

**Houston Community College System
Internal Audit
Policies and Procedures
Audit Committee Charter**

Authority

Board Bylaws Article F: Committees, 4. STANDING COMMITTEES, c. Audit states:

“The audit committee assists the Board in fulfilling its audit oversight responsibilities of the institution. The committee will also receive periodic compliance reporting and approve the annual audit plan for recommendation to the Board.”

Purpose

The committee assists the board in fulfilling its audit oversight responsibilities in the following areas:

- Ethics,
- Risk management,
- Internal control framework,
- Oversight of the internal audit activity, external auditors, and other providers of assurance, and
- Financial statements and public accountability reporting.

Composition

The committee consists of four board members as follows: a chair, two members, and one alternate. The chair of the Board of Trustees appoints the committee chair and assigns the other committee members annually in January.

Meetings

The committee will meet as frequently as the committee deems necessary, but not less than quarterly in February, May, August, and November. At least two committee members must be in attendance for a meeting quorum.

Responsibilities

Based upon the guidance of the *International Standards for the Professional Practice of Internal Auditing*, Board Bylaws Article E item 3, and Board Policy CDC the following are the responsibilities of the Board Audit Committee:

Oversight of Internal Auditing

1. Annually approve and recommend the Internal Audit Department Charter and Audit Committee Charter for Board approval.

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2. Periodically review the Internal Audit Charter and Audit Committee Charter to ensure it encompasses any required revisions.
3. Approve and recommend the Annual Internal Audit Work Plan for Board approval.
4. Review the audit reports, audits in progress, and future audits at regularly scheduled meetings.
5. Establish a schedule of regular meetings.
6. Establish a means of direct communication between the Chairman of the Audit Committee and the Chief Audit Executive (CAE), including private meetings without senior management present.
7. Review significant observations and management action plans to address those observations in the audit reports.
8. Monitor the status of management action plans for progress on significant observations.
9. Ensure a quality assurance and improvement program has been established.
10. Review Internal Audit's Strategic Plan.
11. Review the internal audit function's human resources administration and budget.
12. Make appropriate inquiries of senior management and the CAE to determine whether scope or resource limitations are inappropriate.
13. Provide input to the Chancellor for the annual evaluation of the Internal Audit Director.
14. Approve the remuneration of the Internal Audit Director.
15. Provide input to the Board concerning the selection of the Internal Audit Director from the three (3) candidates recommended by the Chancellor.
16. Provide input to the Board concerning approval of the Chancellor's recommendation to terminate the Internal Audit Director.

Oversight of External Accounting Entities

1. Provide input to the Board concerning the selection of the independent external auditing firm for the annual financial statement audit (the External Auditor) as detailed in Board Policy CDC.
2. Review and approve the External Auditor engagement letters submitted for Board approval and the Board Chairperson's signature.
3. Periodically evaluate the performance of the External Auditor.
4. Monitor the institution's contracting with all external public accounting firms to ensure compliance with the requirements.
5. Review the reports of all external public accounting firms contracted by the institution to perform audits of any institution functions, components, activities, or financial information. Recommend final form to Board for approval.
6. Monitor all activity by other external auditors such as the State Auditor's Office, IRS, DOE, OIG, etc.

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Document History

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