September 9, 2026

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

A regular open meeting* of the **AUDIT ADVISORY 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 Wednesday, September 9, 2026**,** beginning at 3:00 P.M.* In addition, Join Zoom Meeting: https://matc-edu.zoom.us/j/88686061298

The agenda for said meeting is presented as follows:**

A. Roll Call

B. Compliance with the Open Meetings Law

C. Approval of Minutes, June 10, 2026 - Attachment AAC-1

D. Committee Members Update–Paul Zinck

E. Action Items

Review Audit Advisory Committee Charter - Attachment AAC-2

F. Discussion Items

1. Internal Audit Update–Sherry Terrell-Webb
2. Finance Update–Sue Jarvis

G. Old Business/New Business

1. New Items for Committee Discussion
2. Date of Next Meeting: December 10, 2026 at 3:00 PM CST

Committee Members: Paul Zinck, Charlotte Hayslett, Dennis Butler, Sharon Johnson and Katie Reilly

* 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.

Attachment AAC-1

MILWAUKEE AREA TECHNICAL COLLEGE DISTRICT BOARD
AUDIT ADVISORY COMMITTEE

Minutes June 10, 2026

CALL TO ORDER

The regular meeting of the Milwaukee Area Technical College (MATC) District Board Audit Advisory Committee (AAC) was held in open session on Wednesday, June 10, 2026 and called to order by Mr. Paul Zinck at 3:00 p.m. in the Board Room, M210, at the Downtown Campus of MATC (with virtual attendance an option).

A. ROLL CALL

AAC Members Present: Paul Zinck (chair), Gale Pence, Sharon Johnson and Katherine Reilly. Dennis Butler joined shortly after roll call.

Others Present: Dr. Anthony Cruz (President), Dr. Phillip King (EVP), Ms. Eva Kuether (CFO), Sherry Terrell-Webb (General Counsel), Mr. David Rowe (Chief Information Officer), Ms. Jolene Arnold (Exec. Admin. Asst.), Beth Schultz (Sr. Exec. Asst. to the President and Board)

B. COMPLIANCE WITH THE OPEN MEETINGS LAW

Proper notice of the meeting was provided in compliance with the Wisconsin Open Meetings Law.

C. APPROVAL OF MINUTES, March 11, 2026

The minutes were approved with no objections.

D. COMMENTS FROM THE PUBLIC

None.

E. ACTION ITEMS

None.

F. DISCUSSION ITEMS

1. External Audit Update
   Mr. Paul Frantz of Baker Tilly discussed the scope, approach, and timing for the upcoming audit cycle. He noted that preliminary Field work will begin in July with field work in September and the final work expected to be ready by the end of November. Paul Zinck shared that through the RFP process Baker Tilly has been approved and will continue as the audit partner for the next five years.
2. Compliance Update
   Ms. Sherry Terrell-Webb, VP/General Counsel, discussed the annual Conflict of Interest (COI) process at MATC, and that they are currently collecting those electronically from faculty and administrators. Moving forward, COI forms will be part of an electronic contract management system.
3. Internal Audit Update
   - ADA Digital Accessibility: An extension to implementations goes through April 26, 2027, to meet WCAG 2.1 Level AA standards. Backed by a consultant and online learning initiatives, the college is embedding compliance requirements directly into the vendor RFP process.
   - Ghost Students: To prevent fraud, MATC shifted student verification to the front end of enrollment using Socure software. Dr. Phillip King provided updates on this process, which is transitioning from batch processing to real-time verification requiring direct personal contact. Out of roughly 10,958 applications received between February and May, 1, 255 fraudulent applications were successfully stopped.

   Audit Follow-up
   - Operations & Finance: A certified PCI-compliant vendor has been contracted for cash handling implementation.
   - Zancil: Non-instructional faculty assignment reductions targeted \$2.5M in FY26 savings but yielded

just over $1.3M. An additional $650K reduction is targeted for FY27.

- Program Viability: The District Board reviewed its first cycle of reports detailing paused, suspended, or discontinued academic programs.
- Worker's Compensation: No updates at this time.

G. **Information Items**

1. Finance Update

Eva Kuether, CFO, reported on April year-to-date FY26 results. Revenue is tracking $2.0M favorable to budget, driven by stronger than budgeted enrollment. Salaries and health insurance remain the primary cost pressures; salaries are projected at $4.6M over budget and fringe benefits, largely driven by escalating health insurance costs, are projected at $1.5M over budget, resulting in a projected year-end deficit of ($2.8M). Reserves remain healthy at $39.1M (20.9%) and MATC's Aa1 Moody's rating was reaffirmed. The FY27 budget has been presented with a projected deficit, and the Executive Leadership Team is committed to addressing these challenges with urgency.

