



POLICIES

Subject:	Audit Committees
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301.1 Purpose

To provide for the functions and responsibilities of audit committees within the Utah College of Applied Technology (UCAT).

301.2 Approval

UCAT Board of Trustees approval: April 11, 2007. Revised: June 8, 2016.

301.3 Creation of Audit Committees

- 3.1 **Trustees Audit Committee:** There is hereby created a Trustee Audit Committee as a standing committee to assist the full Board in fulfilling its oversight responsibilities for financial matters.
- 3.2 **Directors Audit Committees:** Each Board of Directors shall create a standing Directors Audit Committee to assist the full Board in fulfilling its oversight responsibilities for financial matters.

301.4 Purpose

- 4.1 **Trustees Audit Committee:** To assist the Board of Trustees in fulfilling its oversight responsibilities for financial reporting, internal control, audit processes, and compliance with laws and regulations.
- 4.2 **Directors Audit Committees:** To assist each Board of Directors in fulfilling its oversight responsibilities for financial reporting, internal control, audit processes, and compliance with laws and regulations.

301.5 Authority

- 5.1 **Trustees Audit Committee:** The Trustees Audit Committee shall obtain pertinent information, become knowledgeable, and provide advice and recommendations to the full Board of Trustees with regard to financial oversight of each institution. The Trustees Audit Committee is not vested with decision making authority on behalf of the full Board of Trustees. However, the Trustees Audit Committee has authority to:
 - 5.1.1 Consult with the Office of the Utah State Auditor on the appointment of external auditors;
 - 5.1.2 Confer with external auditors, legal counsel, and others as necessary;
 - 5.1.3 Facilitate full access for external auditors during annual audits;



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- 5.1.4 Assist in the resolution of disagreements between institutional representatives and external auditors;
- 5.1.5 Request information from college administrators, faculty, staff, and other institutional representatives, all of whom are directed to cooperate with Committee requests;
- 5.1.6 Conduct or authorize investigations into any matters considered necessary to achieve its purpose; and
- 5.1.7 Consult with each Board of Directors and each Directors Audit Committee concerning the adequacy of its college's accounting personnel, staffing levels, and controls.

5.2 **Directors Audit Committees:** The Directors Audit Committees shall obtain pertinent information, become knowledgeable, and provide advice and recommendations to their respective full Boards of Directors with regard to financial oversight of their respective institutions. The Directors Audit Committees are not vested with decision making authority on behalf of their full Boards of Directors. However, the Directors Audit Committees have authority to:

- 5.2.1 Confer with external auditors, legal counsel, and others as necessary;
- 5.2.2 Facilitate full access for external auditors during annual audits;
- 5.2.3 Assist in the resolution of disagreements between institutional representatives and external auditors;
- 5.2.4 Request information from college administrators, faculty, staff, and other representatives, all of whom are directed to cooperate with Committee requests;
- 5.2.5 Conduct or authorize investigations into any matters considered necessary to achieve their purposes; and
- 5.2.6 Consult with college representatives and the Board of Directors concerning the adequacy of the college's accounting personnel, staffing levels, and controls.

301.6 Composition

6.1 **Trustees Audit Committee:** The Trustees Audit Committee will consist of at least three and no more than five members, at least three of whom are members of the Board of Trustees. The members, individually, will be independent and free from any relationship the Board of Trustees believes would interfere with the exercise of each member's judgment as a member of the Committee. The Committee members will be appointed by



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the Chair of the Trustees. Unless a Committee Chair is appointed by the Board chair, the members of the Committee may designate a Chair by majority vote.

- 6.2 Directors Audit Committees:** Each Directors Audit Committee will consist of at least three and no more than five members, at least three of whom are members of the Board of Directors, each of whom shall be independent and free from any relationship that, in the opinion of the Board of Directors, would interfere with the exercise of his or her independent judgment as a member of the Committee. The Committee members will be appointed by the Board Chair, the members of the Committee may designate a Chair by majority vote.

301.7 Meetings

- 7.1 Trustees Audit Committee:** The Committee will meet as needed to review audit financial information. The Committee may meet with Boards of Directors, UCAT and college administrators, and auditors. Meeting agendas shall be prepared and provided in advance to members, along with appropriate briefing materials. Informal minutes shall be prepared.

- 7.2 Directors Audit Committees:** Each Directors Audit Committee shall meet at least three times a year, with additional meetings as needed. The Committee may invite college administrators, auditors, and others to attend meetings and provide pertinent information. Meetings agendas shall be prepared and provided in advance to members, along with appropriate briefing materials. Informal minutes shall be prepared.

301.8 Responsibilities

8.1 External Audits and Financial Statements

8.1.1 Trustees Audit Committee: The Trustees Audit Committee shall:

- (a) Schedule meetings and correspondence as necessary to maintain regular, independent communication and information flow between the Trustees Audit Committee and each Directors Audit Committee, whether or not irregularities or other problems have been identified;
- (b) Receive and review reports from Directors Audit Committees regarding annual financial statements, including a summary of significant accounting and reporting issues; and
- (c) Receive and review reports from Directors Audit Committees regarding the results of the annual financial statement audit, including audit scope and approach, any restrictions on auditors' activities or on access to requested information, and any significant disagreements with college representatives.



