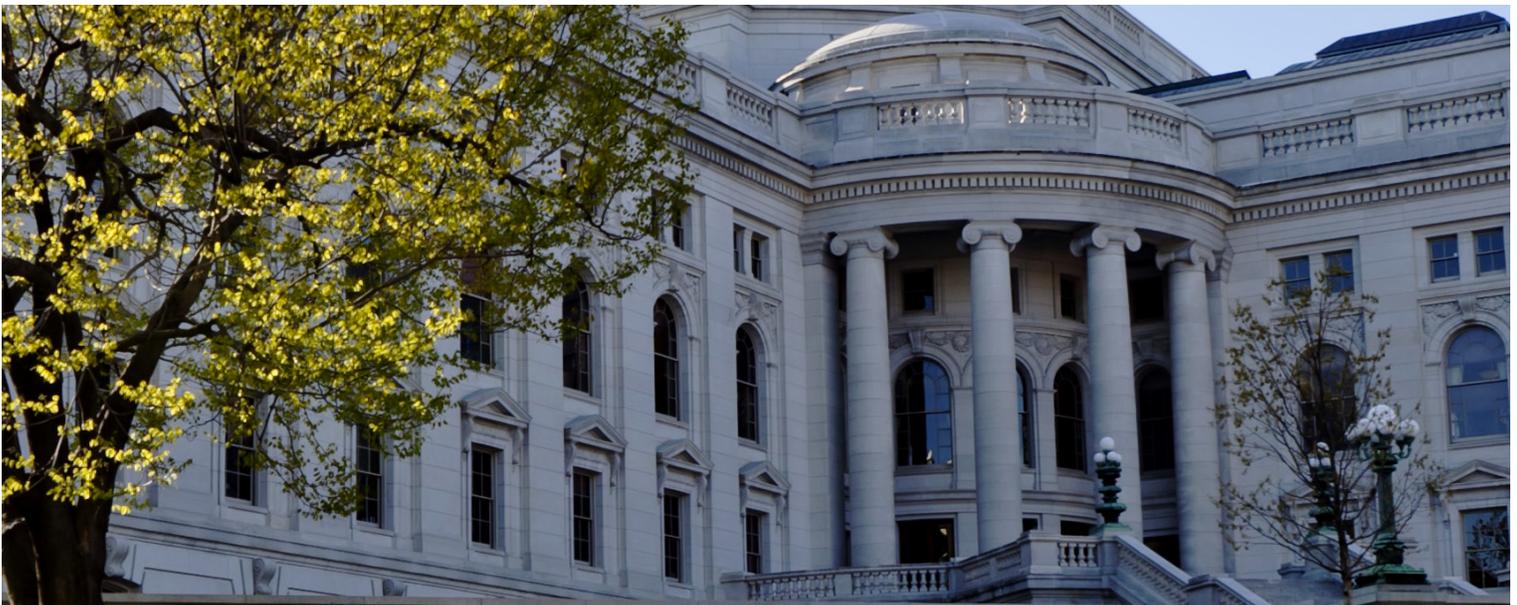




STATE OF WISCONSIN
Legislative Audit Bureau
NONPARTISAN • INDEPENDENT • ACCURATE

Report 21-22
December 2021

University of Wisconsin System FY 2020-21



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FY 2020-21



STATE OF WISCONSIN

Legislative Audit Bureau

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Opinions Published Separately

The financial statements and our unmodified opinions on them are included in the University of Wisconsin System's *2021 Annual Financial Report*.



STATE OF WISCONSIN

Legislative Audit Bureau

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State Auditor

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December 21, 2021

Senator Robert Cowles and
Representative Samantha Kerkman, Co-chairpersons
Joint Legislative Audit Committee
State Capitol
Madison, Wisconsin 53702

Dear Senator Cowles and Representative Kerkman:

As required by s. 13.94 (1) (t), Wis. Stats., we have completed a financial audit of the University of Wisconsin (UW) System. We have provided unmodified opinions on UW System's fiscal year (FY) 2020-21 financial statements, including the aggregate discretely presented component units. These financial statements and our audit opinions on them are included in UW System's *2021 Annual Financial Report*, which may be found on UW System's website.

On the basis of generally accepted accounting principles, UW System's net position was \$6.0 billion as of June 30, 2021. UW System revenues were \$5.7 billion, including \$1.4 billion in revenue from Student Tuition and Fees. UW System expenses totaled \$5.1 billion in FY 2020-21, including \$3.3 billion for Total Salary and Fringe Benefits. During FY 2020-21, UW System reported a total of \$240.5 million in federal aid related to the public health emergency, largely from the Higher Education Emergency Relief Fund (HEERF) and amounts the Department of Administration allocated to UW System from the Coronavirus Relief Fund. From March 2020 through June 30, 2021, UW System was allocated \$517.9 million in HEERF funding, of which it expended 46.0 percent through June 30, 2021. We are currently auditing HEERF expenditures for our FY 2020-21 single audit.

We reviewed UW System's FY 2020-21 *Report on Program Revenue Balances by Institution and Level of Commitment*, which was approved by the Board of Regents in October 2021. On a budgetary basis, UW System's total program revenue balance was \$1.5 billion as of June 30, 2021. Of that amount, \$977.3 million was from unrestricted sources, such as tuition and auxiliary operations. Unrestricted program revenue balances were 26.4 percent more than in FY 2019-20.

The Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters, which is required by *Government Auditing Standards*, begins on page 25. We report a significant deficiency in internal control related to establishing a comprehensive information security program. We recommend that UW System Administration ensure it monitors UW institutions for compliance with systemwide information security policies.

We appreciate the courtesy and cooperation extended to us by UW System Administration staff during the audit.

Respectfully submitted,



Joe Chrisman
State Auditor

JC/SH/ss

Introduction

The University of Wisconsin (UW) System provides postsecondary academic education for approximately 164,800 students. UW System includes 13 four-year universities, 13 two-year branch campuses associated with a university, and UW System Administration. Each of the 13 universities awards bachelor's and master's degrees, and several also confer doctoral degrees. The 13 two-year branch campuses offer general education associate degrees and course credits that transfer to other degree-granting universities. UW System Administration consists of the UW System President's staff who assist the Board of Regents in establishing and monitoring systemwide policies, financial planning for the system, and maintaining fiscal control.

Under s. 15.91, Wis. Stats., the Board of Regents members include:

- 14 citizen members;
- 2 student members, one of whom is a nontraditional student;
- the State Superintendent of Public Instruction; and
- the President of the Wisconsin Technical College System Board, or his or her designee.

The Board of Regents establishes policies to govern UW institutions.

Citizen and student members are appointed by the Governor and confirmed by the Senate. Citizen members are appointed for staggered seven-year terms, and student members are appointed for two-year terms. At least one citizen member must reside in each of the State's congressional districts. The 18-member Board of Regents, shown in Appendix 1, establishes policies to govern UW institutions. The Board is

responsible for appointing the President of UW System, the chancellors of each of the 13 four-year universities, and the deans of the two-year branch campuses. The UW System President and the chancellors of each UW institution are responsible for implementing policies established by the Board of Regents. Each chancellor is responsible for the institution's operations, including financial administration.

We provided our unmodified audit opinions on UW System's financial statements for the year ended June 30, 2021.

As required by s. 13.94 (1) (t), Wis. Stats., we completed a financial audit of UW System. We audited UW System's financial statements for the year ended June 30, 2021, and we provided our unmodified audit opinions to UW System Administration for inclusion in UW System's *2021 Annual Financial Report*. UW System's financial statements were prepared using generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and include the financial activity of all UW institutions. UW System Administration has determined that UW institution foundations are component units of UW System. The financial statements of these component units are presented in UW System's *2021 Annual Financial Report*. As a state agency, UW System's financial information is also included in the State's Annual Comprehensive Financial Report (ACFR), which is available on the Department of Administration's website.

We report a significant deficiency in internal control related to establishing a comprehensive information security program.

