

**XAVIER UNIVERSITY BOARD OF TRUSTEES  
AUDIT COMMITTEE  
CHARTER**

**1. General Description of Authority**

- a. The Audit Committee (“Committee”) is a standing committee of the Board of Trustees (“Board”). The responsibilities of the Committee are to: assure the Board that the financial statements reflect the University’s financial activity and condition; determine the adequacy of internal controls related to the financial systems; provide oversight regarding management’s compliance with federal, state, and other financial and tax requirements; establish and maintain a process to monitor compliance with the University’s conflict of interest policy and other standards of conduct as may be adopted by the Board; ensure that a process is in place to assess and manage enterprise risk; and approve policies relevant to the duties and responsibilities of the Audit Committee, and report such approved policies to the Board of Trustees at its next scheduled meeting.
- b. While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to directly plan or conduct audits or to determine that the University’s financial statements are complete and accurate and are in accordance with generally accepted accounting principles. It is management’s duty to prepare financial statements in accordance with generally accepted accounting principles and to develop and execute an internal audit plan. The Committee provides oversight of these activities through periodic reports given by management and the independent external auditor who conducts audits and issues opinions about the financial statements and other matters within the audit scope.

**2. Membership**

- a. The Committee shall consist of no fewer than five members of the Board, to be recommended by the Nominations and Governance Committee and appointed by the Executive Committee of the Board. Persons who are not members of the Board and who have audit experience may be approved as non-trustee, non-voting members of the Committee through the same process. The Executive Committee shall appoint the Committee Chair based upon the recommendations of the Nominations and Governance Committee.
- b. Members of the Committee should be knowledgeable about financial management and should have an understanding of both internal controls and of Audit Committee functions. The Committee should include at least one member with requisite financial expertise in the following areas: an understanding of generally accepted accounting principles and financial statements; the ability to assess the general application of such principles; experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues; an understanding of internal control over financial reporting; and an understanding of Audit Committee functions.
- c. All members of the Committee must be independent. The requirements for independence are set forth in Attachment A.

### 3. Duties and Responsibilities

- a. The Committee shall support the Jesuit Catholic mission of Xavier University by overseeing the integrity and compliance of financial reporting and associated procedures and controls with regulations and ethical standards adopted by the University
- b. Advise the Board in connection with the Board's responsibilities relating to the quality and integrity of the University's financial reporting, compliance with government rules, and overall systems of internal control and risk mitigation.
- c. Assess management's effectiveness relative to internal controls, including:
  - o Setting the appropriate tone in communicating the importance of internal controls,
  - o Establishing clearly understood roles and responsibilities relative to internal controls, and
  - o Developing and executing procedures and systems to maintain the appropriate internal control environment.
- d. Oversee the University's internal audit function.
  - o Review the annual Internal Audit Risk Assessment Model to be used in the development of the annual Internal Audit Plan.
  - o Review and approve the annual Internal Audit Plan.
  - o Determine whether internal control recommendations made by internal or external auditors have been implemented by management. Summaries of all internal audits will be provided to the Committee along with the status of corrective actions.
- e. Gain an understanding of the risk of fraud to Xavier, both internal and external, and how that risk is managed, monitored, and mitigated. Evidence this work through discussions with the external auditors, internal audit, and management at least annually.
- f. Recommend to the Board the independent accounting firm to serve as external auditor for the University. The Chair of the Committee and the Chief Financial Officer will jointly sign the letter of engagement on behalf of the Board. At least as often as every five years, the Committee will consider whether to undertake a request for proposals for external auditing services.
- g. Recommend to the Board the termination or non-renewal of the relationship with the external auditor if deemed necessary and recommend a new external auditor in the event of a termination or non-renewal.
- h. Review and approve annually the scope of external audit activities and the external audit fees (which may be negotiated by the Chief Financial Officer); confirm the external auditors' independence.
- i. Approve any engagement of external auditors for non-audit related work.
- j. Review and accept the University's audited financial statements and external auditor's management letter, annual OMB A-133 audit report, NCAA audit report, annual tax returns, financial statements and audit reports of the University's retirement plans and other materials as deemed appropriate. Furnish copies of the University's annual tax returns and audited financial statements to the Board of Trustees for review. Ascertain that the audited financial statements have been prepared in accordance with generally accepted accounting procedures and that there are no unresolved adjustments or other significant related issues; and then prepare a resolution recommending that the Board to accept the audited financial statements.

- k. Receive and discuss annually a report from the Chief Financial Officer regarding status, strategies, and activities related to management of Xavier's public credit ratings.
- l. Assess management's effectiveness relative to risk management, including:
  - o Setting the appropriate tone in communicating the importance of risk management
  - o Establishing clearly understood roles and responsibilities relative to risk management, and
  - o Developing and executing procedures and systems to maintain the appropriate risk management environment.
  - o Reviewing a formal report by management, at least annually, regarding risk management
  - o Reviewing emergency preparedness and safety experience and programs at least annually.
- m. Review the Conflict of Interest disclosures of all disqualified persons (as defined in IRS Regulations relative the 990) and all Trustees; review all notable disclosures made by employees via the annual Conflict of Interest disclosure process administered by Human Resources and reported to the Chief Financial Officer.
- n. Serve as the coordinating body to receive oversight reports from Board committees related to Intercollegiate Athletics, and present an integrated report at least annually to the Board of Trustees. Committees with oversight responsibilities include Academic Affairs, Audit, Compensation, and Student Life.
- o. Keep appropriate minutes and records of proceedings.
- p. Review the Committee's Charter periodically and recommend proposed changes, if any, to the Nominations and Governance Committee.
- q. Periodically review Committee processes and procedures to make the Committee more effective.
- r. Review and approve policies, written by management, that are relevant to the duties and responsibilities of the Audit Committee. The Audit Committee will report to the Board the approval of policies and furnish the policy document and a summary of the rationale for the policy.

#### **4. Meetings**

Normally, the Committee will meet as needed but no less than three (3) times annually. Executive Sessions will be held at the end of each Committee meeting. The external auditor will meet with the Committee no less frequently than twice a year, and may be requested to attend any or all meetings.

#### **5. Reporting**

- a. The Committee will report to the Board at least annually.
- b. The annual report shall include a dashboard of key performance indicators, a progress report on annual Committee goals and other such matters as the Committee deems worthwhile.

**XAVIER UNIVERSITY  
BOARD OF TRUSTEES AUDIT COMMITTEE  
MEMBER REQUIREMENTS OF INDEPENDENCE**

All members of the Committee must be independent. A member is not independent if he or she: receives, or within three years has received, compensation for services rendered to the university or to its external auditor either as an employee or as a consultant; has an immediate family member who is an employee of Xavier or its external auditor; or is a substantial (more than 5%) owner, managing partner, director or executive employee of a company that does or has done business with the University in the past three years in an amount greater than 1% of the company's gross revenues in such year (unless the Committee, in its judgment, has concluded that such connection would not impair the objectivity of the member on matters before the Committee).