H. **Old Business/New Business**

The date and time of the next meeting will be Wednesday, September 9, at 3:00 p.m.

Adjournment

The meeting adjourned at 3:41 p.m.

Respectfully submitted,
Jolene Arnold
Executive Administrative Assistant

Milwaukee Area Technical College (MATC)
Audit Advisory Committee Charter

I. PURPOSE

The Audit Advisory Committee (Committee) is an administrative committee, which shall be responsible for providing oversight assistance to the MATC Board of Directors (Board) in fulfilling its responsibility relative to the auditing, accounting and financial reporting processes, including a reliable system of operational, financial and compliance internal controls, corporate compliance oversight functions, and assessing the quality and integrity of the financial reports of the organization. In so doing, it is the responsibility of the Committee to maintain free and open communication with the Board, the internal auditors, the external auditor, and the Senior Management of MATC. It is understood that all Committee activities will comply with applicable local, state and federal laws, including but not limited to, open meetings and public records statutes. Additionally, the Committee will act in adherence to all applicable MATC Board policies.

II. QUALIFICATIONS OF MEMBERS

A. The Committee shall be comprised of a Board member appointed by the Board Chair, at least three (3) and no more than five (5) external members who are independent of MATC, and at least one member of MATC's Executive Leadership Team (ELT) selected by the MATC President (serving as Chair of this Committee). The President may at their discretion appoint an additional member from MATC's Cabinet or ELT. External members shall be considered independent if they have no relationship to MATC (i.e., do not accept any consulting, advisory, or other compensatory fee from MATC, MATC Foundation, or MPTV) that may interfere with the exercise of their independence from Management.

B. Committee members must be financially literate, and at least one member must be a financial expert as defined in the Sarbanes-Oxley Act of 2002:

   A "financial expert" is a person who has an understanding of generally accepted accounting principles and financial statements; the ability to assess the application of these principles in connection with accounting for estimates, accruals and reserves; an understanding of Committee functions; experience preparing, auditing, analyzing or evaluating financial statements, or experience actively supervising persons engaged in such activities; and an understanding of internal controls and procedures for financial reporting. The person must have acquired these attributes through one or more of the following: education or experience actually doing these functions or similar ones; actively supervising someone who is performing these functions or similar ones; experience overseeing or assessing the performance of companies or public accountants who are preparing, auditing or evaluating financial statements; or other relevant experience.

C. See Attachment A for Committee Procedures.

Revised: AAC, August 16, 2018
Board, November 27, 2018
Reviewed: AAC, February 16, 2022 /Sep.2025
Reviewed AAC, September 9, 2026

III. AUTHORITY AND RESPONSIBILITIES

In carrying out its oversight responsibilities, the Committee should ensure that its procedures remain flexible in order to permit it to react well to changing conditions and assure the Board that the auditing, accounting and financial reporting processes, the internal controls, the compliance program and the financial reports of MATC are in accordance with all related requirements and are of the highest quality.

The Committee shall not be responsible for planning or conducting audits, for determining whether financial statements are in accordance with generally accepted accounting principles, or determining whether financial statements are complete and accurate, or for assuring compliance with laws and regulations. The Committee as a whole and each member separately shall be entitled to rely on the accuracy of the financial and other information that is provided to the Committee by persons within the organization or by professionals, experts, and independent auditors which provide the organization with information.

The Committee shall have access to the organization's personnel, facility books and records for the purpose of satisfying its responsibilities.

In carrying out these responsibilities, the Committee will:

Risk Assessment

A. Discuss with Management, the internal auditors and the external auditor to obtain a clear understanding of financial risk assessment and risk management, as well as the organization's major financial risk exposures and the steps Management has undertaken to monitor and control these financial risk exposures.

B. Understand the internal controls systems implemented by Management, the overall effectiveness of the internal control framework, and whether Management is setting an appropriate "control culture" by communicating the importance of internal controls.

Financial Reporting Process

C. Inquire of Management, the internal auditor and the external auditor about financial reporting processes to address complex or highly judgmental accounting or internal control areas.

D. Review the adequacy and effectiveness of the accounting and financial controls, including information technology, of the organization with the financial and accounting personnel, internal auditor, and external auditor, and elicit any recommendations for the improvement of the system of internal controls with emphasis on the adequacy of internal controls to expose payments, transactions or procedures that might be deemed illegal or otherwise improper.

