

TTSUNIVERSITY OF CENTRAL ARKANSAS
BOARD POLICY

Policy Number: 213

Subject: Audit Committee

Date Adopted: 05/09 Revised: 02/10, 08/11

AUDIT COMMITTEE

1. **Creation of Audit Committee.** There is hereby created a committee of the University of Central Arkansas Board of Trustees (“Board”) to be known as the “Audit Committee.”
2. **Members of the Audit Committee.** The Audit Committee shall be composed of three (3) members of the Board, consisting of the past-chairman of the Board; one person appointed by the Chair of the Board; and the third member selected by the full Board. Members shall serve for a one-year term commencing with the start of the fiscal year. No member shall serve more than two consecutive years.
3. **Chair of the Audit Committee.** The members of the Audit Committee shall select a chair for the committee. The Chair of the Audit Committee shall be responsible for calling meetings of the committee, and shall also meet with the director of internal auditing, any independent accountants, and management separately to discuss any matters the Chair deems necessary or required.
4. **Purpose; Scope of Responsibility of the Audit Committee.** The purpose of this committee shall be to aid and assist the University, the Board, and the Office of Internal Audit. Nothing herein shall be deemed to abrogate any authority or responsibility of the Arkansas Division of Legislative Audit.

The Audit Committee shall consider and recommend to the Board matters of policy relating to internal and external audits and such other matters as may be referred to it by the President or the Board. Its primary function is to assist the Board in fulfilling its oversight responsibilities by reviewing financial information which will be provided to the Legislature and others, the systems of internal controls which management and the Board have established, and the audit process.

The Audit Committee shall have the power to authorize, oversee and/or conduct investigations into any matters within the Audit Committee’s scope of responsibilities.

5. **Meetings of the Audit Committee.** The Audit Committee shall meet at least four times per year, with each such meeting occurring prior to the regularly-scheduled meeting of the Board. The Audit Committee may meet more frequently as circumstances require. The

Audit Committee may ask members of management or others to attend the meeting and provide pertinent information as necessary.

6. **Responsibility for Office of Internal Audit.** The Office of Internal Audit of the University of Central Arkansas shall report directly to the Audit Committee, and no office, department or employee of the University of Central Arkansas shall have any oversight responsibility for, nor exercise supervisory control over, the Office of Internal Audit. Provided, however, administrative responsibility for salaries, budget, travel, and other operating expenses shall be handled by the Chief of Staff, subject to the approval of the Chair. In addition, the Office of Internal Audit shall provide drafts of audits to the Chief of Staff and to the members of the audit committee.
7. **Specific Responsibilities of the Audit Committee.** In meeting its responsibilities, the Audit Committee is expected to:
 - a. Provide an open avenue of communication between the internal auditors, any independent accountant (if utilized), management of the university and the Board of Trustees.
 - b. Review and update the responsibility of the Audit Committee, subject to approval by the Board of Trustees.
 - c. If necessary or required, recommend to the Board any independent accountants to be nominated, approve the compensation of the independent accountants, and review and approve the discharge of the independent accountants. Independent accountants are ultimately accountable to the Board and to the Audit Committee.
 - d. Review and concur in the appointment, replacement, reassignment, or dismissal of the director of internal auditing, or any staff person of such office.
 - e. Confirm and take or recommend any appropriate actions to assure the independence of the internal auditor, and if required, any independent accountants. Obtain disclosures regarding the accountants' independence as required by generally accepted government auditing standards and discuss with the accountants all significant relationships to determine the accountants' independence.
 - f. Inquire of management, the director of internal auditing, and the independent accountants about significant risks or exposures and assess the steps management has taken to minimize such risk to the University of Central Arkansas.
 - g. Consider, in consultation with the independent accountants and the director of internal auditing, and approve the audit scope and plan of the internal auditors and the independent accountants.

- h. Review with the director of internal auditing and the independent accountants the coordination of audit effort to assure completeness of coverage, reduction of redundant efforts, and the effective use of audit resources.
 - i. Consider and review with the independent accountants and the director of internal auditing the adequacy of internal controls including computerized information system controls and security.
 - j. Review with management, the internal auditors, and if necessary any independent accountants, any of the following matters following an examination:
 - i. The financial statements and related footnotes and consider whether they are consistent with information known to committee members.
 - ii. The independent accountants' audit of the financial statements and their report thereon.
 - iii. Significant accounting and reporting issues, recent pronouncements, and complex or unusual transactions during the audit period under review.
 - iv. Significant findings and management responses thereto.
 - v. Any significant changes required in the internal auditors' or independent accountants' audit plan.
 - vi. Any serious difficulties or disputes with management encountered during the course of the audit.
 - vii. Such other matters related to the conduct of the audit, which are to be communicated to the Audit Committee under generally accepted auditing standards.
8. **Review with Director of Internal Audit.** Consider and review with management and the director of internal auditing:
- a. Significant findings during the year and management' s responses thereto.
 - b. Any difficulties encountered in the course of their audits, including any restrictions on the scope of their work or access to required information.
 - c. Any changes required in the planned scope of their audit plan.
 - d. The internal auditing department's budget, staffing and organizational structure of the department.

- e. The department's compliance with Institute of Internal Auditor's Standards of Professional Practice of Internal Auditing.
 - f. Review legal and regulatory matters that may have a material impact on the financial statements and related compliance policies.
9. **Report to Board of Trustees.** Report Audit Committee actions to the Board with such recommendations, as the Audit Committee may deem appropriate.