



Office of the President  
1700 Van Hise Hall  
1220 Linden Drive  
Madison, Wisconsin 53706-1559  
608-262-2321  
[tthompson@uwsa.edu](mailto:tthompson@uwsa.edu)  
[www.wisconsin.edu](http://www.wisconsin.edu)

January 15, 2021

Senator Robert Cowles  
Co-Chair, Joint Legislative Audit Committee  
Room 118 South, State Capital  
Madison, WI 53707

Representative Samantha Kerkman  
Co-Chair, Joint Legislative Audit Committee  
Room 315 North, State Capital  
Madison, WI 53708

RE: Follow-Up to LAB Report 20-10: IT Needs Assessment, Procurement, and Security

Dear Senator Cowles and Representative Kerkman:

Thank you for the opportunity to update the Joint Legislative Audit Committee on progress made by the University of Wisconsin System Administration (UWSA) to address the recommendations regarding the information technology (IT) needs assessment and procurement processes outlined in report 20-10.

As I testified on December 1, 2020, we are committed to investing in and strengthening our overall IT environment. I outlined several key initiatives, such as IT as a Service (ITaaS), the Administrative Transformation Program (ATP), and the Procurement to Pay (P2P) project that will play key roles in modernizing our infrastructure and improving administrative efficiency and accountability.

In addition to these initiatives, we are making important policy improvements that will ensure the Board of Regents (BOR) and UWSA leadership are engaged in IT decision-making and exercise their statutorily required duties. Please see UWSA's attached update for more specific details, and I am happy to answer any, and all, questions regarding this update.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tommy G. Thompson', written over a white background.

Tommy G. Thompson  
President, UW System

CC: State Auditor Joe Chrisman  
Chief Audit Executive Lori Stortz  
Board of Regents  
Chancellors  
UW System President's Cabinet

## **IT Needs Assessment and Procurement Recommendations**

The audit's findings are based on a broad review of projects and contracts at UW institutions from 2014 to 2020. It identifies several statutory requirements that need to be addressed based on Section 36.59 of the Wisconsin State Statutes.

In 2008, the Board of Regents (BOR) adopted Regent Policy Document (RPD) 25-4 *Strategic Planning and Large or High Risk Projects* to implement the requirements of Section 36.59. It was updated in 2015. As required in Section 36.59, the policy was submitted to the legislature's Joint Committee on Information Policy and Technology. Based on several recommendations within the audit, UWSA will re-write this policy by July 2021 to ensure closer alignment to statutes.

The UW System is working to improve planning and project development. During 2019 (while the audit was being conducted), the UW System established the Enterprise Decision Council to promote better planning of enterprise information technology activities. The group, comprised of members from UW System Administration (UWSA), UW-Madison, UW-Milwaukee, and the comprehensive institutions, assesses current information technology activities and priorities for the future. For example, it is developing the Information Technology as a Service (ITaaS) program to provide all campuses with reliable, cost-effective infrastructure to replace dated on-premise services.

The commitment to improving project development is clearly visible in the Administrative Transformation Program (ATP). Preplanning was initiated in February 2019 with a presentation to the Board of Regents. The work on this reflects the magnitude of the preplanning and the need to conduct this prior to initiation of the project. The audit's findings related to this preplanning highlight a need to clarify the process around preplanning, planning, and implementation. The UW System is committed to continuing this level of transparency. In concurrence with the audit findings, ATP implementation project was approved by the Board of Regents at its October 2020 meeting.

***Recommendation: Comply with statutes by including in the annual information technology strategic plan it provides the Board of Regents all statutorily required information about all projects proposed by University of Wisconsin Institutions.***

The 2021 annual IT strategic plan will include the statutorily required information to the Board of Regents. By the July 2021 BOR meeting, UWSA will review and update RPD 25-4 to ensure all necessary and appropriate information is included and aligned to Section 36.59 of the Wisconsin State Statutes.

***Recommendation: Ensure that University of Wisconsin institutions, including [UWSA], consistently comply with Board of Regents policies by including all required information in planning documents before implementing large, high-risk information technology projects.***

UWSA and UW institutions will consistently comply with RPD 25-4 by providing required information for large, high-risk information technology projects at its February 2021 meeting and beyond. By July 2021, UWSA will update RPD 25-4 to ensure that all necessary and appropriate information is included and aligned to Section 36.59 of the Wisconsin State Statutes.

***Recommendation: Ensure that University of Wisconsin institutions, including [UWSA], comply with statutes by implementing only those information technology projects approved by the Board of Regents.***

UWSA agrees that s. 36.59 provides the Board of Regents with the authority to approve all technology development projects. Since October 2020, all large or high-risk projects have been approved by the Board of Regents. By the July 2021 BOR meeting, UWSA will review and update RPD 25-4 to establish appropriate delegation thresholds to ensure oversight of IT activities in alignment with Section 36.59 of the Wisconsin State Statutes.

