

STATE BOARD OF COMMUNITY COLLEGES
Accountability and Audit Committee Charter

I. Background

The State Board of Community Colleges (State Board) derives its authority from Chapter 115D of the North Carolina General Statutes and the State Board of Community Colleges Code (the Code). The structure of the SBCC committees is defined by the Bylaws of the State Board.

The Accountability and Audit Committee was established on March 16, 2007.

II. Purpose

The purpose of the Accountability and Audit Committee is to ensure strong and effective systems of internal controls within the North Carolina Community College System (NCCCS) that comply with N.C. General Statutes and to clearly indicate responsibilities related to that system of internal controls, and to strengthen internal audit activities within the NCCCS. In addition, the Committee shall oversee and monitor key institutional risks and related mitigation and response plans to ensure that risk management activities support the mission and strategy of the NCCCS.

III. Organization

The Accountability and Audit Committee shall be a standing committee of the State Board. Per Article II of the Bylaws of the State Board, the Chair of the State Board shall appoint the membership, designate the chair and vice-chair, and determine the size of the committee. The membership of the committee may be rotated at the discretion of the Chair of the State Board. The Chair should seek to appoint members of the Committee with an accounting or financial background or have experience serving on audit or finance committees for other organizations.

IV. Meetings

Per G.S. 115D 2.2(i) the State Board shall meet at stated times established by the State Board, but not less frequently than ~~ten (10)~~ eight (8) times a year. The Accountability and Audit Committee shall meet on the same schedule as the other standing committees or as needed, but no less than four times a year, as determined by the State Board. The Committee shall meet with the System Office's Director of Internal Auditing, Director of Compliance Services, Chief Information Security Officer, and General Counsel to hear reports and ask question regarding risk assessment and mitigation.

V. Responsibilities

The responsibilities of the Accountability and Audit Committee shall be:

- To ensure that each division of the System Office and community colleges have in place processes and procedures that assess the following areas:
 - Effectiveness and efficiency of operations
 - Reliability and integrity of financial and operational information

- Safeguarding of assets, and
- Compliance with laws, regulations, and contracts;
- To determine if the System Office and community colleges have appropriate processes and controls in place to assess and mitigate risk, and to develop appropriate plans on how identified areas of risk will be mitigated or minimized;
- To ensure that appropriate information to make well-informed decisions regarding risk and risk tolerance is received in a timely manner; and
- To report to the full Board on an on-going basis.

VI. Duties

The specific duties of the Accountability and Audit Committee shall include:

- Review the work performed at the System Office and community colleges by the Office of the State Auditor, CPA firms, and other advisors and report to the State Board on these activities. The report to the State Board should include, but not be limited to, audit reports, reviews, investigations, special assignments, findings, responses and resolutions (G.S. 115D-58.16 Audits);
- On an ongoing basis, the Committee shall discuss with Senior Leadership, the Director of Internal Auditing, and the Director of Compliance Services, the System policies, and procedures with respect to risk assessment and risk management, including the risks of fraud, cybersecurity, and privacy. The Committee shall also discuss the System's major financial risk exposures and the steps Senior Leadership has taken to monitor and control such exposures.
- Review any audit performed by State Auditor's Office and report to the State Board with respect thereto.
- Review and approve the System Office's annual internal audit plan. The review will focus on whether the overall priorities and scope of the plan are aligned with the current assessment of sources of risk for the System Office identified in the process set forth in paragraph VI. 2 above. The Committee shall evaluate if adequate resources have been budgeted to complete the plan.
- Review and resolve any inconsistencies found with internal control procedures and conflicts of interest situations (G.S. 143-79).
- Review and approve the System Office's annual compliance plan. The Committee shall review the Director of Compliance Services' annual report of the effectiveness of the System's compliance with ethical, legal, and regulatory requirements. The Committee shall review the results of any significant regulatory or independent reviews of compliance with laws, rules, regulations, and contracts and intended corrective action as well as other compliance reviews from time to time and determined to be relevant. Review findings of annual compliance reviews, conducted by the System Office Compliance Services unit, of each college (G.S. 115D-5(m)); and

- Participate in, and when necessary, require, training sessions related to identified weaknesses in system-wide internal controls and internal/external audit issues;
- Study, review, and report on regulatory changes by government agencies, regulatory authorities, and accreditation bodies that affect the System Office and college procedures and make recommendations to the Board on actions to be taken;
- The Committee will be responsible for setting the overall tone from the top regarding quality financial reporting, sound business institutional risk management practices and ethical behavior.

VII. Role of System Office Senior Leadership

- System Office Senior Leadership shall immediately disclose to the Chair of the Committee any material changes in the financial condition, regulatory standing or operations of the System Office or the System as a whole. Such disclosures shall be presented to the full Committee at its next meeting or earlier if required in the judgment of the Chair.
- When the Senior Leadership is conducting a fraud waste and abuse investigation, they should inform the Chair of the Audit Committee and coordinate with the Audit Committee on conducting the investigation.
- The Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of the System Office and the power to retain and compensate outside counsel, accountants, experts, and other advisors as it deems appropriate. Senior Leadership shall provide in a timely fashion any such access to information or personnel requested by the Committee.
- Senior Leadership shall inform the Committee of the results of any material regulatory reviews or audits and shall provide responses to any findings and its follow-up action plans.

The Committee may modify or supplement these duties and responsibilities as needed.

The Committee will have oversight of the relevant elements of the strategic plan and the annual operating plan.

The Committee should annually review and assess the adequacy of the Accountability and Audit Committee Charter in accordance with the Bylaws.