

UNIVERSITY OF WISCONSIN SYSTEM BOARD OF REGENTS AUDIT, RISK, AND COMPLIANCE COMMITTEE CHARTER

1. Purpose

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

2. Chief Audit Executive

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

3. External Audit

The Committee:

- reviews and accepts the UW Administration’s (UWSA) 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 UWSA’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:

- champions the Office of Internal Audit to enable it to fulfill the Purpose of Internal Auditing per the Institute of Internal Auditors and to pursue its strategy and objectives
- works with senior management to enable the internal audit function’s unrestricted access to the data, records, information, personnel, and physical properties necessary to fulfill the internal audit mandate
- supports the chief audit executive through regular, direct communications

- discusses with the chief audit executive and senior management the appropriate authority, role, and responsibilities of the internal audit function
- reviews and approves the internal audit charter, which includes the internal audit mandate and the scope and types of internal audit services, at least once every three years, or more often if changes are warranted
- ensures the chief audit executive has unrestricted access to and communicates and interacts directly with the Committee, including in private meetings without senior management present
- exercises oversight of the Office of Internal Audit 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 annual reports on internal audit's conformance with the Institute of Internal Auditors' Global Internal Audit Standards

5. Compliance with Laws and Regulations

The Committee:

- fulfills the Board of Regents' fiduciary responsibilities by seeking reasonable assurance that the Universities of Wisconsin are 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
- receives regular updates and progress reports on compliance-related areas of focus

6. Internal Controls

The Committee:

- ensures timely and effective remediation of any identified control weaknesses

- monitors the implementation of corrective actions to address internal control deficiencies
- reviews reports on the adequacy of information technology security and controls

7. Risk Management

The Committee:

- assists the Board of Regents in fulfilling its oversight responsibilities regarding major risks
- provides assurances to the Board of Regents that major risks are being identified and managed through a formal enterprise risk management framework
- reviews the enterprise risk management framework, including the identification, assessment, and management of risks
- reviews reports by the Chief Compliance and Risk Officer, in consultation with the UWSA President, on major risks that are/could impact the Universities of Wisconsin
- ensures the enterprise risk management framework and the management of risks are effective and aligned with the strategic plan

8. 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 universities' 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, February 7, 2025