



University of Wisconsin System FY 2021-22

The University of Wisconsin (UW) System provides postsecondary academic education for approximately 163,000 students. UW System includes 13 four-year universities, 13 two-year branch campuses associated with a university, UW System Administration, and an 18-member Board of Regents.

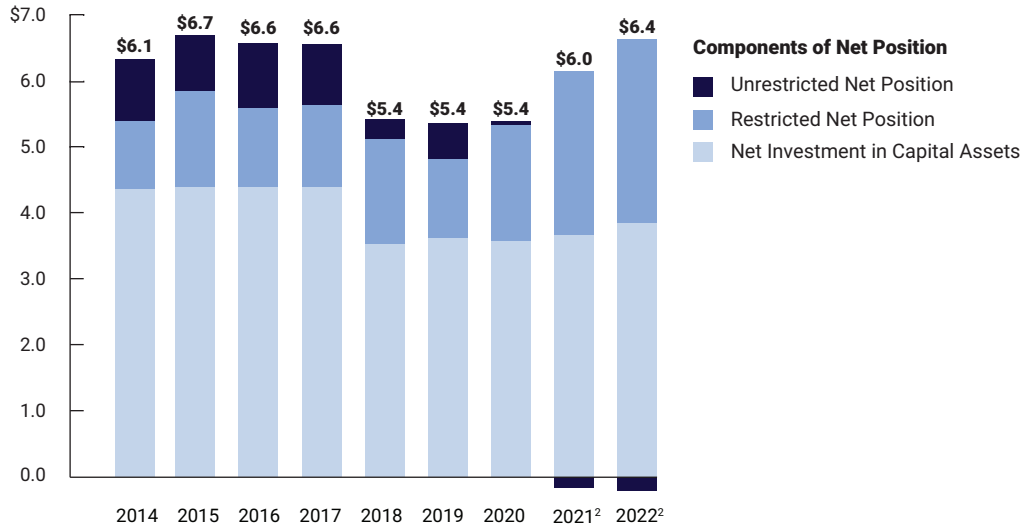
We provided an unmodified opinion on UW System's financial statements as of and for the years ended June 30, 2022, and June 30, 2021. These financial statements account for the financial position and activity of UW System. We conducted this financial audit by auditing UW System's financial statements in accordance with applicable government auditing standards, issuing our auditor's opinion, reviewing internal controls, and issuing our auditor's report on internal control and compliance. We also reviewed UW System program revenue balances as of June 30, 2022.

In response to the Joint Legislative Audit Committee's request that we evaluate how state agencies spent supplemental federal funds the State received because of the public health emergency, we completed a limited-scope review of how UW institutions administered supplemental federal funds from three sources, including the Higher Education Institution Financial Assistance program, the Governor's Emergency Education Relief Fund, and the Higher Education Emergency Relief Fund.

UW System's net position increased from \$6.0 billion as of June 30, 2021, to \$6.4 billion as of June 30, 2022

Net position provides a measure of overall financial condition. On the basis of generally accepted accounting principles (GAAP), UW System's net position was \$6.4 billion as of June 30, 2022. UW System revenue increased from \$5.7 billion in fiscal year (FY) 2020-21 to \$5.9 billion in FY 2021-22, or by 4.4 percent. Student Tuition and Fees totaled \$1.4 billion and accounted for 24.0 percent of UW System's total revenue in FY 2021-22. UW System expenses increased from \$5.1 billion in FY 2020-21 to \$5.5 billion in FY 2021-22, or by 8.0 percent. Total Salary and Fringe Benefits was UW System's largest expense and totaled \$3.4 billion, or 62.4 percent of UW System's total expenses in FY 2021-22.

Net Position of UW System¹
As of June 30
(in billions)



¹ On a GAAP basis.