Revised: AAC, August 16, 2018
Board, November 27, 2018
Reviewed: AAC, February 16, 2022 /Sep.2025
Reviewed AAC, September 9, 2026

E. Review disclosures of internal controls from the organization made in connection with the quarterly or annual financial statements.

Internal Auditors

F. Review the annual internal audit plan (Plan), and any changes to it, to ensure it addresses key areas of risks.

G. Review a summary of findings from completed internal audits and a progress report on the internal audit plan, with explanations for any changes to the Plan.

H. Ensure that Management action plans are received, discussed and acted upon in an appropriate and timely manner.

I. Periodically review the internal audit charter for necessary changes. Ensure it is approved or re-approved by the Board when required.

External Auditor

J. Review at least annually, the following with Management and the external auditor:

- Scope of the proposed audit for the current year and the procedures to be utilized (Full scope – specific scope – limited scope). The minimum required scope will be recommended by the Committee.
- Annual audited financial statements, the annual report and the report on federal awards required under the Office of Management and Budget.
- Results of timely analysis of significant financial reporting issues and practices, including changes in, or adoptions of, accounting principles and disclosure practices.
- Matters required to be communicated to the Committee by Statements of Auditing Standards, including audit adjustments made and passed.
- Accounting estimates and quality of earnings schedules prepared by management or the external auditor.
- Judgments about the quality and the clarity of the financial disclosure's practices used or proposed to be used.
- Management Letter and Management's response to the Management Letter.
- Whether any CEO, CFO, Controller or Chief Accounting Officer has been hired by the organization from the external auditor within the past year.
- Material off-balance sheet transactions.

Compliance with Laws and Regulations

K. Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of Management's investigation(s) and follow-up (including disciplinary action) of any fraudulent acts or non-compliance.

Revised: AAC, August 16, 2018
Board, November 27, 2018
Reviewed: AAC, February 16, 2022 /Sep.2025
Reviewed AAC, September 9, 2026

L. Obtain regular updates from Management and the organization's legal counsel regarding compliance matters that may have a material impact on the organization's financial statements or compliance policies.

M. Be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements.

N. Review at least annually a report addressing the results of MATC's Conflict of Interest Policy. Should an audit of an Administrator, such as the College President, be necessary and create a conflict of interest for Internal Audit, the Board will appoint an external auditor to fulfill Internal Audits role for that audit.

<u>Other</u>

O. Endorse and encourage Committee education and dialogue relative to emerging issues.

P. Complete an annual self-assessment and review results with the MATC Board.

Q. Have access to institution personnel and information as needed.

R. Expenses incurred by the Committee members in carrying out their roles and responsibilities consistent with this Charter will be reimbursed by MATC consistent with the MATC District Board Policy B0901, Travel and Expense Reimbursement.

Revised: AAC, August 16, 2018
Board, November 27, 2018
Reviewed: AAC, February 16, 2022 /Sep.2025
Reviewed AAC, September 9, 2026

Attachment A

MATC AUDIT ADVISORY COMMITTEE PROCEDURES

I. COMPOSITION

A. How Appointed – The Chair will be the member of MATC's ELT, appointed by MATC's President. The Board member shall be appointed by the Board Chair. External members are identified by Management, and approved by the Board.

B. Number of Members – In addition to the Chair, a minimum of three and maximum of five external members.

C. Term of Membership – External members will be appointed for three-year terms of office and may serve for consecutive and/or multiple terms, which may be staggered after the initial term.

II. VOTING

A. Quorum – Simple majority of the members.

B. Number of Votes Needed – Majority of the members present.

III. MEETINGS

A. How Often Committee Meets – A minimum of four times per year. Members of the Committee may appear at the meeting in person, by video conference or telephonically. Special meetings may be convened as required, subject to the statutory notice provisions.

B. All meetings will be held in accordance with Wisconsin Statutes Chapter 19, which govern open meetings and public records, including appropriate notice and posting provisions outlined therein.

C. Agenda Responsibility – Vice President, Finance, or other position which shall from time to time oversee the finance function of the College, with assistance from the Internal Audit and the Vice President/General Counsel. The aforementioned, and/or support staff, will:

   a. Circulate the agenda and supporting documentation to the Committee members a reasonable period in advance of each meeting.
   b. Circulate the approved minutes of meetings to members of the Board, Committee and internal and external auditors.

D. Attendance Requirements – Members must attend at least half of the meetings per year.

E. Staff Support – Vice President, Finance, or other position which shall from time to time oversee the finance function of the College, with assistance from Internal Audit and Vice President/General Counsel.

Revised: AAC, August 16, 2018
Board, November 27, 2018
Reviewed: AAC, February 16, 2022 /Sep.2025
Reviewed AAC, September 9, 2026