

**MILWAUKEE AREA TECHNICAL COLLEGE  
Advisory Audit Committee (AAC) Minutes**

**MATC ADMINISTRATION PRESENT:** Christy Brown, Vice President and General Counsel  
Michael Sargent, Vice President, Finance

**GUESTS:** Renee Messing, Virchow Krause  
Steve Henke, Virchow Krause

**SPECIAL ADVISOR TO THE AAC:** Craig Piotrowski, ASL Consulting

**CALL TO ORDER**

The first regular quarterly meeting of the Advisory Audit Committee of the Milwaukee Area Technical College (MATC) was held in open session on Tuesday, May 10, 2005, and called to order by Chairperson Webber at 9:30 a.m. in the Board Room, Room M210, at the Milwaukee Campus of Milwaukee Area Technical College.

**ROLL CALL**

**Present:** Bonnie Baerwald, Mark Maierle, Anne Szczygiel,  
Bobbie Webber, Tom Wieland, Robert Yahr

**COMPLIANCE WITH THE OPEN MEETINGS LAW**

The Advisory Audit Committee meeting was noticed in compliance with the Wisconsin Open Meetings Law.

**COMMENTS FROM THE PUBLIC**

None

**INTRODUCTIONS**

Members each provided an overview of their background and experience, as well as their expectations for this Committee. (Brief written summaries for each Committee member are being made available.)

Mr. Piotrowski shared that the initial suggestion of the need for an audit committee, as well as an internal audit function at MATC, came from Virchow Krause & Company, in recent audit findings.

Mr. Piotrowski reviewed a comparative analysis of MATC's general fund revenue/expenditures between a few other colleges and the Wisconsin Technical College System (WTCS) statewide averages.

The Committee discussed MATC's current fund balance, and its history. Copies of MATC's policy on reserves was distributed. Mr. Maierle stressed how controversial and important the issue of fund balance can be. Mr. Wieland noted that Moody's recently published information regarding fund balance, which he agreed to provide to the Committee at a later time.

**MANAGEMENT COMMENTS ON INTERNAL CONTROLS, RISK MANAGEMENT, ETC.**

Mr. Sargent provided some background on the history of past internal audit function at MATC, as well as lengthy vacancies in the CFO and Controller positions recently. He shared some of the concerns he has found since his employment with MATC, indicating that these concerns are being addressed as quickly as possible.

There was discussion regarding some upcoming retirements within the Finance Division staff, and the need for quality replacement of these individuals in order to ensure the necessary level of expertise.

Mr. Sargent shared information on the MATC Procurement Card program, which has recently moved from the test phase into full implementation. He noted that although WTCS has rebate program in place with US Bank, who handles the procurement card program, MATC has not yet met the minimum required for the rebate.

He also provided information on the upcoming Campus Card program, ensuring the Committee that controls will be in place throughout the process. He voiced complete confidence in MATC's manager of procurement, who has full understanding of the requirements of purchasing, and is proactive in guaranteeing that the appropriate bid process is used for all large purchases.

Mr. Maierle shared that, in his opinion, there tends to be a sense of apprehension among MATC Board members when it comes to financial information. An enormous amount of information is shared with the MATC Board, not all of whom have a background in accounting or finance, and it is difficult to sift through the information and make informed decisions. This is further influenced by the fact that, as a public institution, all such information is public information. However, Mr. Maierle noted his absolute confidence in the current administrative team, and their ability to ensure that the information is communicated clearly and precisely, and that the information has been fully reviewed for accuracy.

**EXTERNAL AUDIT MATTERS**

Ms. Renee Messing and Mr. Steve Henke, of Virchow Krause & Company (VK), shared their background and experience as it relates to governmental accounting, as well as a brief history of Virchow Krause & Company. They provided background information of VK's relationship with MATC, dating back to the Spring of 2001, with a five year contract (with optional 1 year extension).

They shared information on the audit process, which typically begins with a preliminary meeting in May, followed by field work, and wrap-up in the fall. And overview of the scope of the audit, timing, percentage of time spent on each focus, etc. was provided.

It was determined that representatives from Virchow Krause would attend two of the Advisory Audit Committee's quarterly meetings, just prior to the commencement of the audit, and following the completion of the audit. However, open communication between this Committee and both Ms. Messing and Mr. Henke is strongly encouraged.

Ms. Messing shared their policy of involving a minority firm in their audit process, noting they enlist the assistance of a minority accounting firm for approximately 80 hours of assistance throughout the engagement. She noted that they are currently seeking out a new firm who will provide assistance with the preliminary audit work, etc. It was noted that this firm works under the direction of Virchow Krause, and that the services of this secondary firm are included in Virchow Krause's annual retainer.

Ms. Messing shared information on the Channel 10/36 Friends audit. Although the Friends audit is performed by another audit firm, information from that report is included in the Milwaukee Public Television (MPTV) station report, which is performed by Virchow Krause. Typically, the Friends audit is issued in the October/November time frame, followed by the MPTV report. For the 2004 fiscal year, the Friends audit was not issued until March 2005, resulting in the reporting of MPTV in April 2005. MATC filed monthly extensions for the Corporation for Public Broadcasting (CPB) reporting, and although there were no overall financial ramifications, it did cause delay in receipt of some of MATC's CPB funding.

## **INTERNAL AUDIT MATTERS**

Since the elimination of MATC's internal audit function back in 2001, there has been one internal report completed. Gladys R. Wilson & Associates, under the direction of Steven Pawlow, performed a review of the Student Activity Fund, whose final report was shared with the Committee.

Members shared opinions, based on their background and expertise on how MATC may wish to proceed with the internal audit function. Suggestions were made as to the staffing (individual vs. team), funding, scope, reporting relationship to the board, etc. of this function. On the issue of funding such a position, the use of accounting students was discussed, noting that partnering with other institutions, and utilizing their student population, rather than MATC students, would avoid any potential conflict that may arise.

The Committee discussed the current administrative data system software used at MATC, in comparison with two other administrative systems used throughout the WTCS system. Mr. Sargent shared that a new steering Committee has been formed to review the current system capabilities, look at data warehousing options, etc.

**COMMITTEE CHARTER, INTERNAL CONTROLS & RISK MANAGEMENT, QUESTIONS & CONCERNS, FUTURE MEETINGS & AGENDAS, ETC.**

Mr. Piotrowski asked for comments, questions, suggestions to the proposed charter for the Advisory Audit Committee. It was suggested that the term 'affiliate', as stated in item 3.2, be further defined, to avoid conflicts that may exist.

Attorney Brown shared information on state statutes governing open meetings and public records. She asked Committee members to be conscious that communication between any four-member quorum of this Committee, whether formal or social, may require notice as an open meeting, and all written communication, including ongoing e-mail dialogue, constitutes a public record and sometimes such e-mail dialogue constitutes a meeting.

Members should retain all paper and electronic files pertaining to this Committee, or ensure that all such information is forwarded to MATC's office of legal counsel.

Members are advised to contact Robert Hartung, Vice President of MATC College Advancement, regarding any communication requests from the media. The administration will forward Mr. Hartung's contact information to the Committee.

**OLD BUSINESS / NEW BUSINESS**

Future Meeting Dates:

Wednesday, August 17, 2005 at 9:00am  
Tuesday, November 8, 2005 at 9:30am

**ADJOURNMENT**

The Committee adjourned at 1:16 p.m.

Respectfully submitted,  
*Caryn Dohring*  
Administrative Specialist