In the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters, which is required by *Government Auditing Standards*, we report a significant deficiency in internal control related to establishing a comprehensive information security program. We previously reported weaknesses in UW System's information security policies, procedures, and controls during our audits of UW System for fiscal year (FY) 2014-15 (report 16-3), FY 2015-16 (report 17-6), FY 2016-17 (report 18-2), in our *State of Wisconsin FY 2017-18 Single Audit* (report 19-3), and FY 2019-20 (report 20-29). Although UW System Administration had taken corrective actions as of June 30, 2021, none of its new policies were in effect during FY 2020-21. As a result, we continued to identify concerns for FY 2020-21 that were similar to prior years. We recommend that UW System Administration ensure it monitors UW institutions for compliance with systemwide policies.

In October 2020, the Board of Regents approved the Administrative Transformation Project (ATP) to launch a new, integrated cloud-based enterprise resource planning system. The project will replace a number of systems, including the current payroll system (Human Resource System), the current financial system (Shared Financial System), and a research administration system. The project will be completed over multiple years and its expected cost is \$212.0 million. The project is currently in the planning phase. In July 2021, the Board of Regents approved a 10-year agreement with Workday, Inc., for development of the system.

Revenues

Student Tuition and Fees accounted for 24.7 percent of UW System's total revenue in FY 2020-21.

As shown in Table 1, UW System revenue was \$5.7 billion in FY 2020-21 and \$5.4 billion in FY 2019-20. During FY 2020-21, UW System's largest revenue was Student Tuition and Fees, which includes tuition and other academic student fees. The \$1.4 billion in Student Tuition and Fees collected by UW System in FY 2020-21 was 24.7 percent of its total revenue. From FY 2019-20 through FY 2020-21, revenue from Student Tuition and Fees reported in UW System's financial statements decreased by 0.3 percent.

Table 1

UW System Revenue¹ (in millions)

Financial Statement Account	FY 2019-20	FY 2020-21	Percentage Change
Student Tuition and Fees ²	\$1,407.9	\$1,403.2	(0.3)%
State Appropriations ³	885.3	961.6	8.6
Federal Grants and Contracts	685.0	707.8	3.3
Gifts	382.3	438.1	14.6
State, Local, and Private Grants and Contracts	421.2	438.0	4.0
Other Operating Revenue	404.3	369.8	(8.5)
Sales and Services of Auxiliary Enterprises ²	354.3	263.3	(25.7)
Sales and Services of Educational Activities	338.6	241.1	(28.8)
Coronavirus Federal Grants and Aid	72.3	240.5	232.6
Capital Appropriations	192.2	188.6	(1.9)
Federal Pell Grants	149.6	141.0	(5.7)
Net Investment Income	44.0	129.0	193.2
Capital Grants and Gifts	15.5	57.4	270.3
Sales and Services to UW Hospital and Clinics Authority	52.6	56.9	8.2
Other Nonoperating Revenue	29.0	49.8	71.7
Student Loan Interest Income and Fees	4.7	4.0	(14.9)
Total	\$5,438.8	\$5,690.1	4.6

¹ On a GAAP basis.

² Excludes scholarships and fellowships applied to student accounts.

³ Excludes general purpose revenue (GPR) appropriated to UW System for debt service payments.

Revenue for Student Tuition and Fees is dependent on student enrollment. According to UW System data, enrollment across UW System declined in FY 2020-21 and had been declining since 2014. UW System officials reported that systemwide enrollment declined by 1.7 percent for fall 2020 compared to the previous year. Although freshman enrollment at the four-year institutions increased for fall 2021, UW officials again reported an overall enrollment decline of 1.1 percent.

***State Appropriations
was UW System's
second-largest revenue
during FY 2020-21.***

State Appropriations was UW System's second-largest revenue during FY 2020-21. Except for general purpose revenue (GPR) appropriated to UW System for its debt service payments, GPR that UW System received was reported on UW System's financial statements as State Appropriations. In FY 2020-21, State Appropriations totaled \$961.6 million and accounted for 16.9 percent of total revenues. From FY 2019-20 through FY 2020-21, State Appropriations increased by \$76.3 million, or by 8.6 percent. As a result of the public health emergency that began in March 2020, UW System was required to lapse \$40.8 million in GPR during FY 2019-20. In June 2021, the UW System's \$45.4 million GPR lapse for FY 2020-21 was rescinded.

Federal Grants and Contracts totaled \$707.8 million in FY 2020-21 and accounted for 12.4 percent of UW System's total revenue. From FY 2019-20 through FY 2020-21, Federal Grants and Contracts increased by \$22.8 million, or by 3.3 percent. UW System also reported increases in State, Local, and Private Grants and Contracts as well as Gifts during FY 2020-21. Revenues from State, Local, and Private Grants and Contracts totaled \$438.0 million and included grants and contracts received from other state agencies, Wisconsin municipalities, and other nonfederal entities. Gifts revenue, which includes amounts received from donors, increased 14.6 percent.

A number of revenue sources declined in FY 2020-21, largely due to the public health emergency, including:

- Sales and Services of Auxiliary Enterprises, which included revenue received for services such as student housing and food service, totaled \$263.3 million, which was a decline of 25.7 percent since FY 2019-20;
- Sales and Services of Educational Activities, which included revenue received from the sales of goods or services that were incidental to the primary function of UW System, such as textbook rentals, laboratory fees, scientific and literary publications, and public service programs, totaled \$241.1 million, which was a decline of 28.8 percent since FY 2019-20; and
- Other Operating Revenue, which included revenue from intercollegiate athletics, student health

services, child care centers, and certain administrative services, totaled \$369.8 million, which was a decline of 8.5 percent since FY 2019-20.

Federal Aid for the Public Health Emergency in FY 2020-21

UW System reported \$240.5 million in federal aid for the public health emergency during FY 2020-21.

UW System also reported \$240.5 million in Coronavirus Federal Grants and Aid, which represented an increase of \$168.2 million over FY 2019-20. This revenue related to federal aid from various programs enacted by the federal government since March 2020 to assist in a variety of ways during the public health emergency. For example, in FY 2020-21, UW System received \$31.4 million from the federal Coronavirus Relief Fund (CRF) to support COVID-19 testing at UW institutions. In addition, UW System received \$18.9 million from the Higher Education Institution Financial Assistance (HEIFA) program administered by DOA and funded from the CRF. UW System also expended \$14.5 million of the Governor's Emergency Education Relief Fund (GEER).

From March 2020 through June 2021, UW System was allocated a total of \$517.9 million in HEERF funding.

UW System's primary source of federal aid was received through the Higher Education Emergency Relief Fund (HEERF). HEERF funding was based on three separate allocations determined by the U.S. Department of Education based on federal legislation, including the Coronavirus Aid, Relief, and Economic Security (CARES) Act enacted in March 2020, Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA) enacted in December 2020, and the American Rescue Plan Act (ARPA) enacted in March 2021. Since inception of the public health emergency in March 2020 and through June 2021, UW System was allocated a total of \$517.9 million in HEERF funding, including:

- \$94.2 million in HEERF I funding;
- \$152.3 million in HEERF II funding; and
- \$271.4 million in HEERF III funding.

UW System was required to spend at least 50.0 percent of the HEERF I funding for student aid with the remaining amounts to support UW institutional expenses related to the public health emergency as institutional aid. UW System expended \$58.1 million in FY 2019-20, and largely used these funds to provide emergency financial aid grants and refund students the prorated charges for housing and food service for the remainder of the spring 2020 semester. Under HEERF II, UW System was required to expend for student aid at least the amount that was expended for HEERF I. However, the federal government expanded the activities for which higher education institutions could use HEERF II and HEERF III funds, including replacing lost revenue, costs to implement evidence-based practices to monitor and suppress coronavirus, and to conduct outreach to financial aid applicants to provide additional student aid.

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UW System had expended 46.0 percent of all allocated HEERF funding as of June 30, 2021.

