,000,000 and reduces the short-term pool to approximately \$75,000,000.

PRIOR RELATED COMMITTEE DISCUSSIONS/ACTIONS:

In January 2022, the opportunity to add \$25,000,000 to the core pool from the short-term pool was presented to FLAC for comment and implemented bringing the core pool to \$100,000,000.

WHY THIS ITEM IS BEFORE THE COMMITTEE:

UW Regulation 7-7 does not require action by the committee on investment decisions under 60 months of maturity. The Division of Budget & Finance welcomes any comments from the committee.

ACTION REQUIRED AT THIS COMMITTEE MEETING:

No action is required.

PROPOSED MOTION:

No action is required.

University of Wyoming

Cash Flow Analysis and Investment Recommendation

December 2019 - March 2024

Joan Evans, Director

Gray Lepley, Senior Director

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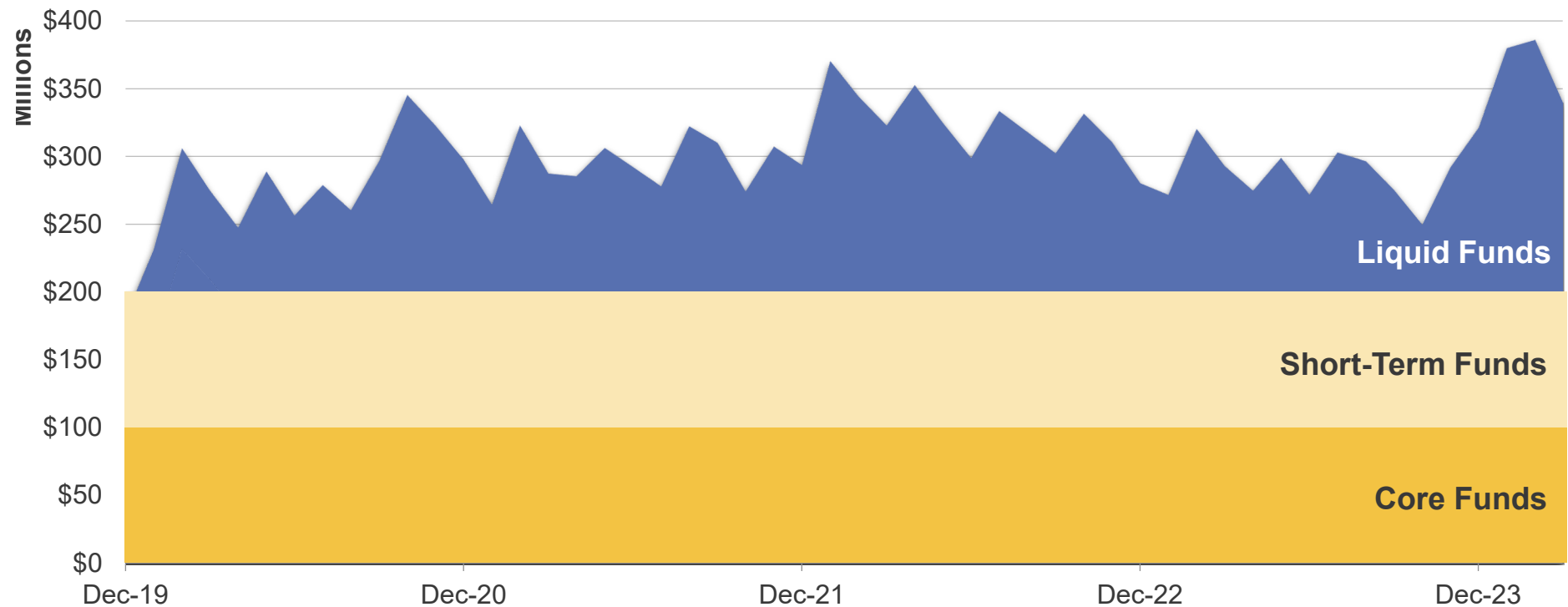
PFMAM's Cash Flow Model Output

- ▶ Identifies cash flow needs in the near term
- ▶ The cash flow model helps identify an appropriate allocation between assets invested short term (“liquidity”) to meet cash needs and assets that can be invested longer-term

Security Type	Strategy Components	Uses
Short-Term Funds and Liquidity	Funds must mature in less than one year, with a weighted average maturity not exceeding 90 days	<ul style="list-style-type: none"> • These funds are needed to satisfy cash flows of the University • Comprised of short-term money market instruments, e.g., bank deposits, money market mutual funds, and LGIP
Core Portfolio	Maximum maturity of 120 months; duration of account no greater than duration of Bloomberg Barclays Agg Index +0.5 years	<ul style="list-style-type: none"> • Funds that are not expected to be spent—may be disbursed in extraordinary circumstances • Can be invested in longer-term securities

