



## BRIEFING SHEET

[Report 15-10](#)

August 2015

State Auditor

[Joe Chrisman](#)**Medical Education, Research,  
and Public Health Grants***Medical College of Wisconsin**UW School of Medicine and Public Health***Background**

Under a March 2000 order issued by the Office of the Commissioner of Insurance, Blue Cross Blue Shield United of Wisconsin became a for-profit, publicly held stock insurance corporation and provided \$630.4 million to endowments held by the Medical College of Wisconsin (MCW) and the University of Wisconsin (UW) School of Medicine and Public Health. The order specified that 65.0 percent of the funds be allocated for medical education and research programs and 35.0 percent of the funds be allocated for public health programs.

As of December 31, 2013, MCW's endowment balance was \$428.0 million and UW's endowment balance was \$381.2 million. MCW does not charge for the administrative costs of managing its endowment. Effective January 2012, the UW Foundation changed the amount it retains for management expenses from 1.0 percent overall, to 1.0 percent for the first \$250 million and 0.7 percent for amounts greater than \$250 million.

As directed by the Joint Legislative Audit Committee, we have completed an audit of medical education, research, and public health grants administered by the two schools covering the period from 2009 through 2013. We also conducted a financial examination of the Statement of Receipts and Disbursements for UW's program for the same period and provided our unqualified opinion.

**Key Findings**

From 2009 through 2013, MCW spent \$67.5 million and UW spent \$67.8 million for medical education and research projects, public health projects, and associated administration. A total of 270 projects were awarded grant funding by the schools.

We reviewed a diverse sample of 20 projects funded by each school and found both schools generally complied with requirements they had established for awarding and monitoring grant funding. We found:

- In assessing applications submitted for grant funding, 18 of 20 applications submitted to MCW and all 20 applications submitted to UW had all required application materials and clear and specific objectives.
- For MCW, all required progress reports for the 20 projects we analyzed were submitted, although 10.0 percent were submitted more than six days late. For UW, all required progress reports for the 20 projects we analyzed were submitted, although 27.0 percent were submitted more than six days late.
- MCW did not complete all required site visits for 2 of the 10 public health projects we reviewed. UW did not electronically track all of its site visits, as required by its policies.
- We reviewed \$2.0 million in project expenditures at MCW and questioned \$8,083. We reviewed \$3.4 million in project expenditures at UW and questioned \$24,807.

**Key Recommendations**

We recommend that MCW ensure documentation of grant expenditures is kept for at least five years, grantees provide useful information resulting from projects, and all required site visits are completed. We recommend that UW ensure grantees do not claim indirect costs for reimbursement, UW staff do not reimburse indirect costs, and all site visits are electronically recorded.

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