In FY 2020-21, UW institutions spent \$180.1 million in HEERF funding, as shown in Table 2. When combined with HEERF expenditures from FY 2019-20, UW System had expended 46.0 percent of all allocated HEERF funding as of June 30, 2021. Only six UW institutions—UW-Eau Claire, UW-La Crosse, UW-Madison, UW-Oshkosh, UW Platteville, and UW-River Falls—had expended HEERF III funding in FY 2020-21.

Table 2

UW System HEERF Expenses^{1,2}
 FY 2020-21
 (in millions)

	HEERF I	HEERF II	HEERF III	Total
Student Aid	\$ 6.5	\$ 46.6	\$0.6	\$ 53.7
Institutional Aid	27.2	98.9	0.3	126.4
Total	\$33.7	\$145.5	\$0.9	\$180.1

¹ On a budgetary basis.

² Excludes expenses for certain portions of HEERF funding, including the Strengthening Institutions Program.

Based on information reported to the U.S. Department of Education as of June 30, 2021, the institutional aid funded by HEERF was largely expended for additional tuition and housing reimbursements or to supplement lost academic and auxiliary revenues. As part of our FY 2020-21 single audit, we are auditing UW System’s compliance with certain federal grant requirements for the HEERF program.

Expenses

Total Salary and Fringe Benefits was UW System’s largest expense and totaled \$3.3 billion, or 64.4 percent of its total expenses in FY 2020-21.

As shown in Table 3, UW System expenses decreased from \$5.4 billion in FY 2019-20 to \$5.1 billion in FY 2020-21, or by 5.7 percent. Total Salary and Fringe Benefits was UW System’s largest expense and totaled \$3.3 billion, or 64.4 percent of its total expenses in FY 2020-21. We note that this represented a decrease of 7.5 percent compared to FY 2019-20, in part, due to spending reductions by UW System during the public health emergency. For example, according to UW System payroll information, net salary-related cost reductions totaled \$73.8 million.

Table 3

UW System Expenses¹
(in millions)

Financial Statement Account	FY 2019-20	FY 2020-21	Percentage Change
Salaries	\$2,576.5	\$2,558.8	(0.7)%
Fringe Benefits	927.4	925.9	(0.2)
Fringe Benefits Related to Noncash Pension and OPEB	40.8	(205.7)	(604.2)
Total Salary and Fringe Benefits	3,544.7	3,279.0	(7.5)
Supplies and Services	1,197.8	1,109.7	(7.4)
Depreciation	329.1	348.9	6.0
Scholarships and Fellowships	165.1	186.1	12.7
Transfer to State Agencies	82.4	94.6	14.8
Interest Expense on Capital Asset-Related Debt	55.3	52.3	(5.4)
Other Operating Expenses	23.7	18.1	(23.6)
Loss on Disposal of Capital Assets	0.8	0.8	(3.1)
Total	\$5,398.9	\$5,089.5	(5.7)

¹ On a GAAP basis.

Total Salary and Fringe Benefits also includes fringe benefits expenses related to pensions and other post-employment benefits (OPEB). From FY 2019-20 through FY 2020-21, Fringe Benefits Related to Noncash Pension and OPEB decreased by \$246.5 million, or by 604.2 percent. UW System's pension expense decreased because of increases in the net pension asset and the net OPEB asset, in part due to higher investment income and other positive changes in assumptions used in estimating these amounts. As a participating employer in the Wisconsin Retirement System (WRS), UW System is required to report its proportionate share of the net pension asset (or liability) for all employees participating in the WRS. We describe the net pension asset of the WRS in report 21-15. UW System also participates in three other OPEB programs, including for retiree health insurance, retiree life insurance, and the supplemental health insurance conversion credit program. We described these programs in report 21-12, report 21-16, and report 21-18, respectively.

During FY 2020-21, Supplies and Services expense declined by \$88.1 million, or 7.4 percent.

Other significant UW System expenses included those related to the purchase of supplies and services, depreciation on capital assets, and scholarships and fellowships. In FY 2020-21, Supplies and Services expense declined by \$88.1 million, or 7.4 percent. UW System Administration attributed the decrease to spending reductions in areas such as travel and other expenses that were not incurred during the public health emergency. Scholarships and Fellowships expense increased \$21.0 million, or 12.7 percent. This was largely due to UW System providing student aid from HEERF funding.

Debt Service Costs

The State of Wisconsin issues debt on behalf of UW System, as it does for other state agencies. The proceeds of this debt are used to acquire or build facilities and other capital assets. Debt on academic facilities is repaid using GPR appropriated to UW System for that purpose. Debt on other facilities, such as residence halls, is repaid using program revenue that is generated by payments from users of these facilities.

In FY 2020-21, GPR-funded debt service payments totaled \$200.5 million and program revenue-funded debt service payments totaled \$136.9 million. As of June 30, 2021, outstanding GPR-funded debt totaled \$1.4 billion, and outstanding program revenue-funded debt totaled \$1.5 billion.

Cash and Net Position

As of June 30, 2021, UW System reported cash of \$2.2 billion, which was an increase of \$270.3 million, or 13.9 percent, since FY 2019-20.

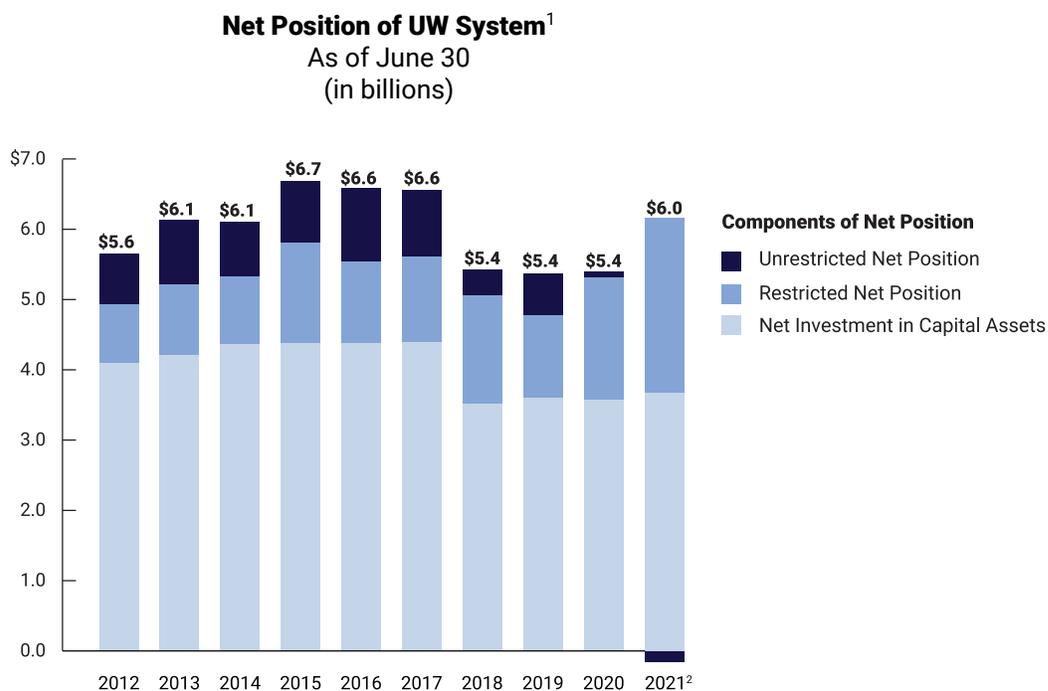
As of June 30, 2021, UW System reported cash of \$2.2 billion, which was an increase of \$270.3 million, or 13.9 percent, since FY 2019-20. This increase is attributed to a number of factors in the underlying UW activities. For example, although UW System received lower revenues from certain activities, it also reduced outlays of cash from salaries and supplies expense and received higher federal aid to address some of its costs during the public health emergency. UW System maintains cash balances to pay operational costs, such as employee salaries, as they come due and make incremental payments for long-range projects, such as construction of new facilities and other strategic initiatives.

