

# R565, Audit Committees<sup>1</sup>

R565-1 Purpose:

## 4.2 Authority

- 4.2.1 Board Audit Committee: The Board Audit Committee shall provide advice and recommendations to the Board regarding oversight and internal controls of the system and individual intuitions. Although the Board Audit Committee is not vested with decision making authority on behalf of the Board, the Board Audit Committee has authority to:
  - 4.2.1.1 Access Data: Access any and all data, information, records, and personnel to fulfill its purpose and responsibilities;
  - 4.2.1.2 Confer with Others: Confer with external auditors, legal counsel, and others as necessary; and
  - 4.1.2.3 Investigate: Conduct or authorize investigations into any matters considered necessary to achieve its purpose.
- 4.2.2 Trustee Audit Committee: Trustee Audit Committees shall provide advice and recommendations to the Board of Trustees regarding institutional oversight and internal controls. Although Trustee Audit Committees are not vested with decision making authority on behalf of the Board of Trustees, the Trustee Audit Committee has authority to:
  - 4.2.2.1 Oversee: Oversee the internal audit activities within the institution;
  - 4.2.2.2 Confer: Confer with external auditors, legal counsel, and others as necessary;
  - 4.2.2.3 Assist: Assist in resolving disagreements between institutional representatives and external auditors;
  - 4.2.2.4 Access: Access any and all data, information, records, and personnel to fulfill its purpose and responsibilities;
  - 4.2.2.5 Investigate: Conduct or authorize investigations into any matters considered necessary to achieve its purpose; and
  - 4.2.2.6 Consult: Consult with institutional representatives, the Board of Trustees, and the Board Audit Committee concerning the adequacy of activities, staffing levels, and internal controls.

## 4.3 Committee Membership

4.3.1 Board of Higher Education Audit Committee: The Board Audit Committee shall consist of at least three but no more than five members, including at least three members of the Board. The Chair of the Board will appoint the Committee Chair and members. When

- 4.5.1.4 Standards of Conduct: Receive and review reports from the Board Audit Director and institution auditors regarding the control environment, means of communicating standards of conduct, and practices with respect to risk assessment and risk management.
- 4.5.1.5 Internal Control: Receive and review reports from the Board Audit Director and institution auditors regarding systems of internal control.
- 4.5.1.6 Complaint Reports: Receive and review reports from institutions regarding the receipt, retention, and treatment of complaints, including anonymous complaints about accounting, auditing, internal control, and other related issues.
- 4.5.1.7 Compliance: Review reports from the Board Audit Director and institution auditors regarding systems for monitoring compliance with all applicable laws and regulations.
- 4.5.1.8 Noncompliance: Obtain regular updates from institutions regarding instances of material noncompliance that might have implications for the Board.
- 4.5.1.9 Internal Audit: Receive annual summary reports from Trustee Audit Committees (via Trustee Chairs and Trustee Audit Committee Chairs) regarding the results of the internal auditing program at each institution, including any restrictions and limitations on internal auditing activities.
- 4.5.1.10 Recommendations: At least annually, the Committee will provide a report or recommendations.

## 4.5.2 The Trustee Audit Committee shall:

4.5.2.1 Communication: Schedule meetings and correspondence as necessary to maintain regular, independent communication and information flow between the Trustee Audit Committee and external auditors.

#### 4.5.2.2 Institutional Financial Statements: R

statements, including significant accounting and reporting issues. This includes reviewing the management discussion and analysis of the financial statements, along with any analyses prepared by institutional administration and/or external auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements.

4.5.2.3 Review the Annual Financial Audit with Administration: **Review with** the administration and the external auditors the results of the annual financial statement

on access to requested information, and any significant disagreements with institutional representatives.

conduct, and practices with respect to risk assessment and risk management.

- 4.5.2.5 Confer with Auditors: Confer with external and internal auditors regarding the quality of institutional systems of internal control.
- 4.5.2.6 Complaints: Review information regarding the receipt, retention, and treatment of complaints, including anonymous complaints about accounting, auditing, internal control, and other related issues.
- 4.5.2.7 Auditing Personnel: Review with campus administrators and other

4.5.2.14 Meetings: Schedule meetings and correspondence as necessary to maintain regular, independent communication and information flow between the Committee and Chief Internal Audit Executive.

# 4.6 Reporting

- 4.6.1 Board Audit Committee
  - 4.6.1.1. Committee Reports: At least annually, the Committee will provide a report or

#### recommendations.

- 4.6.2 Trustee Audit Committee
  - 4.6.2.1 Report: At least annually, the Trustee Audit Committee shall provide a report or

#### recommendations.

- 4.6.2.2 Meetings: The Trustees Chair and Trustees Audit Committee Chair shall meet at least annually with the Board Audit Committee to provide updates on the institutional activities required by this policy.
- 4.6.2.3 Annual Reports: The Committee shall prepare an annual report summarizing internal and external audit results from the prior year and an audit plan for the upcoming year. This report shall be submitted to the Board Audit Director no later than five business days before the annual Board Audit Committee meeting.