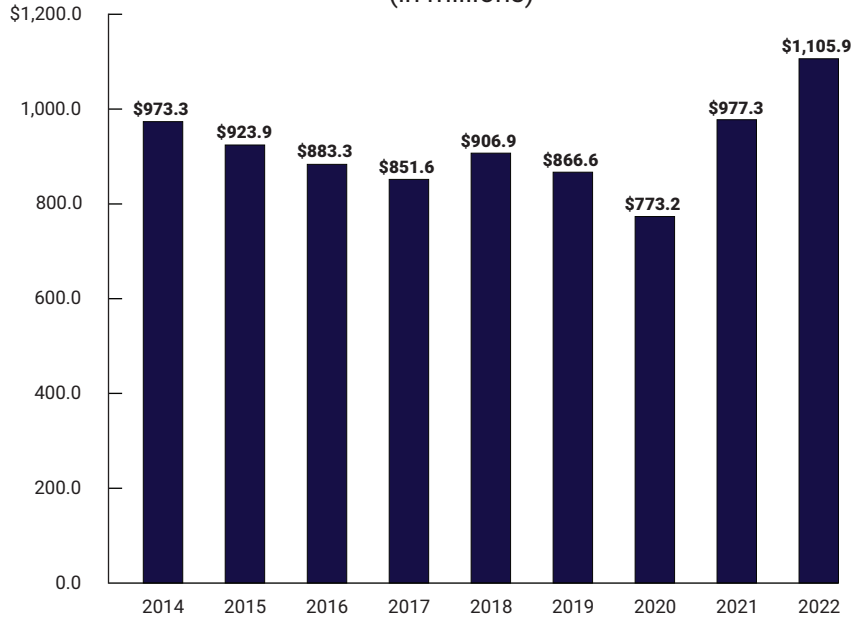
² Unrestricted net position was a negative \$155.5 million as of June 30, 2021, and a negative \$209.6 million as of June 30, 2022, due to the reporting of pension and OPEB activities.

UW System’s unrestricted program revenue balances increased by 13.2 percent as of June 30, 2022

On a budgetary basis, UW System’s total program revenue balance was \$1.6 billion as of June 30, 2022. Of that amount, \$1.1 billion was from unrestricted sources, such as tuition and auxiliary operations. As of June 30, 2022, UW System’s unrestricted program revenue balances were \$128.6 million (13.2 percent) more than the \$977.3 million unrestricted balance as of June 30, 2021. Program revenue balances from unrestricted sources increased at 11 UW institutions after increasing at all UW institutions in FY 2020-21. Unrestricted program revenue balances ranged from \$14.1 million at UW-Superior to \$469.9 million at UW-Madison, as of June 30, 2022.

Unrestricted Program Revenue Balances¹

As of June 30
(in millions)



¹ On a budgetary basis.

UW institutions used \$239,200 from the Higher Education Emergency Relief Fund for costs that were unallowable by criteria that the federal government established

From March 2020 through June 2022, UW System was allocated \$563.7 million in supplemental federal funds from three sources included in our limited-scope review: the Higher Education Institution Financial Assistance program, the Governor’s Emergency Education Relief Fund, and the Higher Education Emergency Relief Fund. Our review of selected transactions found that UW institutions spent Higher Education Institution Financial Assistance program funds and Governor’s Emergency Education Relief funds for allowable costs.

We reviewed UW System’s expenditure data and supporting documentation for 116 transactions involving a total of \$77.8 million in Higher Education Emergency Relief funds in FY 2021-22. UW institutions used \$63.5 million of the \$77.8 million (81.6 percent) to offset revenue they had lost because of the public health emergency. Our review of supporting documentation for 116 transactions found that UW institutions used \$48,900 for costs that were unallowable by criteria that the federal government established, including to offset lost revenue from the sale of alcohol at sporting and other events, cover overhead costs of advertising and student recruitment, and show a film for entertainment purposes during a pre-semester student program.

In addition to the 116 transactions, we reviewed certain transactions that had descriptions in UW System's expenditure data indicating they may have involved unallowable costs in FY 2021-22 and in prior fiscal years. Our review found that UW institutions used \$190,300 for costs that were unallowable by criteria that the federal government established, including consulting services related to increasing student enrollment and the creation of online tours for recruiting purposes.

In addition, three UW institutions did not report spending funds from the Higher Education Emergency Relief Fund on two activities required by the American Recovery Plan Act.

We recommend that UW System Administration improve how UW System administers funds from the Higher Education Emergency Relief Fund, including by working with the federal government to resolve the \$239,200 in unallowable costs that our review identified.

UW System Administration should improve its oversight of the ShopUW+ application

We identified concerns with UW System's internal controls related to a new computer application implemented in April 2021. We found that UW System Administration lacked adequate policies for UW institution review of all access related to the new application during FY 2021-22. We also found that UW System Administration had not obtained a service organization audit report to assess the internal controls of a third-party vendor for the new application. We recommend UW System Administration develop policies to require such access reviews, monitor that the reviews are completed in a timely manner, and obtain and review service organization audit reports for third-party vendors.

We make 8 recommendations to UW System Administration

Please see the complete list of our recommendations on our website.