

OLD DOMINION UNIVERSITY BOARD OF VISITORS AUDIT, COMPLIANCE, HUMAN RESOURCES, AND GOVERNANCE COMMITTEE CHARTER

Purpose and Authority

The purpose of the Audit, Compliance, Human Resources, and Governance Committee is to assist the Board of Visitors in fulfilling its oversight responsibilities concerning the financial reporting process, the system of internal control, the internal and external audit processes, the University's process for monitoring compliance with laws, regulations, and the code of ethics and matters of compliance related to the University's human capital infrastructure. The Committee also tasked with responsibilities relating to board governance and the conduct of business. In so doing, it is the responsibility of the Committee to maintain free and open communication among the Committee, independent auditors, internal audit and compliance leaders, and management of the University. The Committee has such authority as is provided for in the Code of Virginia, the Board Bylaws and as assigned by the Board as a whole.

Composition

The Audit, Compliance, Human Resources and Governance Committee will consist of an odd number of members of the Board of Visitors. Committee members and the chair shall be appointed through the normal processes as defined in the Board Bylaws. Members of the Audit, Compliance, Human Resources Governance Committee should have some basic knowledge of generally accepted accounting procedures and financial reporting and controls. Committee members should also have a basic knowledge of compliance programs and human resource management. Members of the Audit, Compliance, Human Resources and Governance Committee may serve on the Administration and Finance Committee; however, a majority of the Audit, Compliance, Human Resources and Governance Committee may not serve on the Administration and Finance Committee. The Chair should also not serve on the Administration and Finance Committee. The quorum of the Committee shall be five members.

Meetings

Meetings of the Committee will occur in conjunction with regular meetings of the Board of Visitors, which happen no less frequently than four times each year on such dates and in such places as may be set by the Rector and the Board of Visitors. The Committee will have the authority to convene additional meetings as circumstances require. All Committee members are expected to attend each meeting – in person or via teleconference or videoconference. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared and distributed in advance of subsequent meetings. The Committee will invite members of management, auditors, or others to attend meetings and provide pertinent information, as necessary. It will hold private meetings with auditors (see below) and executive sessions. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared and distributed in advance of subsequent meetings.

Responsibilities

The Committee's general responsibilities are defined in Section 4.02 (d) of the Board Bylaws: "The Committee is responsible for (1) oversight of financial reporting and financial statement matters and any critical accounting and reporting issues; (2) reviewing annually the audited financial statements with the external auditors, determining that the administration has been open and has acted in good faith in connection with the audit; (3) oversight of the internal audit function, including receiving reports and approval of the annual audit plan; (4) reviewing matters of compliance related to the University's human capital infrastructure; and (5) oversight of the University's compliance function."

More specifically, the below are some of the duties of the Committee:

Financial Statements

- Receive entrance and exit communications with the external auditors regarding their annual audit of the University and any other communications as necessary.
- Review with management and the external auditors the results of the audit, including any difficulties encountered.

Internal Control

- Consider the effectiveness of the University's internal control system, including information technology security and control.
- Understand the scope of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.
- Determine whether internal control recommendations made by internal and external auditors have been implemented by management.

Internal Audit

- Discuss with the Chief Audit Executive and senior management the appropriate authority, role, responsibilities, scope, and services (assurance and/or advisory) of the internal audit function.
- Participate in discussions with the Chief Audit Executive and senior management about the essential conditions described in the Global Internal Audit Standards, which establish the foundation that enables an effective internal audit function.
- Ensure the Chief Audit Executive has unrestricted access to and communicates and interacts directly with the Board of Visitors, including in private meetings.
- Review with senior management and the Chief Audit Executive other topics that should be included in the charter, plans, activities, staffing, budget and expenses, and organizational structure of the internal audit function.

- Review and provide input to the President on the Chief Audit Executive's performance.
- Approve annual internal audit plans and receive updates on performance relative to the plan.
- Periodically review and update the internal audit function's audit charter, which includes the internal audit mandate and the scope and types of audit services.
- Ensure there are no unjustified restrictions or limitations, and review and concur in the appointment, replacement, or dismissal of the Chief Audit Executive.
- Review the effectiveness of the internal audit function, including compliance with The Institute of Internal Auditors' *International Professional Practices Framework*. This includes ensuring a quality assurance and improvement program has been established and review the results annually.
- Review the results of significant audit activities, audit reports, and management responses, and ensure the Committee is informed about fraud, illegal acts, deficiencies in internal control and other audit-related matters.
- Monitor the adequacy and timeliness of corrective actions taken in response to audit activities.

External Audit

- Review with management and the external auditors all matters required to be communicated to the committee under generally accepted auditing standards.
- Review the external auditors' proposed audit scope and approach, including coordination of audit effort with internal audit.
- Monitor audits performed by external auditors.
- On an as needed basis, meet separately with the external auditors to discuss any matters that the Committee or auditors believe should be discussed privately.

Compliance

- Support leadership by promoting an institutional culture of ethical conduct and adherence to compliance requirements, ensuring appropriate resources to fulfill compliance requirements and expectations.
- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance, helping enforce accountability for compliance expectations.
- Review the findings of any examinations by regulatory agencies and any other auditor observations.
- Review the process for communicating the code of ethics to university personnel and for monitoring compliance therewith.

- Obtain regular updates from management, internal audit, the compliance function, and University legal counsel regarding compliance matters.

Human Resources

- Receive updates on new and revised policies having campuswide implications.
- Review annual succession planning goals in accordance with Code of Virginia § 2.2-1209.
- Periodically review employee census data reports.
- Receive annual updates on mandatory Commonwealth of Virginia reporting requirements including telework, classified employee turnover, and the employment opportunities plan for hiring people with disabilities. Reporting Responsibilities
- Regularly report to the Board of Visitors about committee activities, issues, and related recommendations.
- Provide an open avenue of communication between internal audit, the external auditors, and the Board of Visitors.

Governance

- Develop a set of qualifications and competencies for members of the Board of Visitors, as needed.
- Serve as the nominating committee and recommends the process for Board elections for Board approval.
- Develop and implement the Board's annual planning retreat.
- Implement the Board's annual self-assessment process.
- Oversees the formal review of the Board's Bylaws and policies and procedures.
- Assist with recommended Board nominations to the Governor.

Other Responsibilities

- Perform other activities related to this charter as required by the Board of Visitors.
- Review and assess the adequacy of the committee charter annually, requesting board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.
- Confirm annually that all responsibilities outlined in this charter have been carried out.
- Chair shall evaluate the Committee's performance and individual member participation on a regular basis.