UW System, as part of the State's General Fund, is required to invest cash in the State Investment Fund (SIF), with the exception of revenues from gift and grant funds as specified by the Board of Regents. Under its existing statutory authority, UW System may internally manage, hire a private investment firm, or seek to invest such funds with the State of Wisconsin Investment Board. At the October 2021 Board of Regents meeting, UW System Administration discussed potentially investing up to \$350 million in gifts and grants cash receipts outside of the SIF in future years in an effort to obtain higher investment returns.

UW System's net position was \$6.0 billion as of June 30, 2021.

Net position provides a measure of overall financial condition. On a GAAP basis, UW System's net position was \$6.0 billion as of June 30, 2021, and \$5.4 billion as of June 30, 2020, as shown in Figure 1. On UW System's financial statements, net position was presented in three components: Net Investment in Capital Assets, Restricted Net Position, and Unrestricted Net Position.

Figure 1



¹ On a GAAP basis.

² Unrestricted net position was a negative \$154.0 million as of June 30, 2021, due to the reporting of pension and OPEB activities.

Net Investment in Capital Assets represents capital assets, such as buildings and equipment, less accumulated depreciation, and less any related outstanding program revenue-funded debt needed to purchase or construct these capital assets. Net Investment in Capital Assets, which was the largest component of UW System's net position, was \$3.6 billion as of June 30, 2020, and \$3.7 billion as of June 30, 2021.

Restricted Net Position represents amounts that have an external restriction on their use. The majority of UW System's Restricted Net Position relates to amounts that were restricted for pensions and OPEB, endowment funds, gifts, nonfederal grants and contracts, and federal student loans. Restricted Net Position increased from \$1.7 billion as of June 30, 2020, to \$2.5 billion as of June 30, 2021, primarily due to

increases in the net pension asset and an OPEB asset as of June 30, 2021.

On a GAAP basis, UW System's Unrestricted Net Position was a negative \$154.0 million as of June 30, 2021, due to the reporting of pension and OPEB activities.

Unrestricted Net Position represents any remaining amounts not otherwise included in Net Investment in Capital Assets or Restricted Net Position. UW System Administration indicated that most of the Unrestricted Net Position when positive will be used for academic and research programs and initiatives, and capital programs. Unrestricted Net Position decreased from \$76.6 million as of June 30, 2020, to a negative \$154.0 million as of June 30, 2021, due to the reporting of pension and OPEB activities. The decrease in Unrestricted Net Position is a result of increases in assets from restricted sources, such as the net pension asset, an OPEB asset, and federal revenues, whereas its liabilities and other obligations exceeded available unrestricted assets.

■ ■ ■ ■

Program Revenue Balances Reporting

UW System receives program revenue from sources such as tuition; auxiliary operations, which include fees charged for student housing and food service; federal revenue; and gifts. Board of Regents policy requires UW System Administration to annually report fiscal year-end program revenue balances to the Board of Regents. We performed a limited review of the FY 2020-21 *Report on Program Revenue Balances by Institution and Level of Commitment* (program revenue balances report), which was approved by the Board of Regents in October 2021. We found that unrestricted program revenue balances as of June 30, 2021, were \$977.3 million, or 26.4 percent more than in FY 2019-20. Program revenue balances from unrestricted sources at each UW institution increased after declining in FY 2019-20. In FY 2020-21, UW System received unexpected federal and state revenues, and it implemented certain spending reductions. As a result, program revenue balances increased in FY 2020-21.

Program Revenue Balances as of June 30, 2021

UW System Administration annually reports program revenue balances to the Board of Regents in its program revenue balances report.

As required by Board of Regents policy, UW System Administration annually reports program revenue balances to the Board of Regents in its program revenue balances report. UW System receives program revenue from sources such as tuition; auxiliary operations, which include fees charged for student housing and food service; federal revenue; and gifts. Program revenue balances are reported for four restricted program revenue sources: gifts, nonfederal grants and contracts, federal grants and contracts, and other restricted program revenue sources. Program revenue balances are reported for five program revenue sources that do not have restrictions on their use (unrestricted): tuition, auxiliary operations, general operations,

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federal indirect cost reimbursement, and other unrestricted program revenue sources. Tuition balances support the academic mission such as faculty salaries, academic or research software, or student advising. Auxiliary operations are managed as self-sufficient activities and include a number of disparate activities related to goods or services to students, staff, and faculty for a directly related fee.

From FY 2013-14 through FY 2019-20, UW System Administration annually reported year-end program revenue account balances using the same methodology of categorizing total balances. For example, by aggregating positive and negative balances from various activities under auxiliary operations, the year-end balance total may appear smaller. In report 20-7, we recommended that UW System Administration modify reporting of auxiliary operations program revenue balances to require UW institutions to categorize only positive balances within auxiliary operations. In December 2020, the Board of Regents approved a policy change to the program revenue balances report methodology to incorporate this recommendation. Therefore, the tables and figures within this report consistently report auxiliary operations with negative division-level balances removed for FY 2020-21, and differ from the amounts shown in UW System's program revenue balances report. In FY 2020-21, and in response to a second recommendation in report 20-7, UW System Administration also began reporting with auxiliary operations the funds set aside for debt service related to auxiliary operations. In prior years, UW System Administration reported these funds with other unrestricted program revenue.

***On a budgetary basis,
UW System's total program
revenue balance was
\$1.5 billion as of
June 30, 2021.***

After incorporating these changes, and on a budgetary basis, UW System's total program revenue balance as of June 30, 2021, was \$1.5 billion of which \$977.3 million was unrestricted, as shown in Table 4. The total program revenue balance increased from \$1.2 billion as of June 30, 2020, to \$1.5 billion as of June 30, 2021, or by 21.3 percent. This was largely the result of a \$204.1 million (26.4 percent) increase in unrestricted program revenue balances, from \$773.2 million as of June 30, 2020, to \$977.3 million as of June 30, 2021.

Table 4

UW System Total Program Revenue Balance¹As of June 30
(in millions)

	Restricted ²	Unrestricted ³	Total	Percentage Change
2017	\$371.8	\$851.6	\$1,223.4	–
2018	416.6	906.9	1,323.5	8.2%
2019	468.0	866.6	1,334.6	0.8
2020	452.6	773.2	1,225.8	(8.2)
2021	509.8	977.3 ⁴	1,487.1	21.3

¹ On a budgetary basis.² Includes four program revenue sources that have restrictions on their use: gifts, nonfederal grants and contracts, federal grants and contracts, and other restricted program revenue sources.³ Includes five program revenue sources that do not have restrictions on their use: tuition, auxiliary operations, general operations, federal indirect cost reimbursement, and other unrestricted program revenue sources.⁴ Reflects unrestricted program revenue balances with negative division-level auxiliary operations balances removed. Without removing these negative auxiliary operations balances, the program revenue balances for FY 2020-21 were \$962.4 million as of June 30, 2021, as shown in UW System's program revenue balances report..**Unrestricted Program Revenue Balances**

From June 30, 2020, to June 30, 2021, unrestricted program revenue balances increased at all UW institutions.

Unrestricted program revenue balances vary by institution. As shown in Table 5, UW institution unrestricted program revenue balances ranged from \$12.4 million at UW-Superior to \$361.7 million at UW-Madison as of June 30, 2021. From June 30, 2020, to June 30, 2021, unrestricted program revenue balances increased at all UW institutions. The largest percentage increase was at UW-Stevens Point where the balance increased by \$25.4 million (141.9 percent) from June 30, 2020, to June 30, 2021. The largest dollar increase in unrestricted program revenue balances was at UW-Madison where the balance increased by \$36.5 million (11.2 percent) from June 30, 2020, to June 30, 2021. For UW-Stevens Point, the increases were primarily related to increases in tuition and auxiliary operations program revenue balances, and for UW-Madison the increases were largely due to increased federal indirect cost reimbursement.

