



WISCONSIN STATE LEGISLATURE

Joint Audit Committee

Committee Co-Chairs:

State Senator Robert Cowles

State Representative Samantha Kerkman

April 26, 2013

Mr. Joe Chrisman, State Auditor
Legislative Audit Bureau
22 East Mifflin Street, Suite 500
Madison, Wisconsin 53703

Dear Mr. Chrisman:

In February 2013, the Joint Legislative Audit Committee unanimously introduced legislation relating to the statutory requirements and responsibilities of the Legislative Audit Bureau. Included in 2013 Wisconsin Act 8 was a statutory requirement for an annual financial audit of UW System. The decision to create this statutory requirement was based on concerns about UW System's administration of its payroll and benefits process and a need to ensure ongoing oversight of UW System's financial management.

Based on the Legislative Audit Bureau's and the Legislative Fiscal Bureau's work on UW System's program revenue appropriation balances, which was reported to members of the Joint Committee on Finance on April 19, 2013, we write to direct you to review certain information during the audit you will perform to fulfill the statutory requirement created in Act 8, including:

- the level of commitment for the purposes identified by UW System in the April 19 memorandum, such as approval by the Board of Regents or execution of a contract;
- when the commitments were made and the timeline for expenditures related to those commitments;
- the methodology used by UW System to determine its reserve level, such as calculation of a reserve ratio; and
- additional information about UW System's program revenue appropriation balances, including the portion of those balances attributable to each campus from tuition and student fees and the applicable internal controls.

While we expect that you will immediately begin to address these questions, we understand that the financial audit will not be completed in time to further inform the Legislature's 2013-2015 biennial budget deliberations. Therefore, we anticipate that the audit will review the extent to which expenditures have been made by UW System from program revenue appropriation balances between April 2013 and June 2013.

We have copied this letter to President Kevin Reilly in order to ensure UW System's full cooperation and timely response to your requests for information.

Sincerely,



Senator Robert Cowles, Co-chair
Joint Legislative Audit Committee



Representative Samantha Kerkman, Co-chair
Joint Legislative Audit Committee



Senator Alberta Darling
Joint Legislative Audit Committee



Representative Howard Marklein
Joint Legislative Audit Committee



Senator Kathleen Vinehout
Joint Legislative Audit Committee



Representative John Nygren
Joint Legislative Audit Committee



Senator John Lehman
Joint Legislative Audit Committee



Representative Jon Richards
Joint Legislative Audit Committee



Representative Melissa Sargent
Joint Legislative Audit Committee

cc: Kevin Reilly, President
University of Wisconsin System