



Audit, Enterprise Risk Management, Compliance, and Ethics Committee Charter

Purpose

The purpose of the Audit, Enterprise Risk Management, Compliance, and Ethics Committee (hereafter referred to as Committee) is to assist the East Carolina University Board of Trustees in fulfilling its oversight responsibilities for (1) the integrity of the University's financial statements, (2) the University's compliance with legal, regulatory, and ethical requirements, (3) the performance of the University's internal audit function, (4) the University's compliance with audit and compliance guidelines adopted by the UNC Board of Governors, the UNC System Office, and the North Carolina Council of Internal Audit, and (5) the University's Information and IT Security programs. The Committee has jurisdiction over internal audit, enterprise risk management, compliance, information security, conflicts of interest, and ethics.

Organization

The Committee shall be a standing committee of the ECU Board of Trustees. Each Committee member must be independent of management and free of any relationship that would impair such independence.

If practicable, at least one member of the Committee should be a financial expert. A financial expert is someone who understands generally accepted accounting principles and financial statements; experience in applying such principles; experience in preparing, auditing, analyzing, or evaluating financial information; experience with internal controls and procedures for financial reporting; and an understanding of the audit committee function. If feasible, the role of financial expert will be rotated on an annual basis.

Meetings

The Committee shall meet at least four times a year and hold additional meetings as circumstances require. The Committee will invite representatives of management, auditors, legal counsel, and others to attend meetings and provide pertinent information as necessary. The Committee will receive reports regarding internal audit, enterprise risk management, compliance, conflicts of interest, and ethics. It will also hold private meetings with the Chief Audit Officer if deemed necessary. Meeting agendas will be prepared and provided in



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advance to members, along with appropriate briefing materials. Minutes of the meetings will be prepared.

Duties and Responsibilities

The following shall be the principal duties and responsibilities of the Committee as prescribed by applicable state and UNC System Guidelines and the *Global Internal Audit Standards* published by the Institute of Internal Auditors:

- Meet at least four times during the year.
- Review the results of the annual financial audit with the North Carolina State Auditor or his/her designated representative.
- Discuss the results of any other audit performed and report/management letter (i.e., information system audits, investigative audits, etc.) issued by the North Carolina State Auditor with either the State Auditor or his/her staff, the Chief Audit Officer, or appropriate campus official.
- For any audit finding contained within a report or management letter issued by the State Auditor, review the institution's corrective action plan and receive a report once corrective action has taken place.
- Discuss the results of any audit performed by independent auditors and, if there were audit findings, review the institution's corrective action plan and receive a report once corrective action has taken place.
- Review all audits and management letters of University Associated Entities as defined in the UNC Policy Manual.
- Receive regular reports from the Chief Audit Officer that, at a minimum, include material (significant) reportable conditions, the corrective action plan for these conditions and a report once these conditions have been corrected.
- Ensure that the Chief Audit Officer reports to the Chancellor with a clear, recognized reporting relationship to the chair of the Committee.
- Receive, review, and approve the annual audit plan for the Office of Internal Audit.
- Ensure that all internal audits were conducted in accordance with professional standards and that the internal audit function operates in conformance with the applicable professional standards.
- Ensure the Chief Audit Officer forwards copies of both the approved audit plan, summary of internal audit results, and any other required reports and data to UNC System Office and any other agencies required by state and UNC System guidance in the prescribed format.



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- Review and concur in the appointment, replacement, or dismissal of the Chief Audit Officer and the compensation package.
- Understand the necessary qualifications for the Chief Audit Officer position when it is being filled.
- Review and ensure the internal audit function has appropriate budget and staff resources.
- Review and accept internal audit reports when issued.
- Periodically review and revise the internal audit charter and the committee's charter as needed.
- Resolve disagreements between internal audit and management concerning audit findings and recommendations or audit scope.

This version approved by the Committee by formal vote on April 11, 2024.