Table 5

Unrestricted Program Revenue Balances, by Institution^{1,2}As of June 30³
(in millions)

Institution	2017	2018	2019	2020	2021 ⁴	Percentage Change 2020 to 2021
Stevens Point	\$22.9	\$21.7	\$17.3	\$17.9	\$43.3	141.9%
Stout	25.4	28.6	22.1	10.3	22.0	113.6
Whitewater	41.0	34.9	28.0	24.7	45.4	83.8
River Falls	21.7	22.3	22.5	18.6	30.0	61.3
Oshkosh	28.2	23.2	23.7	20.5	32.1	56.6
Superior	7.4	7.6	7.7	8.6	12.4	44.2
Parkside	14.2	14.7	14.9	12.0	16.8	40.0
Systemwide ⁵	78.5	101.8	76.3	88.8	120.8	36.0
Platteville	32.2	33.3	28.5	18.7	24.8	32.6
Eau Claire	48.1	52.3	52.1	52.4	68.4	30.5
Green Bay	20.6	22.8	28.6	32.5	39.9	22.8
La Crosse	29.4	35.3	32.5	29.8	35.8	20.1
Milwaukee	88.4	97.2	103.1	105.0	123.9	18.0
Madison	336.7	353.6	364.5	325.2	361.7	11.2
System Administration ⁶	\$11.5	\$10.2	\$ (5.4)	\$ 8.2	-	-
Total	\$806.2	\$859.5	\$816.6	\$773.2	\$977.3	26.4

¹ On a budgetary basis.² Includes five program revenue sources that do not have restrictions on their use: tuition, auxiliary operations, general operations, federal indirect cost reimbursement, and other unrestricted program revenue sources.³ As adjusted by allocations to UW institutions from UW Systemwide accounts.⁴ Reflects unrestricted program revenue balances with negative division-level auxiliary operations balances removed. Without removing these negative auxiliary operations balances, the program revenue balances for FY 2020-21 were \$962.4 million as of June 30, 2021, as shown in UW System's program revenue balances report.⁵ Accounts maintained by UW System Administration for the benefit of all UW institutions.⁶ The UW System Administration business unit was consolidated into UW Systemwide in FY 2020-21.

The unrestricted program revenue balances for UW Systemwide accounts, which are maintained by UW System Administration for the benefit of all UW institutions, increased from \$88.8 million to \$120.8 million, or by \$32.0 million (36.0 percent). According to the program revenue balances report, these increases were attributable to increases in tuition balances, general operations balances, and federal indirect cost reimbursement. Appendix 2 shows each UW institution's annual program revenue balances as of June 30, 2014, through June 30, 2021.

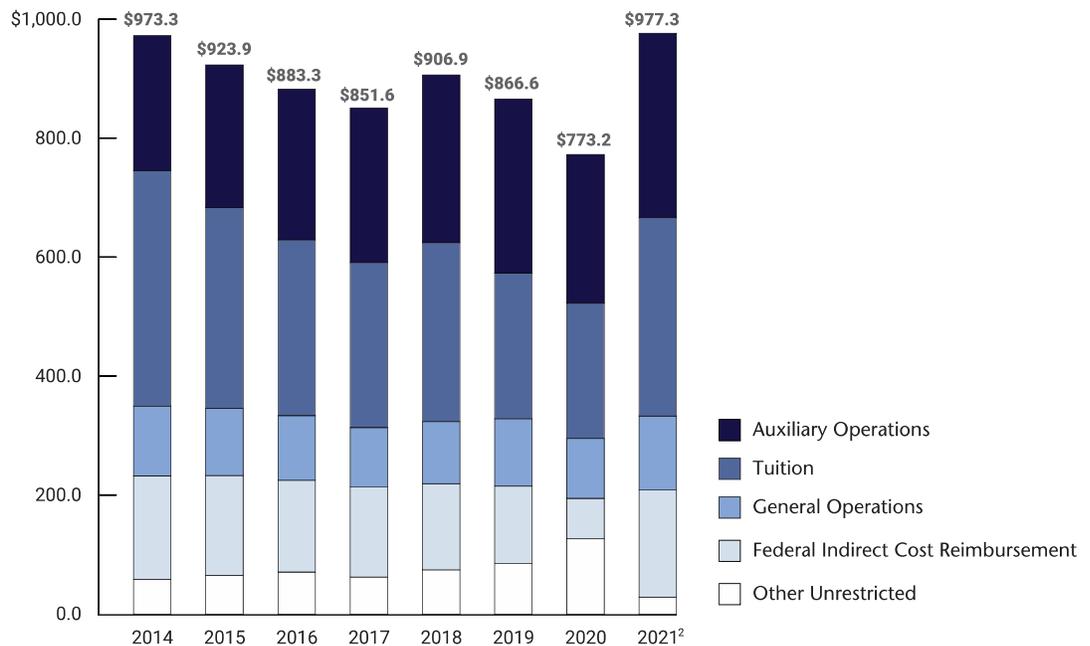
Program Revenue Sources

From June 30, 2020, to June 30, 2021, unrestricted program revenue balances increased for all program revenue sources except other unrestricted balances.

In FY 2019-20, all UW System unrestricted program revenue balances declined for the first time. UW System Administration staff attributed the decline, in part, to the public health emergency that began in March 2020. From June 30, 2020, to June 30, 2021, unrestricted program revenue balances increased for all program revenue sources except other unrestricted balances, as shown in Figure 2. Following a decline in FY 2019-20 program revenue balances, the program revenue balances increased in FY 2020-21 to amounts that, for some accounts, exceeded balances in FY 2013-14.

Figure 2

Unrestricted Program Revenue Balances, by Program Revenue Source¹
As of June 30
(in millions)



¹ On a budgetary basis.

² As a result of a change to Board of Regent policies, the amounts as of June 30, 2021, exclude division-level auxiliary operations balances that were negative at year-end. In addition, debt service payments were previously reported as other unrestricted and are reported in auxiliary operations as of June 30, 2021.

UW System Administration staff attributed these increases to three primary effects of the public health emergency: implementation of spending reductions, such as employee furloughs and travel restrictions; receipt of federal aid specific to the public health emergency; and a rescinded state lapse of \$45.4 million that was announced in June 2021.

These measures effectively reduced expenditures or provided one-time funding in FY 2020-21 due to the public health emergency.

From June 30, 2020, to June 30, 2021, the tuition program revenue balance increased by 46.6 percent.

Of all program revenue sources, the balance for tuition increased the most at 46.6 percent, from \$227.3 million as of June 30, 2020, to \$333.2 million as of June 30, 2021. As noted, UW System Administration staff attributed this increase, in part, to the rescinded \$45.4 million GPR lapse requirement at the end of FY 2020-21. Specifically, UW institutions had not anticipated that this GPR funding would be available when making plans for program revenue during the fiscal year.

UW System Administration staff also cited that continued uncertainty related to a trend in declining student enrollment and the resulting reduction in tuition revenue were also contributing factors in UW institutions taking a cautious approach to financial management decisions. As noted, overall student enrollment continued to decline during FY 2020-21. The public health emergency also had varying effects on enrollment trends at UW institutions. For example, UW-Milwaukee officials described cautious spending commitments due to uncertainty about future enrollment because job losses early in the public health emergency affected the resources of many metropolitan area families, which affected family decisions about continuing to pursue a college degree. More recently, as the economy has reopened, higher starting wages and job openings for service and retail sector jobs may have also offset potential student enrollments.

From June 30, 2020, to June 30, 2021, the auxiliary operations program revenue balance increased by 24.1 percent, primarily due to a reporting change.

The program revenue balance for auxiliary operations increased 24.1 percent from \$250.2 million as of June 30, 2020, to \$310.4 million as of June 30, 2021. This increase was primarily attributed to a reporting change we recommended in report 20-7 to include amounts obligated for debt service for auxiliary operations with auxiliary operations funds rather than with other unrestricted program revenue. For example, UW-River Falls transferred \$4.9 million it set aside for debt service related to child care, parking, residence halls, dining, and a recreation center from unrestricted program revenue to auxiliary operations.

