

Policy Number: 3-700	Policy Name: Audit Committee Charter
Policy Revision Dates: 6/2009, 8/02	Page 1

## G. INTERNAL AUDITS

### 3-700 Audit Committee Charter

#### A. Purpose

To assist the Board of Regents in fulfilling its oversight of the university system's internal control structure, accounting and financial reporting practices.

#### B. Organization

The Audit Committee will consist of the President of the Board of Regents, the past President of the Board of Regents, the chair of the Resources Committee, and the voting Student Regent. One member of the committee will be appointed as chair. Expert community members may be appointed to and removed from the Audit Committee in accordance with the Guidelines for Expert Community Members Serving on Board Committees.

#### C. Policy

The Audit Committee will assist the Board of Regents in discharging its system-wide oversight and monitoring responsibilities by:

1. Promoting a coordinated, efficient, and effective audit function.
2. Promoting an effective and continuously improving system of internal control for achieving the university system's goals and objectives.
3. Promoting coordination in the Central Office auditors' and the University system auditors' risk assessments to plan audit coverage meeting local and system-wide needs.
4. Serving as a voice on the Board of Regents and other standing Board committees by relaying an audit perspective when related issues are brought before Board committees.
5. Providing a direct channel of communication to the Board of

Policy Number: 3-700	Policy Name: Audit Committee Charter
Policy Revision Dates: 6/2009, 8/02	Page 2

Regents for the State's Auditor General and University Presidents regarding audit matters.

D. Meetings

The Audit Committee will meet no fewer than four times per year and more often as needed.

E. Responsibilities

Responsibilities of the Audit Committee will include the following:

1. Review and recommend possible changes or additions to the existing Board policy framework regarding external and internal audits of the University System functions and activities.
2. Facilitate the coordination of the Central Office, Universities' and other audit activities to assure adequacy of coverage, avoidance of redundant audit work, and the effective use of audit resources.
3. Receive and act on the following from Central Office Audit Services:
  - a. Periodically review and revise the department's charter as needed.
  - b. Approve the annual plan for audits and related services and monitor progress quarterly.
  - c. Review and accept audit reports when issued.
  - d. Review audit finding status reports quarterly.
4. Receive and review the following from each university president:
  - a. University audit plans (annually),
  - b. University audit reports (when issued), and
  - c. University audit finding status reports (quarterly)

Policy Number: 3-700	Policy Name: Audit Committee Charter
Policy Revision Dates: 6/2009, 8/02	Page 3

5. Provide feedback to the Executive Director and University Presidents on the quality and adequacy of audit coverage provided.
6. Discuss with the Executive Director and with University Presidents any limits on auditors' objectivity and independence, any difficulties encountered, or scope restrictions. Ensure auditors have full, free and unrestricted access to information.
7. Meet privately with the chief auditors of the Central Office and Universities at least annually to discuss any matters that the Committee or auditors believe should be discussed privately.
8. Review State of Arizona Office of the Auditor General reports which will include the annual audits of the universities' financial statements.
9. Resolve disagreements about audit recommendations between internal or external auditors and management.
10. Oversee adherence to ethical standards within the University System by reviewing and refining Board policies related to:
  - a. compliance with laws and regulations,
  - b. ethics,
  - c. conflicts of interest,
  - d. disclosures of substantial interest,
  - e. the investigation of misconduct and fraud.
11. Require immediate notification be made to the Audit Committee by the Executive Director and the University Presidents and review actions taken or being taken in their respective organizations, relative to:
  - a. significant frauds,
  - b. significant violations of laws or regulations,
  - c. other significant issues raised by university or Central Office staff auditors, state or federal auditors, or any other audit agency.

Policy Number: 3-700	Policy Name: Audit Committee Charter
Policy Revision Dates: 6/2009, 8/02	Page 4

12. Report at least annually to the Board of Regents on the Audit Committee's activities.