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8.1.2 Directors Audit Committees: The Directors Audit Committees shall:

- (a) Schedule meetings and correspondence as necessary to maintain regular, independent communication and information flow between the Directors Audit Committees and external auditors, whether or not irregularities or problems have been identified;
- (b) Review the college's financial statements, including significant accounting and reporting issues. This includes reviewing the management discussion and analysis of financial statements, along with any analysis prepared by the administration and/or external auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of financial statements; and
- (c) Review with the college administration and the external auditors the results of the annual financial statement audit, including audit scope and approach, any restrictions on auditors' activities or on access to requested information, and any significant disagreements with institutional representatives.

8.2 Internal Control

8.2.1 Trustees Audit Committee: The Trustees Audit Committee shall:

- (a) Receive and review reports from each Directors Audit Committee regarding the control environment, means of communicating standards of conduct, and practices with respect to risk assessment and risk management;
- (b) Receive and review reports from each Directors Audit Committee regarding systems of internal control; and
- (c) Receive and review reports from each Directors Audit Committee regarding the receipt, retention, and treatment of complaints, including anonymous complaints about accounting, auditing, internal control, and other related issues.

8.2.2 Directors Audit Committees: The Directors Audit Committees shall:

- (a) Review information regarding the college's control environment, means of communicating standards of conduct, and practices with respect to risk assessment and risk management;
- (b) Confer with external and internal auditors regarding the quality of college systems of internal control;



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- (c) Review information regarding the receipt, retention, and treatment of complaints, including anonymous complaints about accounting, auditing, internal control, and other related issues; and
- (d) Review with college administrators and other institutional representatives the adequacy of the institution's accounting personnel, staffing levels, and controls.

8.3 Compliance

8.3.1 Trustees Audit Committee: The Trustees Audit Committee shall:

- (a) Review reports from each Directors Audit Committee regarding systems for monitoring compliance with laws and regulations; and
- (b) Obtain regular updates from each Directors Audit Committee regarding instances of material noncompliance that might have implications for UCAT.

8.3.2 Directors Audit Committees: The Directors Audit Committees shall:

- (a) Review information provided by the college administration regarding systems for monitoring compliance with laws and regulations; and
- (b) Obtain regular updates from college administrators and/or legal counsel regarding instances of material noncompliance that might have implications for the institution.

8.4 Internal Audit

8.4.1 Trustees Audit Committee: The Trustees Audit Committee shall:

- (a) Receive annual summary reports from each Directors Audit Committee regarding the results of any internal auditing program at each college, including any restrictions and limitations on internal auditing activities;
- (b) Review with UCAT administration and the internal auditor the charter, plans, activities, staffing, and organizational structure of the UCAT internal audit services;
- (c) Review any restrictions and limitations on internal auditing activities;
- (d) Advise the Board of Trustees regarding the appointment, replacement, or dismissal of the UCAT internal auditor;



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- (e) Participate in the annual performance evaluation of the UCAT internal auditor;
- (f) Receive and review internal audit reports and/or periodic summaries of internal audit activities prepared by the UCAT internal auditor; and
- (g) Schedule meetings and correspondence as necessary to maintain regular, independent communication and information flow between the Committee and the UCAT internal auditor.

8.4.2 Directors Audit Committees: The Directors Audit Committees shall:

- (a) Receive and review internal audit reports and/or periodic summaries of internal audit activities prepared by the UCAT internal auditor; and
- (b) Schedule meetings and correspondence as necessary to maintain regular, independent communication and information flow between the Committee and the UCAT internal auditor.

301.9 Reporting

9.1 Trustees Audit Committee: At least annually, the Committee will provide a report or minutes of meetings to the full Board of Trustees detailing the Committee's activities and recommendations.

9.2 Directors Audit Committees: At least annually, the Committee shall provide a report or minutes of meetings to the full Board of Directors detailing the Committee's activities and recommendations. In connection with regularly scheduled Board of Trustees meetings, each Directors Audit Committee shall meet periodically with the Trustees Audit Committee to provide updates on the college activities contemplated by this policy. In addition, each Committee shall prepare an annual report consisting of a cover letter outlining audit programs and plans, a summary of key Committee and related college activity (including an assessment of the results of that activity), and meeting agenda/minutes documenting the full efforts of the Committee. This report shall be submitted to the UCAT Commissioner by November 30 of each year.

301.10 Necessary Action Not Contemplated Above

To assure appropriate institutional governance, the Trustees Audit Committee is authorized, as directed by the Chair of the Board of Trustees, to pursue other actions which the Committee believes are needed, so long as the Trustees Audit Committee is not vested with any authority to make decision regarding the public's business.

Each Directors Audit Committee may pursue other courses of action, as directed by the Chair of the Board of Directors, which the Committee believes are needed, so long as the Directors Audit Committee is not vested with any authority to make decisions regarding the public's business.