Levels of Commitment for Program Revenue Balances

Program revenue balances are categorized according to the level of commitment for which funds are to be used.

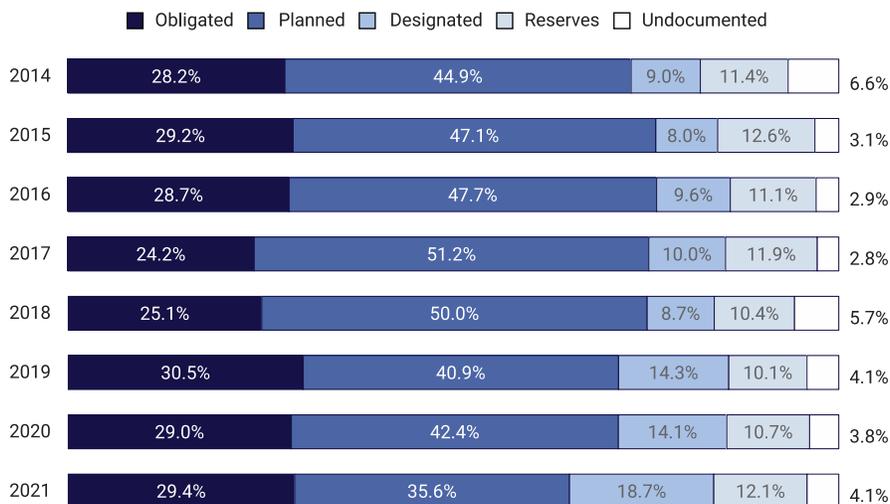
Board of Regents policy requires that reported year-end unrestricted balances be categorized according to the level of commitment for which funds are to be used. “Obligated” balances are firm commitments that cannot be easily redistributed, such as encumbrances or signed contracts. “Planned” balances are less committed than obligated balances and are held for a specific purpose as authorized by a chancellor or designee, such as planned financial aid that has not yet been awarded. “Designated” balances are held for purposes related to the original funding source for which there is no documentation or plan. Designated balances include, for example, funds for general operations that often accumulate in advance of

known expenses for future years, such as study abroad and athletic camps. “Reserves” are amounts approved in writing by the chancellor or authorized authority to be held for contingencies, such as unexpected enrollment declines, and are based on a dollar value or percentage of revenue. “Undocumented” balances do not have an obligation or plan and may be used for any purpose because there are no funding source requirements.

The percentage of the total unrestricted program revenue balance in each category has fluctuated since UW System Administration prepared the first program revenue balances report for FY 2013-14, as shown in Figure 3. For example, the unrestricted program revenue balance categorized as obligated has ranged from 24.2 percent to 30.5 percent of the total unrestricted program revenue balance from June 30, 2014, through June 30, 2021. Undocumented balances decreased each year until June 30, 2018, when the balance increased to 5.7 percent of the total unrestricted program revenue balances, but declined to 4.1 percent of the total unrestricted program revenue balances in June 30, 2021. Appendix 3 shows each UW institution’s program revenue balance by level of commitment as of June 30, 2021.

Figure 3

Unrestricted Program Revenue Balances, by Level of Commitment^{1,2}
As of June 30



¹ As reported in UW System’s reports on program revenue balances by institution and level of commitment.

² Includes balances from tuition, auxiliary operations, general operations, federal indirect cost reimbursement, and other unrestricted program revenue.

20 › PROGRAM REVENUE BALANCES REPORTING

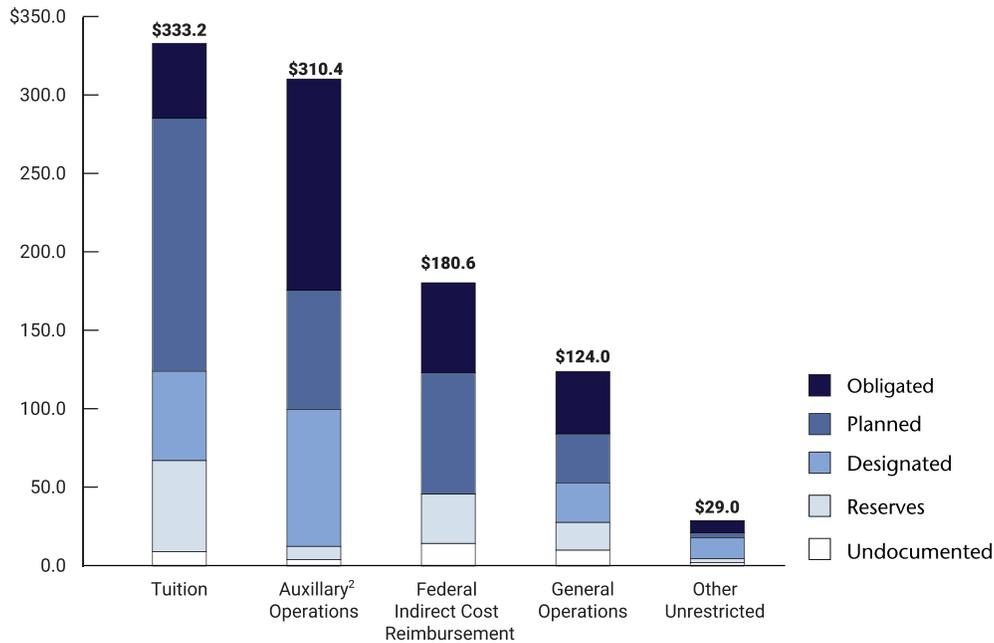
As noted, UW System Administration indicated that concerns about the public health emergency and enrollment-related revenues created a disincentive for UW institutions to make certain expenditure commitments in FY 2020-21.

Overall, reserves accounted for 12.1 percent of the total program revenue balances.

The level of commitment varies by program revenue source, as shown in Figure 4. The majority of the tuition and federal indirect cost reimbursement program revenue balance commitments were categorized as planned. However, most of the auxiliary operations were categorized as obligated. All program revenue sources included balances categorized as reserves, the majority of which were related to tuition and federal indirect cost reimbursement program revenue balances. Overall, reserves accounted for 12.1 percent of the total balances. The highest percentage categorized as reserves for a fund source was 17.4 percent for tuition. Auxiliary operations had the lowest percentage categorized as reserves at 2.7 percent.

Figure 4

Program Revenue Commitments, by Program Revenue Source¹
As of June 30, 2021
(in millions)



¹ As reported in UW System’s FY 2020-21 *Report on Program Revenue Balances by Institution and Level of Commitment*.

² Total reflects unrestricted program revenue balances with negative balances removed, which was the amount categorized by each institution. With negative balances included, the actual available auxiliary operations balance as of June 30, 2021, was \$295.5 million.

UW Institution Spending and Savings Plans

Board of Regents policy requires institutions with positive balances in excess of 12.0 percent of fiscal year expenditures for tuition, auxiliary operations, and other unrestricted program revenue sources to provide a detailed spending plan and additional information for those balances. These detailed spending plans must include the total dollar amounts held, the total amounts set aside for specific upcoming projects by level of commitment, and the time frame for spending completion. These spending plans are included in the FY 2020-21 program revenue balances report.

In FY 2020-21, UW institutions established 40 detailed spending plans, which are required when balances exceed 12.0 percent of fiscal year expenditures.

As shown in Table 6, the FY 2020-21 program revenue balances report included 40 detailed spending plans for unrestricted balances that exceeded the 12.0 percent limit. All 14 UW institutions submitted a detailed spending plan for at least one unrestricted program revenue source. For example:

- 5 UW institutions that were required to submit a detailed spending plan for tuition balances in FY 2020-21 were not required to submit one in FY 2019-20;
- 13 UW institutions were required to submit a detailed spending plan for auxiliary operations balances in FY 2020-21, including 3 UW institutions that were not required to submit one in FY 2019-20; and;
- 3 UW institutions that were required to submit a detailed spending plan for other unrestricted program revenue in FY 2019-20 were no longer required to do so in FY 2020-21.

