

REVISED 7/9/2013

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM  
Room 1820 Van Hise Hall, 1220 Linden Drive,  
Madison, Wisconsin 53706  
July 11 & 12, 2013

II.

Friday, July 12, 2013

9:30 a.m. All Regents – Room 1820 (Note later-than-usual start time)

1. Calling of the roll
2. Approval of the minutes of the June 2013 meeting
3. Remarks by Jeffrey Immelt, Chairman and CEO of GE, “Leading the Productivity Revolution”
4. Report of the President of the Board
  - a. Hospital Authority Board and Wisconsin Technical College System Board reports
  - b. Additional items that the President may report to the Board
5. Report of the President of the System
  - a. Update on recent events
  - b. Other news from around the UW System
6. Resolution of appreciation for Regent Emeritus Brent Smith’s service on the Board of Regents
7. Resolution of appreciation for Regent Katherine Pointer’s service on the Board of Regents
8. Report and approval of actions taken by the Business, Finance, and Audit Committee
- 8-1. Review and approval of proposed bylaws changes to create a Board of Regents Audit Committee  
[Resolution 8-1.]
9. Report and approval of actions taken by the Capital Planning and Budget Committee
10. Report and approval of actions taken by the Education Committee
11. Report and approval of actions taken by the Research, Economic Development, and Innovation Committee
12. Regent communications, petitions, and memorials
13. Move into closed session to: (a) consider personal histories related to the naming of facilities at UW-Madison, as permitted by s. 19.85(1)(f), Wis. Stats.; (b) consider a UW-Madison salary adjustment, as permitted by s. 19.85(1)(c), Wis. Stats.; (c) confer with legal counsel regarding pending or potential litigation, as permitted by s. 19.85(1)(g), Wis. Stats.; and (d) consider personnel evaluations and compensation, as permitted by s. 19.85(1)(c), Wis. Stats.

*The closed session may be moved up for consideration during any recess in the regular meeting agenda. The regular meeting will reconvene in open session following completion of the closed session.*

Approval of Revisions to  
Chapters II and III of the Bylaws of  
the Board of Regents  
to Create an Audit Committee

**BOARD OF REGENTS**

Resolution II.8-1.:

That, upon the recommendation of the President of the Board of Regents of the University of Wisconsin System, the Board of Regents approves the attached revisions to Chapters II and III of the Bylaws of the Board of Regents, which change the Business, Finance, and Audit Committee to the Business and Finance Committee; create a new standing committee of the Board, to be called the Audit Committee; and define the duties of both committees.

**PROPOSED BOARD OF REGENTS  
BYLAWS CHANGE TO CREATE  
A BOARD OF REGENTS AUDIT COMMITTEE**

**BACKGROUND**

Regents and UW System administrators sought an objective review and analysis of the UW System's internal audit function by Baker Tilly. The request coincided with the departure of the UW System's audit director. Goals of the review included identifying ways to optimize the effectiveness of the internal audit function across the System and of the audit director position.

**REQUESTED ACTION**

Adoption of Resolution II.8-1., to create a Board of Regents Audit Committee and make necessary adjustments to the name and charge of the Business, Finance, and Audit Committee.

**DISCUSSION**

The Baker Tilly report includes recommendations intended to strengthen the audit function in the UW System. Among the recommendations is that the Board establish a separate Audit Committee with a defined Charter and oversight responsibilities. The Board's audit-oversight role is currently incorporated in the Business, Finance, and Audit Committee. The report indicates that, according to the Institute of Internal Auditors, an Audit Committee charter should assist the Board in fulfilling its oversight responsibilities in the areas of: the financial reporting process, system of internal control, audit process, and process for monitoring compliance with laws and regulations and the code of conduct.

In the interest of more clearly defining the audit function before recruitment for a new audit director begins, the recommendation to create an Audit Committee is being addressed ahead of the other Baker Tilly recommendations. The creation of a new standing committee of the Board requires a bylaws amendment, and the proposed bylaws revisions are attached.

**RELEVANT BOARD OF REGENTS POLICIES**

Bylaws of the Board of Regents of the University of Wisconsin System

*Proposed revisions 7/10/2013*

*Excerpts from:*

**Bylaws of the Board of Regents  
of the  
University of Wisconsin System**

...CHAPTER II

OFFICERS OF THE BOARD AND THEIR DUTIES

...**Trust Officer and Assistant Trust Officers**

Section 8. It shall be the duty of the Trust Officer to receive, manage, and maintain records of all trust funds of the University of Wisconsin System and to perform such other duties relating to trust funds as are imposed upon him or her by law and the rules and orders of the Board or the Business, and Finance, and Audit Committee of the Board. The Assistant Trust Officers shall assist the Trust Officer in the performance of his or her duties and shall perform such other duties as may be assigned to them by the Trust Officer, the Board or the Business, and Finance, and Audit Committee of the Board.

CHAPTER III

COMMITTEES OF THE BOARD

Section 1. There shall be ~~seven~~ eight standing committees of the Board of Regents as follow:

...

- b. **Business, and Finance, and Audit Committee** consisting of such members as are appointed annually thereto by the President of the Board following the annual meeting. The President and Vice President of the Board shall serve as ex-officio voting members and the President shall designate the Chair and Vice Chair of the Committee.
  
- ...d. **Executive Committee** consisting of the President of the Board, who shall serve as Chair; the Vice President of the Board; the Chair of the Education Committee; the Chair of the Business, and Finance, and Audit Committee; the Chair of the Capital Planning and Budget Committee; the Chair of the Research, Economic Development and Innovation Committee; the Chair of the Audit Committee; the member of the Board who shall have most recently been the President of the Board; and ~~three~~ one other members of the Board appointed by the President of the Board. In the event that there shall be no member of the Board who shall

have previously been President of the Board, such position on the Executive Committee shall be filled by a member of the Board appointed by the President of the Board.

...

- i. Audit Committee consisting of such members as are appointed annually thereto by the President of the Board following the annual meeting. The President and Vice President of the Board shall serve as ex-officio voting members and the President shall designate the Chair and Vice Chair of the Committee.

#### **...Duties of the Business, and Finance, and Audit Committee**

Section 3. The Business, and Finance, and Audit shall have charge of consideration of all matters related to operating budget, finances, trust funds, business operations, and to non-academic personnel ~~and shall have responsibility for audit oversight and reviews.~~

Authority is delegated to the Business, and Finance, and Audit Committee to hire investment counsel, subject to Board approval, and to give discretionary authority to investment counsel in the purchase and sale of securities within guidelines determined by the Committee.

#### **...Duties of the Audit Committee**

Section 10. As outlined in the committee's charter as adopted by the Board of Regents, the Audit Committee shall have charge of the oversight of: all audit-related matters, internal and external; compliance with laws and regulations; internal controls; enterprise risk management; and ethics.