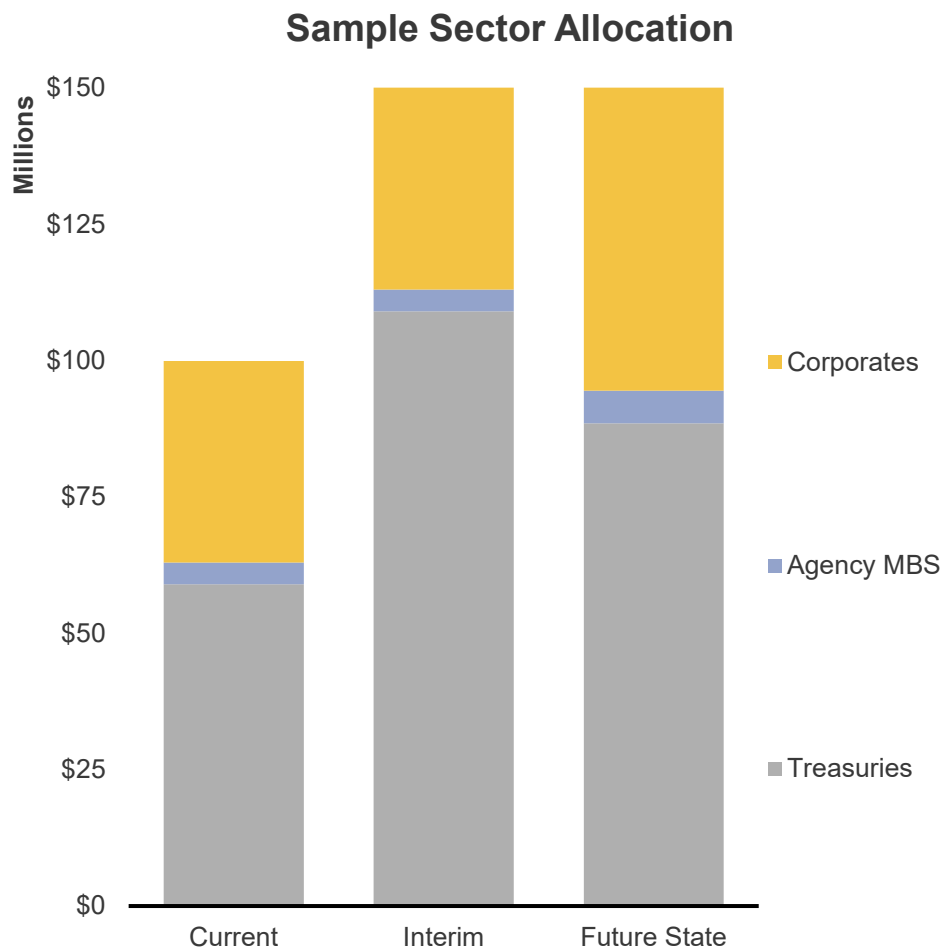
Historical Analysis of University's Funds

- ▶ As of March 2024, the University had a core portfolio balance of \$99.4 million
- ▶ The short-term portfolio, with securities maturing in less than a year, had a balance of \$102.6 million
- ▶ The overnight liquid funds totaled \$136 million



*Historical balances includes the University's Short-Term Portfolio, Core Portfolio, cash, and WGIF General Fund holdings as of March 31, 2024. Core Funds includes Core Portfolio balance as of 3/31/2024. Short-Term Funds includes Short-Term Portfolio balance as of 3/31/2024.

Investing Excess Liquidity into Core Portfolio



- ▶ **Recommendation:** utilize \$50 million of short term funds not needed for operating cash flows (less than 1-year) to increase UW core fund; the core fund does not include any funds needed for operational cash flows
 - ▶ Interest rates across the curve are still near the highest levels in the last 15-16 years
 - ▶ Front-end rates, including LGIP yields, are expected to fall as the Fed begins to cut rates
 - ▶ Historically, longer-term portfolios have outperformed shorter-term portfolios
- ▶ **Implementation:**
 - ▶ Initially allocate excess short-term funds to Treasuries
 - ▶ Over time, as opportunities become available, we will utilize this “dry powder” to purchase other sector securities

For illustrative purposes only. Based on a \$150 million ending core portfolio size. Current allocation based on \$50 million of short-term funds and approximately \$100 million in core funds. Actual allocations may change based on market environment.

Disclaimer

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