Board of Regents policy also requires institutions with negative balances in tuition or auxiliary operations to submit a savings plan on how and when they will eliminate the negative balance. There were no institutions that were required to submit a savings plan in FY 2020-21.

Table 6

Required Spending Plans, by Institution
FY 2019-20 to FY 2020-21

Spending plan required¹
 Savings plan required²
 No spending plan required

Institution	Tuition		Auxiliary Operations		General Operations		Other Unrestricted Program Revenue	
	2021 ³	2020 ⁴	2021 ³	2020 ⁴	2021 ³	2020 ⁴	2021 ³	2020 ⁴
Eau Claire	■	■	■	■	■	■	■	■
Green Bay	■	■	■	■	■	■	■	■
La Crosse	■	■	■	■	■	■	■	■
Madison	■	■	■	■	■	■	■	■
Milwaukee	■	■	■	■	■	■	■	■
Oshkosh	■	■	■	■	■	■	■	■
Parkside	■	■	■	■	■	■	■	■
Platteville	■	■	■	■	■	■	■	■
River Falls	■	■	■	■	■	■	■	■
Stevens Point	■	■	■	■	■	■	■	■
Stout	■	■	■	■	■	■	■	■
Superior	■	■	■	■	■	■	■	■
Systemwide ⁵	■	■	■	■	■	■	■	■
Whitewater	■	■	■	■	■	■	■	■

¹ Required when the ratio of the balance to total expenditures exceeds 12.0 percent. For auxiliary operations, the 12.0 percent calculation is made prior to removing any division-level negative balances.

² Required when the balance in tuition or auxiliary operations is negative. There were no required savings plans for FY 2020-21.

³ As reported in UW System's FY 2020-21 *Report on Program Revenue Balances by Institution and Level of Commitment*.

⁴ As reported in UW System's FY 2019-20 *Report on Program Revenue Balances by Institution and Level of Commitment*.

⁵ Accounts maintained by UW System Administration for the benefit of all UW institutions.



Auditor's Report



Legislative Audit Bureau

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters

Senator Robert Cowles and
Representative Samantha Kerkman, Co-Chairpersons
Joint Legislative Audit Committee

Members of the University of Wisconsin Board of Regents, and
Mr. Tommy G. Thompson, Interim President
University of Wisconsin System

We have audited the financial statements and the related notes of the University of Wisconsin (UW) System, and its aggregate discretely presented component units, as of and for the year ended June 30, 2021, and June 30, 2020, and have issued our report thereon dated December 20, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, which is issued by the Comptroller General of the United States. The financial statements and related auditor's opinions have been included in UW System's *2021 Annual Financial Report*. Our report includes a reference to another auditor who audited the financial statements of the UW Foundation, as described in our report on UW System's financial statements. While the financial statements of the UW Foundation were audited in accordance with auditing standards generally accepted in the United States of America, they were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the UW Foundation.

Internal Control over Financial Reporting

Management of UW System is responsible for establishing and maintaining effective internal control over financial reporting (internal control). In planning and performing our audit of the financial statements, we considered UW System's internal control as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of UW System's internal control. Accordingly, we do not express an opinion on the effectiveness of UW System's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent misstatements, or to detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of UW System's financial statements will not be prevented, or that a material misstatement will not be detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying Finding and Response Schedule as Finding 2021-001, that we consider to be a significant deficiency.

Because UW System's financial statements are also included in the State of Wisconsin's Annual Comprehensive Financial Report (ACFR), this significant deficiency is also included in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters related to our audit of the State of Wisconsin's financial statements.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether UW System's financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

UW System Response to Finding

UW System's written response to the finding identified in our audit is described in the accompanying Finding and Response Schedule. UW System's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be used when considering UW System's internal control and compliance. The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of UW System's internal control or on compliance. Accordingly, this report is not suitable for any other purpose.

LEGISLATIVE AUDIT BUREAU



Joe Chrisman
State Auditor

December 20, 2021

FINDING AND RESPONSE SCHEDULE

Finding 2021-001: Information Security Controls at the University of Wisconsin System

Background:

UW institutions rely on information technology (IT) systems and are responsible for maintaining confidential and sensitive information, such as student data. UW System Administration maintains the Shared Financial System (SFS), which is UW System's accounting system, and the Human Resource System (HRS), which is UW System's payroll and personnel system. Both HRS and SFS data are stored on infrastructure managed by UW-Madison's Division of Information Technology (DoIT). These systems are used by all UW institutions. In addition, each institution maintains its own student information system to administer federal student financial assistance programs under the Student Financial Assistance Cluster, as well as other computer applications. UW System Administration is responsible for developing systemwide information security policies.

We first reported concerns with UW System Administration's information security policies, procedures, and controls in our financial audit of UW System for fiscal year (FY) 2014-15 (report 16-3). During subsequent audits, we recommended UW System Administration take additional steps in its development of a comprehensive information security program. Most recently in report 20-29, we recommended that UW System Administration develop systemwide information security policies that align with National Institute of Standards and Technology (NIST) guidance, develop a structure to effectively monitor compliance with systemwide policies, and work with UW institutions to achieve compliance.

Criteria:

Under s. 36.09, Wis. Stats., the Board of Regents is responsible for the governance of UW System, including protecting institutional and research data. Board of Regents Information Security Policy 25-5, which was adopted in February 2016, delegates authority to the UW System President to implement and maintain an information security program. The policy specifies that this program be comprehensive to encompass all aspects of information security, including system access and authentication; system and data integrity; data access, privacy, and confidentiality; and incident response.

UW System Administration is responsible for developing systemwide policies that form the basis for a comprehensive information security program, and the policies are approved by the UW System President. Board of Regents Information Security Policy 25-5 requires that NIST standards be used as a guide in developing systemwide policies. Chancellors and chief information officers at each UW institution are responsible for monitoring compliance with the policies, but UW System Administration retains overall oversight authority and responsibility for ensuring implementation and adherence to the information security program. In April 2018, UW System developed an information security program document that identified proposed information security policies, which were expected to be implemented over multiple years.

In February 2021, the UW System Board of Regents President and UW System Interim President directed each UW institution to implement specific action steps throughout each institution. For example, UW System Administration was to define data elements to be captured as part of a monitoring program, and each UW institution was to begin monthly reporting on those data elements on July 1, 2021.

Condition:

Although UW System Administration had taken corrective actions as of June 30, 2021, none of its new policies were in effect in FY 2020-21. As a result, we continued to identify concerns for FY 2020-21 that were similar to prior years. As of June 30, 2021, UW System Administration had developed information security policies that aligned with the five core functions of the specific NIST framework it adopted. For example, in FY 2020-21, UW System Administration developed five information security policies on IT asset management, risk management, privacy, logging and vulnerability management. The policies are expected to be in effect at staggered dates during FY 2021-22 and FY 2022-23.

Further, UW System Administration developed a structure to monitor UW institution compliance with systemwide policies in June 2021. However, the related reporting by UW institutions was not implemented until July 1, 2021, and included compliance with only those policies that were in effect at the time of reporting. As a result, UW institutions did not report on compliance with the five new policies developed in FY 2020-21.

Context:

We interviewed key UW System Administration staff to gain an understanding of the steps that were taken by June 30, 2021, in the development and implementation of a comprehensive security program, including systemwide policies and related oversight of UW institutions. We reviewed all systemwide policies developed before June 30, 2021, and compared them to the adopted NIST framework. We also reviewed documentation of periodic meetings between UW System Administration and UW institutions to discuss information system security topics throughout the year.

Questioned Costs:

None.

Effect:

Weaknesses in information security policies, standards, and procedures weaken the level of security provided by UW System Administration. For example, not providing guidance for the handling, protection, and privacy of an individual's personal data increases the risk that personally identifiable information could be accidentally or maliciously exposed.

Failure to monitor UW institution IT environments may lead to vulnerabilities in UW System's network, known or unknown, because there is no assurance that all systems are meeting the minimum level of security for UW System's IT environment, as established by systemwide policies and related standards and procedures. Weaknesses in the security of the network can lead to inappropriate access to confidential or sensitive data, unauthorized changes to the data within the system, or a failure of the system.

