

10-7 Charter of Audit and Finance Committee

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- 1. Purpose.** The purposes of this policy are to charter the Audit and Finance Committee (the Committee) of the Eastern New Mexico University (the University) Board of Regents (the Board) and set forth the operating policies and procedures of the Committee.
- 2. Composition and Policy.** The Committee shall be a standing committee of the Board, shall consist of at least two (2) regents and shall:
 - A. Assist and advise the Board in fulfilling its oversight responsibilities for the University's financial compliance with laws and regulations, and
 - B. Review all contracts for audit and non-audit services provided by independent public accountants and recommend action to the Board. These contracts must be approved by the State Auditor. Both the internal auditor and external auditors shall have direct access to the Committee and the Board.

The foregoing purposes and policies are implemented by the following.

Procedures and Guidelines

- 3. Meetings.** The Committee shall hold meetings as follows:
 - A. The Committee shall meet as needed concerning Committee issues.
 - B. At least annually, the Committee shall meet separately in executive session with the external auditors and shall ask for comments on management support of the audit function, quality of audit effort, quality of internal controls and other areas of concern.
 - C. As needed, the Committee and/or Board shall meet in executive session with the internal auditor.
- 4. Committee's Audit Function.** The Committee shall receive the results of internal audits directly from the internal auditor and receive the results of external audits directly from the external auditor, and the Committee shall review the results of the internal and external audits for approval before the Board reviews them.
- 5. Committee's Other Functions.** The Committee shall perform other functions as directed by the Board pursuant to section 2.A. above.
- 6. Financial Statements.** The University shall maintain proper financial accounts and records and prepare annual financial statements in accordance with generally accepted accounting principles, and the University's president, vice president for Business Affairs and branch campus and financial administrators as required by regulation or other policy

must attest that the annual financial statements accurately reflect the financial position of the University.

- 7. External Auditors.** The University's financial accounts and records shall be audited annually by independent public accountants approved by the State Auditor.
 - A. The Committee shall recommend to the Board the independent public accountants to conduct the annual audit.
 - B. The independent public accountants who perform the annual audit shall be prohibited from providing consulting services to the University.
 - C. The audit shall be conducted in accordance with generally accepted auditing standards.
 - D. The Committee shall review the audit scope and approach and oversee the audit.
 - E. To the extent deemed necessary and desirable, the Committee shall maintain direct and separate avenues of communications with the external auditors.
 - F. As soon as feasible after the end of the fiscal year, the Board shall review the annual audit report, including the management letter and response, with the external auditors and shall take action to either approve or not approve the report.
 - G. The report must be approved by the State Auditor.

- 8. Internal Auditor.** The University's internal auditor shall report functionally to the Board, through the Committee, and administratively to the president of the University.
 - A. The internal auditor shall be free from interference in determining the scope of internal auditing, performance of work or communication of results to the Board and/or the president of the University.
 - B. The Committee shall review and approve the annual audit plan and budget submitted by the internal auditor.
 - C. Discussions regarding hiring, performance evaluation, compensation and termination of the internal auditor require endorsement of the Committee.
 - D. The Committee shall receive periodic reports from the internal auditor on the status and results of the audit plan and significant audit findings.
 - E. The Committee shall meet as necessary with the internal auditor to review the University's system of internal controls and the adequacy of accounting, financial and operational policies and practices on financial and compliance reporting.

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Approved by the Board of Regents on November 17, 2005.