



October 26, 2012

NOTICE TO RESIDENTS OF THE MILWAUKEE AREA
TECHNICAL COLLEGE DISTRICT, WISCONSIN

A regular open meeting* of the **ADVISORY AUDIT COMMITTEE** of the Milwaukee Area Technical College District Board, Wisconsin, will be held in the **BOARD ROOM, (ROOM M210)**, of the **MILWAUKEE AREA TECHNICAL COLLEGE**, 700 West State Street, Milwaukee, Wisconsin on **TUESDAY OCTOBER 30, 2012**, beginning at **2:00 P.M.***

The agenda for said meeting is presented as follows:

A. Roll Call

B. Compliance with the Open Meetings Law

C. [Approval of Minutes, August 16, 2012 - Attachment AAC 1](#)

D. Comments from the Public

E. Action Items

None

F. Discussion Items

1. External Audit Update

2. Internal Audit Update

3. [Internal Audit Charter – Attachment AAC 2](#)

G. Information Items

None

H. Old Business/New Business

Date of Next Meeting: TBD, 2:00 P.M., MATC Board Room, M210

Committee Members: Katz, Pace, Wieland, and Yahr

*** Other members of the MATC Board may be present, although they will not be participating as members of this committee. This meeting may be conducted in part by telephone. Telephone speakers will be available to allow the public to hear those parts of the proceedings that are open to the public.**

**** Action may be taken on any agenda item, whether designated as an action item or not. Agenda items may be moved into Closed Session for discussion when it becomes apparent that a Closed Session is appropriate under Section 19.85 of the Wisconsin Statutes. The Committee may return into Open Session to take action on any item discussed in Closed Session.**

Reasonable accommodations are available through the ADA Office for individuals who need assistance. Please call 414-297-6610 to schedule services at least 48 hours prior to the meeting.



AAC-1

**MILWAUKEE AREA TECHNICAL COLLEGE DISTRICT ADVISORY AUDIT COMMITTEE
MILWAUKEE, WISCONSIN
August 16, 2012**

CALL TO ORDER

The regular meeting of the Milwaukee Area Technical College District Board Advisory Audit Committee was held in open session on Thursday, August 16, 2012, and called to order by Mr. Michael Katz at 2:05 p.m. in the Board Room, M210, at the Downtown Milwaukee Campus of Milwaukee Area Technical College.

ITEM A. ROLL CALL

Present: Michael Katz, Gerald Pace, Tom Wieland, and Robert Yahr.

Staff: Dr. James Williams, Vice President, Finance
Ms. Janice Falkenberg, Vice President & General Counsel

ITEM B. COMPLIANCE WITH THE OPEN MEETINGS LAW

Proper notice of the meeting had been given in compliance with the Wisconsin Open Meetings Law.

ITEM C. APPROVAL OF MINUTES, MAY 10, 2012

Discussion It was moved by Mr. Wieland, seconded by Mr. Pace to approve the May 10, 2012 minutes.

Action Motion Approved.

ITEM D. COMMENTS FROM THE PUBLIC

None.

ITEM E. ACTION ITEMS

E-1 Internal Audit Committee Disclosure Statement – Attachment 2

Motion: It was moved by Dr. Yahr, seconded by Mr. Wieland to approve the Internal Audit Committee Disclosure Statement

Action: Motion Approved.

Milwaukee Area Technical College District Advisory Audit Committee

Minutes of August 16, 2012

Page 2

ITEM F. DISCUSSION ITEMS

F-1 External Audit Update

Discussion: Mr. John Knepel, partner, Baker Tilly provided an update on the external audit. Advising the final field work is scheduled to begin on August 27, 2012.

F-2 Internal Audit Update

Discussion: Jeff Mueller of Titus gave an update on the status of the internal audits in the Student Services, Procurement, and IT (Datatel).

F-3 Committee Charter Review

Discussion: The committee agreed to review this item at the next meeting.

F-4 Tentative FY2012-13 Advisory Audit Committee Meeting Schedule

Discussion: The committee discussed meeting in October to review the external audit results.

ITEM G. INFORMATION ITEMS

None

ITEM H. OLD BUSINESS/NEW BUSINESS

Date of Next Meeting: Thursday, October, 30, 2012, 2:00 p.m., Regular Advisory Audit Committee Meeting, Downtown Milwaukee Campus, Board Room (M210).

Adjournment

The meeting adjourned at 3:17 p.m.

Respectfully Submitted,

Erika N. Crosby

Administrative Specialist, Finance

Milwaukee Area Technical College
Internal Audit Charter
Updated: October 25, 2012

Introduction:

Internal Audit is an independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of Milwaukee Area Technical College (“MATC”). It assists MATC in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organization’s risk management, control and governance processes.

Role:

The Internal Audit Department is established by the Board of Directors, and its responsibilities are defined by the MATC Advisory Audit Committee of the Board of Directors as part of their oversight function.

Professional Standards:

The Internal Audit Staff shall govern themselves by adherence to The Institute of Internal Auditor’s “Code of Ethics”. The Institute’s “*International Standards for the Professional Practice of Internal Audit*” (*Standards*) shall constitute the operating procedures for the department. These two documents constitute an addendum to their charter. The Institute of Internal Auditor’s “Practice Advisories” will be adhered to as applicable. In addition, Internal Audit will adhere to MATC policies and procedures and Internal Audit’s Standard Operating Procedures Manual. The Standard Operating Procedures Manual shall include attribute, performance and implementation standards to guide the Department.

