



STATE OF WISCONSIN

Legislative Audit Bureau

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Janice Mueller  
State Auditor

February 1, 2006

Mr. David G. Walsh, President  
Board of Regents  
University of Wisconsin System  
1860 Van Hise Hall  
Madison, Wisconsin 53706

Mr. Kevin P. Reilly, President  
University of Wisconsin System  
1720 Van Hise Hall  
Madison, Wisconsin 53706

Dear President Walsh and President Reilly:

We have completed our financial audits of the University of Wisconsin System for the years ended June 30, 2004, and 2005. On December 14, 2005, we issued an unqualified auditor's report on the fair presentation of the financial statements and notes for those two fiscal years, which are included in the University of Wisconsin System's 2005 annual report.

As provided for in *Government Auditing Standards*, we are also furnishing you with the auditor's report on compliance and internal control over financial reporting. We appreciate the courtesy and cooperation extended to us by University of Wisconsin System staff during the audit.

Sincerely,

Janice Mueller  
State Auditor

JM/JG/ss

Enclosure



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### **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

We have audited the financial statements of the University of Wisconsin (UW) System as of and for the years ended June 30, 2005, and 2004, and have issued our report thereon dated December 14, 2005. The financial statements and related auditor's opinion are included in UW System's 2005 annual financial report. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Internal Control over Financial Reporting**

In planning and performing our audits, we considered UW System's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal controls over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to the management of UW System in a separate letter dated January 30, 2006.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether UW System's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This independent auditor's report is intended for the information and use of UW System's management, the Board of Regents, and the Wisconsin Legislature's Joint Legislative Audit Committee. This independent auditor's report, upon submission to the Joint Legislative Audit Committee, is a matter of public record and its distribution is not limited. However, because we do not express an opinion on internal control over financial reporting or on compliance, this report is not intended to be used by anyone other than these specified parties.

LEGISLATIVE AUDIT BUREAU



December 14, 2005

by

Julie Gordon  
Audit Director