

UNIVERSITY OF WISCONSIN SYSTEM BOARD OF REGENTS AUDIT COMMITTEE CHARTER

1. Purpose

The purpose of the Audit Committee is to provide oversight to protect and strengthen the University of Wisconsin System's (System) audit processes, compliance with laws and regulations, internal controls, enterprise risk management, and ethics.

2. Chief Audit Executive and Chief Compliance Officer

The Chief Audit Executive and Chief Compliance Officer shall report to the Board of Regents through the Audit Committee directly and to the System President. The System President and the Chair of the Audit Committee have joint responsibility for the hiring, performance evaluation, and compensation of the Chief Audit Executive and Chief Compliance Officer.

3. External Audit

The Committee:

- reviews and accepts the System's annual financial statement and the audit opinion prepared by its external auditor, currently, the Wisconsin Legislative Audit Bureau
- meets with the external auditor and confirms with management and the external auditor that the System's annual financial statements present fairly, in all material respects, the financial position, the respective changes in its financial position and its cash flows in accordance with generally accepted accounting standards
- follows through by receipt, discussion, and action, the timeliness of corrective actions taken in response to audit recommendations
- reviews, accepts, and follows through on all other significant external audit activities and responses

4. Internal Audit

The Committee:

- exercises oversight of all internal audit functions to ensure audit coverage adequately encompasses all aspects of System operations

- after consultation with the System President and the Chief Audit Executive, reviews and analyzes the Office of Internal Audit's structure, staff qualifications, independence, and activities
- reviews and approves the annual risk-based internal audit plan and receives interim progress reports at least quarterly
- reviews and approves the internal audit budget and resource plan, and any significant changes to the resource plan, to achieve the internal audit plan
- consults with the System President concerning the annual evaluation, compensation, promotion, or dismissal of the Chief Audit Executive
- receives periodic reports on internal audit's conformance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing* and the Code of Ethics
- reviews and approves the Office of Internal Audit Charter at least once every three years, or more often if changes are warranted

5. Compliance with Laws and Regulations

The Committee:

- fulfills the Board of Regents' fiduciary responsibilities by seeking reasonable assurance that the System is in compliance with applicable laws, regulatory requirements, and policies
- reviews the activities and efficacy of existing compliance coordinating activities to ensure effective coordination and audit coverage
- reviews and approves the annual compliance plan and receives interim progress reports at least quarterly
- consults with the System President concerning the annual evaluation, compensation, promotion, or dismissal of the Chief Compliance Officer

6. Internal Controls and Enterprise Risk Management

The Committee:

- reviews and analyzes reports on the adequacy of the system of internal controls, including the recording and processing of financial information and the approval of transactions
- reviews reports on the adequacy of information technology security and controls
- promotes an enterprise-wide approach to assessing risks at each UW institution and reviews such assessments regularly
- receives a report from the System's leadership on the System's enterprise and risks management thereof
- inquires about significant financial risks or exposures in the System's functional areas and assesses the steps management has taken to mitigate such risks

7. Ethics and Conflicts of Interest

The Committee:

- oversees the process for relaying and addressing concerns regarding questionable accounting, auditing, or business practices; conflicts of interest; and potential fraud
- reviews institutional codes of conduct and oversees the systems for ensuring adherence to them
- oversees processes for ensuring compliance with ethics-related laws, regulations, and policies

Approved by the Board of Regents, July 9, 2021