

UNIVERSITY OF MARY WASHINGTON AUDIT COMMITTEE OF THE BOARD OF VISITORS AUDIT COMMITTEE CHARTER

PURPOSE

The primary purpose of the Audit Committee is to assist the Board of Visitors in fulfilling its fiduciary responsibilities related to oversight of:

- The integrity and reliability of the university's financial accounting and reporting practices,
- The University's procedures for monitoring compliance with legal and regulatory requirements,
- Fiscal planning and the execution of fiscal plans,
- Effectiveness of the university's internal control and risk management systems, and
- The performance of the university's internal and independent audit functions.

The Committee is charged in the Bylaws of the Board of Visitors with its responsibilities and authorities. This audit committee charter is intended to identify and document the Committee's audit-specific oversight responsibilities in order that such sound practices will continue despite the turnover of the Committee members. It also outlines the regularly scheduled review activities that will insure that the university continues to have an independent and objective internal audit function and obtains the greatest possible benefit from its external audits.

The Audit Committee will monitor internal audit activity for effectiveness and contribution to improve risk management processes. In addition, it will monitor financial transactions between the University of Mary Washington and the Foundation.

COMPOSITION

The Audit Committee will be comprised of at least three Visitors. Each committee member will be financial literate and shall fully comply with the State and Local Government Conflict of Interests Act, section 2.2-3100 of the Code of Virginia as amended.

The Audit Committee will meet at least four times annually. Additional meetings may occur more frequently as circumstances warrant. The Committee chairperson should

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discuss the Audit agenda with the Director of Internal Audit prior to each Committee meeting to finalize the meeting agenda and review issues to be discussed.

RESPONSIBILITIES

In performing its audit oversight responsibilities, Audit Committee shall:

Administrative Matters

1. Adopt a formal written charter that specifies the Committee's responsible and practices. The charter should be reviewed annually and updated as necessary.
2. Maintain minutes of meetings.
3. Report Committee actions to the Board of Visitors with recommendations as the Committee deems appropriate.
4. Meet in closed session, consistent with state law, with external auditors and/or Director of Internal Audit to discuss matters that the Committee or auditors deemed private.

Internal Controls, Risk Assessment, and Financial

1. Consider the effectiveness of the university's internal control systems, including information technology and financial reporting.
2. Review the university's processes for assessing significant business risk exposures and the steps management has taken to monitor and control such exposures, including the university's risk assessment and risk management policies.
3. Understand the scope of internal and external audit reviews of internal control, and obtain reports on significant findings and recommendations, together with management's responses.
4. Review the annual financial statements with management and the external auditors to determine whether the external auditors are satisfied with the disclosure and content of the financial statements, including the nature and extent of any significant changes in accounting principles.

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5. Review management's written responses to significant findings and recommendations of the auditors, including the timetable to correct the identified weaknesses in the internal control system.
6. Advise management that its expected to provide a timely analysis of significant financial reporting issues and practices.

External Auditors

1. Make inquiries of management and the independent auditors regarding the scope of the external audit for the current year.
2. As necessary, discuss with the external auditors their processes for identifying and responding to key audit and internal control risks.
3. Review the coordination of internal and external audit procedures to promote an effective use of resources and ensure complete and efficient coverage of the university's risks.
4. Meet with the external auditors at the completion of the audit to receive and discuss the audit report(s).

Internal Auditors

1. Approve the Internal Audit Department Audit charter. The charter should be reviewed annually and updated as necessary.
2. Review and approve the annual audit plan and any significant changes to the plan.
3. Review the effectiveness of the internal audit function, including staffing adequacy, training, objectivity and reporting relationships.
4. Review completed audit reports and progress reports on executing the approved annual audit plan.
5. Inquire of the Director of Internal Audit regarding any difficulties encountered in the course of her audits, including any restrictions on the scope of work or access to required information.

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6. Review and concur in the appointment, replacement, reassignment, or dismissal of the Director of Internal Audit.