

AUDIT COMMITTEE OF THE BOARD OF TRUSTEES OF WESTFIELD STATE UNIVERSITY CHARTER

I. STATEMENT OF POLICY

The primary function of the Audit Committee of Westfield State University (the "University") is to oversee the accounting and financial reporting processes of the University, audits of the University's financial statements, reports and records, and risk management systems. In addition, the Audit Committee must provide assistance to the University's Board of Trustees (the "Board") in fulfilling its responsibilities to the University's students, parents, faculty, donors and staff as to the University's accounting, auditing and reporting practices and controls. In so doing, it is the responsibility of the Audit Committee to maintain free and open means of communication among the Board, independent auditors, internal auditors and members of the senior administration of the University.

II. COMPOSITION OF THE AUDIT COMMITTEE

Per Westfield State University Board of Trustee By-laws, Section 7.A., the Audit Committee shall consist of at least three voting trustees; provided however, that no more than one committee member may also be a member of the Finance and Capital Assets Committee. In no case may a trustee serve on the committee for more than three consecutive years.

The Audit Committee chairperson shall be appointed by the Chairman of the Board and confirmed by the majority vote of the Board members. If an Audit Committee chairperson is not designated or present at a meeting, the members of the Audit Committee may designate a chairperson by a majority vote of the Audit Committee membership.

III. MEETINGS

The Audit Committee shall meet at least four (4) times a year or more frequently as circumstances require. The Audit Committee shall maintain minutes of each meeting of the Audit Committee and shall report the significant actions of the Audit Committee to the Board, with such recommendations as the Audit Committee deems appropriate.

IV. RESPONSIBILITIES AND DUTIES OF THE AUDIT COMMITTEE

The primary duties and responsibilities of the Audit Committee are to oversee and monitor the University's financial reporting process, internal controls and risk

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management systems and review and evaluate the performance of the University's independent auditors. The Audit Committee will also evaluate the performance of the unit's internal auditing staff as it directly relates to internal audit functions. In fulfilling these duties and responsibilities, the Audit Committee shall take the following actions, in addition to performing such functions as may be assigned by law or regulation, or the Board:

1. The Audit Committee shall review and reassess this Charter annually and recommend any proposed changes to the Board for approval.
2. The Audit Committee shall be directly responsible for the appointment, compensation, retention and oversight of the work of any independent auditor engaged (including resolution of disagreements between administration and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the University. The independent auditor must report directly to the Audit Committee.
3. The Audit Committee shall act as a liaison with University administration and staff and the independent external auditor to develop an annual audit plan and schedule.
4. The Audit Committee, in its capacity as a committee of the Board, shall determine, and the University shall provide, providing the Board has approved the expenditure of funds for such engagements, funding for payment of: (i) compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the University; (ii) compensation to any advisers, including, without limitation, an independent financial expert, employed by the Audit Committee, and as permitted by this Charter; and (iii) ordinary and reasonable administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.
5. As part of the audit process, the Audit Committee shall meet with the independent auditors to discuss and determine the scope of the audit. The Audit Committee shall determine that the independent audit team engaged to perform the external audit consists of competent, experienced, auditing professionals.
6. The Audit Committee shall require the independent auditors to submit, on an annual basis, a formal written statement setting forth all relationships between the independent auditors and the University that may affect the objectivity and independence of the independent auditors, consistent with Independence Standards Board Standard No. 1, and the Audit Committee shall actively engage in a dialogue with the independent auditors with respect to any disclosed

relationships or services that may impact the objectivity and independence of the independent auditors. The Audit Committee shall take, or recommend that the full Board take, appropriate action to ensure the independence of the independent auditors.

7. The Audit Committee shall require the independent auditors to advise the University of any fact or circumstance that might adversely affect the outside auditors' independence or judgment with respect to the University under applicable auditing standards, including any significant changes to the University's accounting principles and any items required to be communicated by the independent auditor under prevailing audit standards.
8. The Audit Committee shall require the independent auditors to advise the University if it becomes aware that any officer or employee of the University, or its direct or indirect subsidiaries or affiliates, is related to a partner, employee or other representative of the independent auditors, to the extent that such relationship might adversely affect the University under applicable auditing standards.
9. Upon the completion of the annual audit, the Audit Committee shall review the audit findings, including any comments or recommendations of the independent auditors, with the entire Board and obtain the approval of such report from the Board. The Audit Committee shall report to the Board on any issues which may be unresolved.
10. The Audit Committee shall review the regulations and current audit trends and requirements and recommend appropriate policy and practice applications to University administration.
11. The Audit Committee shall meet at least annually with the University's internal auditor to assure itself that the University has a strong internal auditing function by reviewing the internal audit program and assessing (grading) risk areas along with a proper control environment that promotes accuracy and efficiency in the University's operations.
12. The Audit Committee shall receive reports from the University's internal auditor, which include a summary of findings from completed internal audits and a progress report on the internal audit plan, together with explanations for any deviations from the original plan.
13. The Audit Committee shall review the internal audit function of the University, including the independence and authority of its reporting obligations, the

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proposed audit plans for the coming year and the coordination of such plans with the independent auditors.

14. The Audit Committee shall recommend, with consultation from the University's leadership, the appointment, replacement, reassignment or dismissal of the University's internal auditor as may be warranted.
15. The Audit Committee shall determine, with consultation from the University's leadership, whether the internal audit function may be performed by a staff internal auditor or may be outsourced to a third party, as deemed appropriate.
16. The Audit Committee shall consider and review with the University's administration and the internal auditor: (a) significant findings during the year and management's responses thereto, including the status of previous audit recommendations, (b) any difficulties encountered in the course of their audits, including any restrictions on the scope of activities or access to required information, (c) any changes required in the planned scope of the internal audit plan; and (d) the internal auditing department budget and staffing.
17. The Audit Committee shall investigate or consider such other matters within the scope of its responsibilities and duties as the Audit Committee may, in its discretion, determine to be advisable. The Audit Committee shall have the authority to engage independent counsel and other advisers or experts, as it deems necessary to carry out its duties.
18. The Audit Committee shall prepare any report required by any governmental body or to the public, if any, as required by laws of the Commonwealth of Massachusetts and any/all regulations promulgated thereunder.
19. The Audit Committee shall establish procedures for the confidential, anonymous submission by University staff and administration of concerns regarding questionable accounting or auditing matters.
20. The Audit Committee shall at all times cooperate with all state auditors and provide any/all reports, statements, minutes and other related documents as may be required by such auditors.

REVIEW

This policy shall be reviewed every three years by the Board of Trustees Audit Committee Chair and the Vice President for Administration and Finance.