

Western Illinois University Board of Trustees Audit Committee Charter

Purpose:

The Western Illinois University Board of Trustees Audit Committee is responsible for oversight of the quality and integrity of the University's accounting, auditing, external financial reporting, and legal and regulatory compliance practices.

Organization:

The Audit Committee is a standing committee of the WIU Board of Trustees. Each Committee member must be independent of management and free of any relationship that would impair such independence. When appointing members to the audit committee, consideration should be given to including at least one member with a financial background.

Meetings:

The audit committee shall meet periodically throughout the year as determined by the audit committee chairperson. The Committee may invite representatives of management, auditors, legal counsel, and others to attend meetings and provide pertinent information as necessary. The Committee will receive reports regarding external compliance and financial audits, internal audit activities, enterprise risk management, compliance, conflicts of interest, and ethics. It will also hold private meetings with the Director of Internal Audit if deemed necessary. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials.

Duties and Responsibilities:

The following shall be the primary duties and responsibilities of the Audit Committee:

- A. Meet periodically throughout the year as determined by the audit committee chairperson.
- B. Oversee the University's internal controls through discussions with and reports by management, internal audit and the external auditors.
- C. **External Audits:**
 - Review the planned scope of the external financial statement audits and any subsequent significant changes. The engagement letter will be addressed to, reviewed, and signed by the Audit Committee Chair annually.
 - Review with management and the external auditors the consistency and quality of the University's external financial statements and disclosures; significant accruals; accounting principles employed; significant changes in the selection or application of accounting principles; unusual transactions or highly judgmental areas; and alternative accounting treatments within GAAP and the ramifications of such use and the treatment referred by the public accounting firm.

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- Ensure the University President and Vice President for Administrative Services, certify along with the annual audit report that:
 1. they have approved the financial statements;
 2. based on their knowledge, the financial statements do not contain any material untrue statements or omissions;
 3. based on their knowledge, the financial statements materially presents the financial condition and result of operations;
 4. they are responsible for establishing and maintaining internal controls;
 5. they have disclosed to the auditors and the Audit Committee all significant internal control deficiencies and changes that could materially affect financial data.

- Review the results of the annual financial audit with the Illinois Office of the Auditor General at the exit conference.

- Review and discuss the results if deemed necessary of any other audit performed and report/management letter (i.e. information system audits, investigative audits, etc.) issued by the Illinois Auditor General, Illinois Office of the Executive Inspector General, other audits performed by independent auditors, or the WIU Office of Internal Auditing.

- For any audit finding contained within a report or management letter issued by the Illinois Auditor General, review the University's corrective action plan and receive periodic reports as corrective action is taken.

D. Internal Auditing:

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. The WIU Office of Internal Auditing reports administratively to the University President who reviews and approves the department's budget and expenditures; completes performance evaluations and other supervisory functions for the Director of Internal Auditing; receives internal audit communications; and provides general administrative and organizational oversight to ensure the department is functioning according to University policies and procedures. Internal Auditing reports functionally to the WIU Board of Trustees Audit Committee who shall:

- Receive quarterly reports from the Director of Internal Auditing that, at a minimum, reports material (significant) reportable conditions, the corrective action plan for these conditions, and a report once these conditions have been corrected.
- Review results of significant consulting engagements performed by Internal Auditing.
- Receive, review, and approve the annual audit plan for the WIU Office of Internal Auditing before June 30th each year. The Audit Committee Chair shall sign the internal audit plan indicating approval.
- Receive and review the WIU Office of Internal Auditing's Self-Assessment with Independent Validation report completed every five years and approved by the State of Illinois Internal Audit Advisory Board. The report will provide an independent, third-party opinion regarding the internal audit activity's general conformance to the

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International Standards for the Professional Practice of Internal Auditing and Illinois Fiscal Control and Internal Auditing Act, as well as, any deficiencies noted.

- Receive and review by September 30th each year an annual summary of audits and consulting engagements performed by the internal audit department during the previous fiscal year.
- Review the annual departmental personnel and operating budget approved by the University President.

E. University Compliance:

- Review the University's overall level of compliance with government regulations.
- Review significant results of compliance or regulatory audits conducted by the Illinois Auditor General and other third party external audit reports.
- Review the adequacy of management's corrective actions.

F. Legal Matters:

- Receive legal status reports from the University's Legal Counsel during regularly scheduled quarterly board meetings concerning any legal or regulatory matters that may have a significant, material impact on the University.

G. Risk Management:

- Receive periodic reports from the University's Risk Advisory Council and enterprise risk management committee; management, Internal Audit, and area-specific compliance offices regarding University risk assessments and risk mitigation activities undertaken by management.

Other Key Responsibilities:

- The Western Illinois Audit Committee shall report periodically to the Board of Trustees on its activities, and present annually to the Board of Trustees a written report of how it has discharged its duties and met its responsibilities as outlined in the charter.
- Meet with the Director of Internal Audit and University management as deemed necessary.
- Review and accept internal audit reports for assurance and consulting engagements when issued.
- At least annually, review and approve the internal audit charter.
- Review any instances when the Director of Internal Auditing indicates there is an audit scope limitation or concludes through audit testing that management has accepted a level of risk that may be unacceptable to the University.
- The Audit Committee shall address any potential disagreements between Internal Auditing and management concerning audit findings, recommendations, and residual risks by meeting with both parties to reach an acceptable resolution.
- Periodically review and assess the adequacy of the Audit Committee Charter.

Approved: Western Illinois University Board of Trustees: June 10, 2016