***Recommendation: Ensure that it can readily locate all contracts for information technology projects.***

UWSA identified access to contract information as an area to improve, and the procurement automation project (P2P) includes addressing this issue as a component of its scope.

***Recommendation: Comply with Board of Regents policies by requiring University of Wisconsin institutions to submit to [UWSA] certain information about their large, high-risk information technology projects.***

UWSA's update of RPD 25-4 will ensure that all necessary and appropriate information is submitted by UW institutions.

***Recommendation: Ensure that University of Wisconsin institutions comply with its policies relating to procuring goods and services through contracts with consortia, including by advising them to request its assistance if firms decline to reveal their contracts with consortia.***

UWSA will ensure that UW institutions comply with SYS 545 regarding procuring goods and services through contracts with consortia.

***Recommendation: Ensure that University of Wisconsin institutions, including [UWSA], comply with statutes by reporting quarterly to the Board of Regents on the expenditures of information technology projects with open-ended contracts.***

UWSA and UW institutions will report quarterly to the Board of Regents on the expenditures of information technology development projects as required by statute.

***Recommendation: Ensure that University of Wisconsin institutions, including [UWSA], comply with statutes by including in contracts for large, high-risk information technology projects a stipulation that the Board of Regents must approve any order or amendment that would change the contract scope and increase contract price.***

UWSA and UW institutions will include this stipulation or follow the exception process described in statute. UWSA anticipates the more practicable approach would be to use the exception process or to have the Board of Regents delegate authority to institutions to approve the changes described in the stipulation.

***Recommendation: Ensure that University of Wisconsin institutions have contracts with firms that provide ongoing work for information technology projects.***

UW institutions will continue to implement contracts with firms providing ongoing work for information technology projects.

***Recommendation: Require University of Wisconsin institutions to contractually specify monetary penalties for not completing information technology project work on time and on budget.***

UW institutions should attempt to specify contractual damages for firms that do not complete information technology project work on time and on budget. UW institutions will negotiate for damages provisions as practical considering market conditions and the statutory requirement regarding contractual stipulations addressing scope and price changes.

***Recommendation: Ensure that the semiannual reports submitted to the Joint Committee on Information Policy and Technology consistently contain all statutorily required information for all large, high-risk information technology projects.***

UWSA will ensure the semiannual reports contain all statutorily required information at the February 2021 Board of Regents meeting and beyond.

## **Cloud Computing Recommendations**

***Recommendation: Implement policies that require University of Wisconsin institutions to take into consideration the results of information technology security assessments before contracting with firms that provide cloud computing services, and to annually assess the information technology security at such firms.***

UW institutions will take into consideration the results of information technology security assessments. The UW System contracts with a significant number of firms, including those that provide cloud computing services, and that periodically assessing such firms will need to be informed by a risk-based approach.

***Recommendation: Ensure that all University of Wisconsin institutions have complete policies for using cloud computing services provided by firms.***

UW institutions will review updates or modifications to existing policies necessary for using cloud computing services.

***Recommendation: Ensure that University of Wisconsin Institutions, including [UWSA], consistently evaluate in writing the advantages and disadvantages of transitioning to cloud computing services provided by firms before beginning projects that make such a transition.***

Cloud computing services are becoming the standard and existing services are being phased out. UW institutions will evaluate alternatives and engage in appropriate preplanning activities.

***Recommendation: Require University of Wisconsin institutions, including [UWSA], that contract with firms to provide cloud computing policies to take various appropriate actions to safeguard the University of Wisconsin System's data.***

UW institutions will take various appropriate actions to safeguard the University of Wisconsin System's data.

## **Improving Oversight Recommendations**

***Recommendation: Work with the Board of Regents to modify policies to require the Board of Regents to approve all information technology contracts that are more than \$1.0 million.***

UWSA agrees that all IT contracts more than \$1.0M should require Board of Regents approval and will amend RPD 13-1 by the July 2021 Board of Regents meeting. Until this policy is formally approved by the Board, any IT contracts more than \$1M that, in the judgment of the President of the UW System, warrant Board review shall also be approved by the Board prior to execution.

***Recommendation: Work with the Board of Regents to establish an information technology projects committee.***

UWSA agrees that IT project oversight is a critical function of the Board of Regents. Technology is becoming increasingly interconnected with all aspects of academic and business operations of the University and cannot be isolated from non-technology activities as in decades past. Therefore, the Board of Regents leadership wishes to use the existing committee structure and amend the charter of the Business and Finance Committee to ensure IT projects receive proper attention and priority.