



BRIEFING SHEET

State Auditor

[Report 15-1](#)[Joe Chrisman](#)

February 2015

**University of Wisconsin System
Fiscal Year 2013-14****Background**

The University of Wisconsin (UW) System provides postsecondary academic education for approximately 180,000 students and consists of 13 four-year universities, 13 two-year colleges, UW-Extension, and UW System Administration, which consists of the UW System President's staff. UW System is governed by an 18-member Board of Regents.

Audit Results and Key Findings

We are required by statutes to perform an annual financial audit of UW System. Our unmodified opinion on UW System's financial statements for fiscal year (FY) 2013-14 and FY 2012-13 is included in its [2014 Annual Financial Report](#). An unmodified opinion is issued when audit evidence supports the conclusion that the financial statements provide a fair view of an entity's financial activity in accordance with governmental accounting standards.

As of June 30, 2014, UW System's net position, which provides a measure of its overall financial condition, was \$6.3 billion on the basis of generally accepted accounting principles (GAAP). We again report a material weakness in internal control over the Human Resource System (HRS), which is UW System's payroll and personnel system.

We also found:

- In FY 2013-14, UW System's total budget was \$6.0 billion from all revenue sources. Of that amount, \$2.2 billion was budgeted for general program operations, which includes the salaries, fringe benefits, utilities, and supplies and services used to provide an education to students. The general program operations budget was funded 54.2 percent by tuition and 41.1 percent by general purpose revenue.
- UW institutions do not retain all of the tuition revenue they collect. As of June 30, 2014, \$76.9 million in tuition revenue collected by UW institutions was retained in the systemwide tuition account, which is maintained for the benefit of all UW institutions.
- As of June 30, 2014, UW System's unrestricted program revenue balances totaled \$973.3 million on a budgetary basis. Unrestricted program revenue balances were categorized by UW institutions as obligated, planned, designated, reserves, or undocumented in UW System's new report, which was submitted in October 2014. We performed a limited review of the report and found instances in which some UW institutions did not appropriately categorize certain balances, such as amounts held for reserves, which affected the accuracy and usefulness of the reported information.
- UW institutions award tuition remissions as an enrollment tool to assist certain students in meeting the cost of attendance. Statutes provide UW System with considerable discretion to determine the criteria for awarding tuition remissions and some interpretations varied among institutions.

Audit Recommendations

We recommend UW System Administration work to improve the overall accuracy and usefulness of the program revenue balances report, review and clarify tuition remission policies and the guidance provided to UW institutions, and report to the Joint Legislative Audit Committee by June 30, 2015, and October 30, 2015, on the status of its efforts to implement these recommendations.

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(608) 266-2818

22 East Mifflin Street
Suite 500
Madison, Wisconsin 53703[View Report 15-1 Highlights](#)