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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

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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)

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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.

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

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3-701 Authority and Responsibility – Internal Audits

A. Nature

The Arizona Board of Regents audit staff performs an independent appraisal activity which reviews operations as a service to the Board of Regents and university administrators. Internal auditing is a managerial control which functions by measuring and evaluating the effectiveness of other controls.

B. Objective and Scope

The objective of internal auditing is to assist the Arizona Board of Regents and university administrators in the effective discharge of their responsibilities by furnishing them with analyses, appraisals, recommendations and pertinent comments concerning the activities reviewed. The attainment of this overall objective involves such activities as:

1. Reviewing and appraising the soundness, adequacy, and application of accounting, financial, and other operating controls, and promoting effective control at reasonable cost.
2. Ascertaining the extent of compliance with established policies, plans and procedures.
3. Ascertaining the extent to which assets are accounted for and safeguarded from losses of all kinds.
4. Ascertaining the reliability of management data developed within the organization.
5. Conducting special examinations and reviews at the request of the Arizona Board of Regents and university administrators.
6. Recommending operating improvements.

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C. Authority

The internal audit staff is authorized to conduct a comprehensive program of internal auditing. Authorization is granted for internal auditors' unrestricted access to the central office and university functions, records (irrespective of medium), property and personnel relevant to a review.

D. Responsibility

The internal audit staff has a responsibility to report to the Arizona Board of Regents and university administrators on the areas examined. The information furnished to the Board and to university administrators may differ in format and detail, depending upon the requirements and requests of university administration and the Arizona Board of Regents. In meeting these responsibilities, the internal audit staff will develop and execute a comprehensive audit program and comply with applicable professional auditing standards.

The Assistant Executive Director for audit services reports to the Executive Director and Deputy Executive Director regarding day-to-day activities. Additionally, he/she attend regularly scheduled audit committee meetings and presents the audit services annual audit plan for approval and audit reports for acceptance.

The Assistant Executive Director for audit services shall confer with the Audit Committee of the Board of Regents at least annually, outside the presence of central office and university officials, on any subject germane to internal audit's area of responsibility. In addition, if the circumstances ever warrant such action, the Assistant Executive Director for audit services may communicate directly with the Chair of the Audit Committee.

In performing their functions, the internal audit staff has no direct responsibility for, or authority over, any of the activities reviewed.

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| Policy Number: 3-702 | Policy Name: Audit Findings or Recommendations - Repealed |
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3-702 Audit Findings or Recommendations

Repealed