

# **Charter of the Board of Trustees**

## **Audit Committee**

Approved March 16, 2016

### **Purpose:**

The Audit Committee shall assist the board in fulfilling its oversight responsibility for MnSCU's system of internal control, the audit process, and compliance with legal and regulatory requirements. The committee provides ongoing oversight of internal and external audits of all system functions including individual campus audits.

### **Committee Structure:**

The committee shall consist of no fewer than three and no more than seven members to be appointed by the chair of the board annually.

### **Authority:**

The principle elements of the Charge of the Audit Committee shall be:

#### **1. Internal Auditing**

- Approve decisions regarding the appointment and removal of the executive director who shall report directly to the Audit Committee and board consistent with Board Policy 1A.4.
- Review, at least once per year, the performance of the executive director and concur with the annual compensation and any salary adjustment consistent with Board Policy 1A.4. The performance review process should include input from the chancellor and other key stakeholders.
- Provide input, review, and approve an annual audit plan that is based on a risk assessment(s). The plan shall include all internal auditing and external audit activities planned for the ensuing fiscal year.
- Review and evaluate the effectiveness of MnSCU's internal control system, including information technology security and control. Review and discuss the audit results and management's response to each internal audit report.
- Review with the executive director the internal audit budget, resource plan, activities, and organizational structure of the internal audit function.
- On a regular basis, the audit committee chair or vice chair should meet with the executive director to discuss any matters that they or the executive director believes should be discussed privately.

- The committee has authority to direct the Office of Internal Auditing to conduct any investigations, audits, or other assurance-related projects within its scope of responsibility. It may also direct the office to provide professional advice on any matters within its scope of responsibility.

## **2. Independent External Audits**

The committee shall oversee the services of independent external auditors.

- Oversee the process for selecting and removing independent auditors. The committee shall select one or more independent auditors to audit system-level or institutional financial statements.
- Review any non-audit services proposed by independent external auditors under contract for audit services. The board must approve in advance any non-audit services to be provided by independent auditors under contract for audit services unless the scope of non-audit services is completely distinct from the scope of the audit engagement.
- The audit chair or vice chair should meet with the external auditors to discuss any matters that they or the external auditors believe should be discussed privately.
- Review and discuss the results of each audit engagement with the independent auditor and management prior to recommending that the board release the audited financial statements.

## **3. Other Responsibilities**

The committee shall perform other duties, including:

- The committee has authority to conduct or authorize special audits and investigations into any matters within its scope of responsibility.
- Periodically review and assess the adequacy of the committee charter and request board approval for proposed changes.
- Committee members should obtain annual training on their roles and responsibilities.