Authority:

Authority is granted for full, free and unrestricted access to any and all of MATC’s records , physical properties and personnel relevant to any function under review. All employees are requested to assist Internal Audit in fulfilling their staff function. Internal Audit shall also have free and unrestricted access to the Chairman of the Board of Directors and the Advisory Audit Committee of the Board of Directors.

Documents and information given to Internal Audit during a periodic review will be handled in the same prudent and confidential manner as by those employees normally accountable for them.

Organization & Governance:

The Chief Audit Executive, an external provider of risk management services, has been contracted to act as an outsourced Internal Audit function. As such, the Chief Audit Executive shall report administratively to the President and functionally to the Advisory Audit Committee of the Board of Directors.

The Chief Audit Executive, acting as Internal Audit will have sufficient opportunity to dialogue with the Advisory Audit Committee Chair and certain designated members of the Advisory Audit Committee. The Committee Chair and certain designated members will have a candid conversation with the Chief Audit Executive at least once annually without management present. Presentations and support will be made to the Advisory Audit Committee as deemed appropriate by the Chief Audit Executive.

Update meetings by the Chief Audit Executive to the Advisory Audit Committee shall be held not less than four times a year and should correspond with MATC's financial reporting cycle.

Independence:

All internal audit activities shall remain free of influence by any element in the organization, including matters of audit selection, scope, procedures, frequency, timing or report content to permit maintenance of an independent and objective mental attitude necessary in rendering reports.

Internal Auditors shall have no direct operational responsibility or authority over any of the activities they review. Accordingly, they shall not develop nor install systems or procedures, prepare records or engage in any other activity which would normally be audited.

Audit Scope:

The scope of Internal Audit encompasses the examination and evaluation of the adequacy and effectiveness of the organization's governance, risk management process, system of internal control structure and the quality of performance in carrying out assigned responsibilities to achieve the organization's stated goals and objectives. **This scope will incorporate responsibility for the Internal Audit Function, and provide guidance and support in establishing and maintaining the organization's Enterprise Risk Management program. These roles will include the following elements:**

Internal Audit

- Evaluate the "control culture" and management's tone regarding risk and controls management.
- Reviewing the reliability and integrity of financial and operating information and the means used to identify, measure, classify and report such information

- Reviewing the systems established to ensure compliance with those policies, plans, procedures, laws and regulations which could have a significant impact on operations and reports and whether the organization is in compliance.
- Reviewing the means of safeguarding assets and, as appropriate, verifying the existence of such assets.
- Reviewing and appraising the economy and efficiency with which resources are employed.
- Reviewing operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned.
- Reviewing specific operations at the request of the Advisory Audit Committee or management as appropriate.
- Monitoring and evaluating the effectiveness of the organization's risk management system.
- Reviewing the quality of performance of external auditors and the degree of coordination with Internal Audit.
- Review the internal control statement by senior management and the related opinion by the attest auditor for audit planning.
- Perform controls assessments for new initiatives or significant process changes to provide feedback on the adequacy of controls or specific operational risks.
- Assist in integrating the outcomes and recommendations of the Internal Audit function into the Enterprise Risk Management program.

Enterprise Risk Management

- Assist management team in coordinating and maintaining a program to assess all organizational risks and potential impact to MATC.
- Communicating these risks to the management team and assist in establishing a risk management plan, including ownership.
- Assist management team as needed in communicating the results of the Enterprise Risk Management process to the Advisory Audit Committee and the relationship / impact to the overall Internal Audit process.

Audit Planning:

Annually, the Chief Audit Executive (serving the role of Chief Audit Executive) shall submit to senior management and the Advisory Audit Committee a summary of the audit work schedule, staffing plan and budget for the following fiscal year. The audit work schedule is to be developed based on a prioritization of the audit universe using a risk-based methodology. Any significant deviation from the formally approved work schedule shall be communicated to senior management and the Advisory Audit Committee through periodic activity reports.

Reporting:

A written report will be prepared and issued by the Chief Audit Executive (serving the role of Chief Audit Executive) or designee following the conclusion of each audit and will be distributed as appropriate. A

copy of each audit report and a summarization will be forwarded to the Chief Executive Officer, Chief Financial Officer, General Counsel and the Chairman of the Advisory Audit Committee.

The Chief Audit Executive (serving the role of Chief Audit Executive) or designee may include in the audit report the auditee's response and corrective action taken or to be taken in regard to the specific findings and recommendations. Management's response should include a timetable for anticipated completion of action to be taken and an explanation for any recommendations not addressed.

In cases where a response is not included within the audit report, management of the audited area should respond, in writing, within thirty days of publication to Internal Audit and those on the distribution list.

Internal Audit shall be responsible for appropriate follow-up on audit findings and recommendations. All significant findings will remain in an open issues file until cleared by the Chief Audit Executive (serving the role of Chief Audit Executive) or the Advisory Audit Committee.

Periodic Assessment:

The Chief Audit Executive (serving the role of Chief Audit Executive) should periodically assess whether the purpose, authority and responsibility, as defined in this charter, continue to be adequate to enable the internal auditing activity to accomplish its objectives. The result of this periodic assessment should be communicated to senior management and the Board of Directors.

Milwaukee Area Technical College

Internal Audit Charter

Approved this _____ day of _____, _____.

Vice President, Finance

President

Chair, MATC District Board of Directors

Chair, Advisory Audit Committee of the MATC
District Board of Directors

Chief Audit Executive
