



## University of Wisconsin System Fiscal Year 2015-16

### Background

The University of Wisconsin (UW) System provides postsecondary academic education for approximately 179,000 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.

To fulfill our statutory requirement, we conducted a financial audit of UW System by auditing its financial statements in accordance with applicable government auditing standards, issuing our auditor's opinion, reviewing internal controls, and reviewing certain financial management topics.

### Audit Results and Key Findings

Our unmodified opinion on UW System's financial statements for fiscal year (FY) 2015-16 and FY 2014-15 is included in its [2016 Annual Financial Report](#). We provide an unmodified audit opinion when audit evidence supports the conclusion that the financial statements provide a fair view of an entity's financial activity in accordance with generally accepted accounting principles (GAAP).

We [continued to identify weaknesses in information technology \(IT\) security policies, procedures, and controls for several UW institutions](#). We considered these weaknesses to be a significant deficiency in internal control in our [Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters](#).

We also found:

- On a GAAP basis, UW System's [net position](#), which provides a measure of its overall financial condition, decreased from \$6.7 billion as of June 30, 2015, to \$6.6 billion as of June 30, 2016.
- On a budgetary basis, UW System's [unrestricted program revenue balances](#) decreased from \$923.9 million as of June 30, 2015, to \$883.3 million as of June 30, 2016, or by \$40.6 million.
- UW System Administration [took steps to address concerns](#) related to institution reserve policies and oversight and administration of investments by the Office of Trust Funds.
- In response to our survey, UW institutions reported \$98.7 million in [nontraditional student fees](#) and \$7.0 million in [special course fees](#) in FY 2015-16.
- UW institutions did not have a process in place for conducting [regular audits of special course fees](#) as required by UW System Administration policies. We also found instances in which [fees were incorrectly categorized](#) in reports provided to the Legislature.

### Audit Recommendations

We [recommend](#) UW System Administration ensure that UW institutions follow its policy to audit special course fee revenues and expenditures, and recommend it work with UW institutions to ensure the accuracy of the information in the tuition and fee report. We [further recommend](#) UW System Administration continue to work with the UW Information Assurance Council and UW institutions to implement IT policies and procedures.