Although it can be difficult to determine how information security concerns affect the financial statements and material compliance areas, ineffective information security controls may permit controls over individual systems to operate improperly and may allow financial statement misstatements and noncompliance to occur and not be detected.

Cause:

UW System Administration developed five new policies, yet none were in effect in FY 2020-21 nor was the related monitoring in place in FY 2020-21.

☑ Recommendation

We recommend University of Wisconsin System Administration complete implementation of the systemwide policy monitoring program by:

- *collecting and analyzing UW institution compliance reports and;*
- *continuing to work with UW institutions to achieve compliance in a timely manner when noncompliance is identified.*

Response from University of Wisconsin System Administration: UW System Administration agrees with the finding and recommendations.

In July 2021, UW System Administration began analyzing UW institution compliance with systemwide information security policies and other directives through bi-monthly surveys from each institution. UW System Administration will then summarize the information to distribute to all institutions. UW System Administration will continue to work with UW institutions on an ongoing basis to advance systemwide compliance with policy as well as UW System's overall security posture. In November 2021, UW System Administration resumed on-site visits to UW institutions to understand barriers to information security policy compliance and areas that UW System Administration may assist. UW System Administration intends to visit all institutions at least annually and summarize the results of the visits.

■ ■ ■ ■

Appendices

Appendix 1

Members of the UW System Board of Regents

November 2021

Member	Term
Robert Atwell	May 2017 to May 2024
Scott Beightol	November 2018 to May 2023
Amy Blumenfeld Bogost	May 2020 to May 2027
Héctor Colón	March 2020 to May 2025
Michael M. Grebe	June 2015 to May 2022
Mike Jones	May 2017 to May 2024
Tracey L. Klein	May 2016 to May 2023
Edmund Manydeeds III	May 2019 to May 2026
John W. Miller	May 2021 to May 2028
Rodney Pasch	Ex officio
Andrew S. Petersen	May 2015 to May 2022
Cris Peterson	May 2018 to May 2025
Ashok Rai	May 2021 to May 2028
Corey Saffold (student)	May 2020 to May 2022
Brianna Tucker (student)	May 2021 to May 2023
Jill Underly	Ex officio
Karen Walsh	May 2019 to May 2026
Kyle M. Weatherly	May 2020 to May 2027

Appendix 2

Total Unrestricted Program Revenue Balances, by Institution^{1, 2}

As of June 30³
(in millions)

Institution	2014	2015	2016	2017	2018	2019	2020	2021 ⁴
Colleges ⁵	\$ 25.5	\$ 25.7	\$ 26.1	\$ 22.9	\$ 22.0	\$ 30.7	–	–
Eau Claire	50.3	39.2	43.0	48.1	52.3	52.1	\$ 52.4	\$ 68.4
Extension ⁵	27.1	26.0	24.5	22.5	25.4	19.5	–	–
Green Bay	22.2	20.6	20.7	20.6	22.8	28.6	32.5	39.9
La Crosse	76.2	62.5	30.7	29.4	35.3	32.5	29.8	35.8
Madison	386.5	377.3	369.4	336.7	353.6	364.5	325.2	361.7
Milwaukee	84.2	65.1	81.9	88.4	97.2	103.1	105.0	123.9
Oshkosh	49.7	43.6	38.8	28.2	23.2	23.7	20.5	32.1
Parkside	9.1	10.8	14.9	14.2	14.7	14.9	12.0	16.8
Platteville	22.7	25.6	32.3	32.2	33.3	28.5	18.7	24.8
River Falls	19.7	22.2	19.5	21.7	22.3	22.5	18.6	30.0
Stevens Point	39.9	33.5	37.6	22.9	21.7	17.3	17.9	43.3
Stout	11.9	14.1	20.4	25.4	28.6	22.1	10.3	22.0
Superior	(1.9)	2.0	7.7	7.4	7.6	7.7	8.6	12.4
System Administration ⁶	11.7	8.7	10.1	11.5	10.2	(5.4)	8.2	–
Systemwide ⁷	92.9	105.3	59.6	78.5	101.8	76.3	88.8	120.8
Whitewater	45.6	41.7	46.1	41.0	34.9	28.0	24.7	45.4
Total	\$973.3	\$923.9	\$883.3	\$851.6	\$906.9	\$866.8	\$773.2	\$977.3

¹ On a budgetary basis.

² Program revenue sources that do not have restrictions on their use include tuition, auxiliary operations, general operations, federal indirect cost reimbursement, and other unrestricted program revenue sources.

³ As adjusted by allocations to UW institutions from UW Systemwide accounts.

⁴ Reflects unrestricted program revenue balances with negative division-level auxiliary balances removed. Without removing these negative auxiliary balances, the program revenue balances as of June 30, 2021, were \$962.4 million.

⁵ Beginning for the FY 2019-20 program revenue balances reports, UW Colleges and UW-Extension are not reported as separate institutions because, as part of the UW System restructuring, UW Colleges' campuses became branch campuses to certain four-year institutions and UW-Extension units transitioned to either UW-Madison or UW System Administration.

⁶ The UW System Administration business unit was consolidated into UW Systemwide during FY 2020-21.

⁷ Accounts maintained by UW System Administration for the benefit of all UW institutions.

Appendix 3

Summary of UW System Unrestricted Program Revenue Balances, by Level of Commitment¹

FY 2020-21 Ending Program Revenue Balance

Institution	Obligated	Planned	Designated	Reserves	Undocumented (Discretionary)	Total
Madison	\$ 149,814,189	\$ 123,600,000	\$ 54,700,554	\$ 33,600,071	\$ 0	\$ 361,714,814
Milwaukee	37,258,133	49,849,681	17,183,727	17,643,935	1,949,565	123,885,041
Systemwide	12,797,645	17,688,128	47,969,558	21,795,929	20,521,724	120,772,984
Eau Claire	24,844,000	27,791,724	14,661,419	659,292	489,492	68,445,927
Whitewater	9,341,126	16,886,235	5,861,557	11,783,027	1,566,064	45,438,009
Stevens Point	6,203,279	25,404,756	5,334,851	3,606,173	2,713,545	43,262,604
Green Bay	9,959,023	6,673,518	14,966,027	5,506,979	2,768,146	39,873,693
La Crosse	5,465,956	19,228,835	7,114,324	3,536,211	432,184	35,777,510
Oshkosh	3,738,368	16,317,034	6,663,639	5,491,235	(81,795)	32,128,481
River Falls	5,331,480	23,975,888	0	655,000	0	29,962,368
Platteville	7,030,169	8,575,202	3,299,643	4,631,265	1,283,960	24,820,239
Stout	11,220,324	3,486,595	214,201	6,478,983	609,107	22,009,210
Parkside	2,838,328	5,976,433	3,177,375	0	4,848,887	16,841,023
Superior	1,810,117	3,271,524	1,831,951	2,500,000	2,951,024	12,364,616
Colleges ²	-	-	-	-	-	-
Extension ²	-	-	-	-	-	-
System Administration ³	-	-	-	-	-	-
Total	\$287,652,137	\$348,725,553	\$182,978,826	\$117,888,100	\$40,051,903	\$977,296,519
	29.4%	35.7 ⁴ %	18.7%	12.1%	4.1%	100.0%

¹ As reported in Appendix 7 of UW System's FY 2020-21 Report on Program Revenue Balances by Institution and Level of Commitment.

² As part of the UW System restructuring, UW Colleges' campuses became branch campuses to certain four-year institutions and UW-Extension units transitioned to either UW-Madison or UW System Administration.

³ The UW System Administration business unit was consolidated into UW Systemwide during FY 2020-21.

⁴ Appendix 7 of UW System's FY 2020-21 Report on Program Revenue Balances by Institution and Level of Commitment reported this amount as 35.6 percent. However, it should be 35.7 percent.