

## **Audit Committee Charter**

### **AUTHORITY**

The Northeastern Illinois University (NEIU) Board of Trustees (BOT) voted on November 15, 2018 to establish an Audit Committee (Committee).

### **PURPOSE**

The Northeastern Illinois University Audit Committee is an essential part of the risk management and internal control infrastructure of the organization. Its primary responsibilities are to assist and advise the University's Internal Auditing, Risk Management and Compliance areas, and the President of the University in the following areas:

- oversight of management activities and processes that are put in place to manage business and financial risk to the institution's mission(s) and objectives;
- oversight and direction of the internal audit function to ensure alignment of activities with areas of high risk and/or high potential for adding institutional value;
- oversight for the review of both internal and external audit(s); and
- evaluation of risks identified by management or through audit, advising management, and elevating the reporting of risk management and audit activities.

### **ROLES**

Membership of the Committee will consist of three members appointed by the Chairperson of the Board. The Chairperson of the Audit Committee will be appointed by the Chairperson of the NEIU BOT.

Ex-officio members of management serving on the committee will include: the President of the University, the Director of Internal Auditing, the Vice President of Finance & Administration, and others as deemed appropriate or invited guests.

The BOT Committee members must be independent and objective, have management or governance leadership experience, and possess skills that will complement the profile and skill set to be held by an Audit Committee. Such skills include, but are not limited to financial and technology acumen, higher education and industry awareness, and understanding of controls. The Internal Auditing department and Management can aid members in seeking materials and education relative to their duties and skills necessary for their appointed positions. All members of the Audit Committee should attend orientation with the Director of Internal Audits upon joining the committee.

### **RESPONSIBILITIES**

The responsibilities outlined will be updated periodically by the Audit Committee to reflect changes in regulatory requirements, authoritative guidance or best practices in business, technology, and financial risk management. Specific responsibilities of the Audit Committee's in carrying out its oversight and reporting roles are delineated below.

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**GENERAL**

- Prepare meeting agendas under the consultation of the Director of Internal Audits and the Audit Committee Chairperson;
- Have approved minutes of meetings maintained by the recording Secretary of the BOT;
- Perform periodic review the Audit Committee Charter and assess the performance of the responsibilities delineated in the Charter;
- The committee will meet in Closed Session (as appropriate) to discuss the results of internal audits, or the results of any external audits that are not of public nature and meet the qualifications for exemption; and
- The committee will meet in Closed Session as necessary to assess the performance of the internal audit function.

**OVERSIGHT OF BUSINESS, TECHNOLOGY & FINANCIAL RISK MANAGEMENT**

- Review of key reports demonstrating the integrity of the institution's financial statements and compliance with regulations such as:
  - Certification of Internal Controls (Due May 1);
  - Internal Audits of financial information and internal controls;
  - External financial and compliance audits; and
  - Reports of management processes, tools for assessment, and management of fraud.

**OVERSIGHT OF THE INTERNAL AUDIT FUNCTION**

- Approve the Internal Auditing Department Charter that is required by the Professional Practice of Internal Auditing and the Fiscal Control and Internal Auditing Act (FCIAA);
- Review the Internal Auditing Plan, the supporting risk assessment methodology for the formation of it, along with modification to the Plan;
- Review the Annual Audit Plan to ensure appropriate coverage of risks identified in the risk assessment, including coverage of significant financial, operational and technological areas;
- Review the completed audits and progress towards completing the Annual Plan;
- Review the Internal Audit Department Annual Report (Issued by Sept 30);
- Review priority findings from the audits and management's action plans to address issues along with progress toward implementing these action plans;

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- Review staffing and the organization of the internal audit activity for appropriateness in relation to the institution and its identified risks, and make recommendations to the president, if necessary;
- Request an annual internal auditing department self-assessment;
- Ensure an Internal Audit quality assessment occurs every 5 years and review the results;
- Provide feedback to the President on the evaluation of the Director of Internal Audits; and
- Provide feedback on the hiring and dismissal of the Director of Internal Audits

**REVIEW OF EXTERNAL AUDITS**

- Receive and review external audit reports issued by the Office of the Auditor General or their contracted firms;
- Review the reports of external audit firms contracted by the institution to perform financial reporting or accounting, or internal audits; and
- Review the status reports of the action plans for addressing external audit findings.