San Marcos University Corporation
Audit Committee Charter

Resolved, By the San Marcos University Corporation Board of Directors that the following Charter for the Audit Committee is adopted. This resolution replaces the agreement to participate in the CSUSM Joint Audit Committee.

Background and Purpose
The Audit Committee (“the Committee”) is appointed by the Board of Directors of San Marcos University Corporation (“University Corporation”) to assist the Board in fulfilling its oversight responsibilities for the financial reporting process, system of internal control over financial reporting, internal and external audit processes, and the University Corporation’s process for monitoring compliance with laws and regulations to ensure the balance, transparency and integrity of published financial information.

Delegation of Authority and Responsibility

The Board delegates to the committee the responsibility to accomplish the following each fiscal year:

- Review and assess the adequacy of this charge each year and recommend any proposed changes to the University Corporation Board.
- Approve the selection or discharge of the external auditor and approve the process for audit oversight.
- Review policies and procedures for the purpose of assuring the adequacy of internal controls and financial operating procedures.
- Review the annual financial statements and the audit report with external auditors, including any issues encountered in conducting the audit.
- Review of the annual informational Federal Tax Return Form 990, as prepared by the contracted auditors in conjunction with the annual financial audit, and make a recommendation to the University Corporation Board for acceptance.
- Review and discuss any management letter or any communication letters provided by the external auditor and responses provided by management.
• Report and make recommendations to the University Corporation Board periodically on matters within its responsibility.
• Initiate special sessions for purposes of private discussion with external auditor or any member of management or the University Corporation Board as required by special and/or unusual circumstances or events.
• Ensure the University Corporation Board of Directors is aware of matters that may significantly impact the financial condition or affairs of the business.
• Inform the University Corporation Board of developments in accounting principles that will affect the University Corporation, as well as relevant rulings by the IRS and other regulatory bodies.

**Audit Committee Membership**
The Audit Committee shall have five regular voting members appointed by the Chair, University Corporation Board. At least two University Corporation members must be appointed at any time. The Committee may have other voting members that are not members of the Board, as appropriate. The Committee will be staffed by the University Corporation’s Executive Director and the Director of Business and Operations.

A quorum consists of 50% of the Committee membership.

**Meetings**
The Committee will meet at least twice during each fiscal cycle, prior to audit work beginning and to receive the annual financial report from the auditor. Special meetings may be convened as required. The chair of The Committee shall develop, in consultation with management, the meeting agendas. The Committee shall maintain written minutes of its meetings. The Committee may invite others to its meetings, as it deems appropriate. Meetings of the Committee are subject to the requirements of California Education Code Section 89920 et seq.

**Adoption**
The San Marcos University Corporation’s Board of Directors has adopted this resolution, dated March 1, 2013.