

CHARTER
AUDIT COMMITTEE OF THE BOARD OF TRUSTEES
ALLIANT INTERNATIONAL UNIVERSITY

I. Role of the Alliant International University Audit Committee

The role of the Audit Committee of the Alliant Board of Trustees (Board) is to assist the Board in fulfilling its responsibility for the safeguarding of assets and for the oversight of the quality and integrity of the accounting, auditing, compliance, reporting, and internal control practices of Alliant. The Audit Committee shall consist of between three and six Board members, each of whom shall be appointed by the Board Chair and shall be free of any relationship that would interfere with the Audit Committee member's individual exercise of independent judgment. One of the members shall be appointed by the Board Chair as the Audit Committee Chair.

II. Structure of the Audit Committee

- A. Each member of the Audit Committee shall be a member of the Board of Trustees, in good standing, and shall be independent in order to serve on this committee.
- B. Audit Committee members should be financially knowledgeable. If practical, at least one Audit Committee member should have accounting or financial management expertise.
- C. The Chairperson of the Audit Committee may not be a member of the Finance Committee of the Alliant Board of Trustees, and Finance Committee members may only constitute a minority of the membership of the Audit Committee.
- D. The Audit Committee shall review the Committee's charter annually, consider changes that are necessary as a result of new laws or regulations, reassess the adequacy of this charter, and recommend any proposed changes to the Board of Trustees.
- E. The Audit Committee shall meet at least four times per year. The Audit Committee may ask members of management or others to attend the meetings and provide pertinent information as necessary.
- F. The Audit Committee shall conduct executive sessions, as it deems necessary or upon request, with the independent public accountants, President, CFO (chief financial officer), general counsel, outside counsel, controller, and anyone else as desired by the Committee.

- G. The Audit Committee shall be authorized to hire outside counsel or other consultants as necessary. This may take place any time during the year.
- H. The Audit Committee shall periodically review its effectiveness.
- I. The Audit Committee Chair shall review and approve meeting agendas submitted by the CFO.

III. Responsibilities and Authority of the Audit Committee

A. Oversight of Independent Auditors and Financial Reporting

1. Appoint the independent auditors to be engaged by Alliant, establish the audit fees of the independent auditors, pre-approve any non-audit services provided by the independent auditors, including tax services, before the services are rendered. Review and evaluate the performance of the independent auditors and review with the full Board any proposed discharge of the independent auditors.
2. Ascertain that the lead audit partner from any public accounting firms performing audit services; serve in that capacity for no more than seven fiscal years. In addition, ascertain that the concurring partner and any other partner serve no more than ten years at the partner level on the audit.
3. Consider, with management, the rationale for employing any audit firms other than the principal independent auditors.
4. Inquire of management and the independent auditors about significant risks or exposures facing Alliant; assess the steps management has taken or proposes to take to minimize such risks to Alliant; and periodically review compliance with such steps.
5. Review with the independent auditor and CFO the audit scope and plan of the independent auditors and internal auditors. Address the coordination of audit efforts to assure the completeness of coverage, reduction of redundant efforts, and the effective use of audit resources.
6. Review with the independent auditors:
 - a. The adequacy of Alliant's internal controls including computerized information system controls and security.
 - b. Any related significant findings and recommendations of the independent auditors and internal auditors together with management's responses thereto.

7. Review with management and the independent auditor(s):
 - a. The effect of any regulatory and accounting initiatives.
 - b. The effect of off-balance-sheet structures, if any.
 - c. All critical accounting policies and practices used by Alliant.
 - d. All alternative treatments of financial information within generally accepted accounting principles that have been discussed with management of Alliant, the ramifications of each alternative, and the treatment preferred by Alliant.
 - e. Any management letter or schedule of unadjusted differences.
 - f. Alliant's annual financial statements and related footnotes.
 - g. The independent auditors' audit of the financial statements and their report thereon.
 - h. The independent auditors' judgments about the quality, not just the acceptability, of Alliant's accounting principles as applied in its financial reporting.
 - i. Any significant changes required in the independent auditors' audit plan.
 - j. Any serious difficulties or disputes with management encountered during the audit.
 - k. Matters required to be discussed by Statement on Auditing Standards (SAS) No. 61, *Communication With Audit Committees* (AICPA, *Professional Standards*, vol. 1, AU sec. 380), as amended, related to the conduct of the audit.

B. Oversight of Internal Audit Activities

1. Review and concur in the appointment, annual performance evaluation, annual compensation, replacement, reassignment, or dismissal of any internal auditor or outsourced internal audit services.
2. Review with management and the internal auditor:
 - a. Significant findings on internal audits during the year and management's responses thereto.
 - b. Any difficulties internal auditors encountered in the course of their audits, including any restrictions on the scope of their work or access to required information.
 - c. Any changes required in the scope of their internal audit.
 - d. The internal auditing department budget and staffing.
 - e. The internal auditing department charter or scope of work of outsourced services.
 - f. Internal audit's compliance with the Institute of Internal Auditors' (IIA) International Standards for the Professional Practice of Internal Auditing.

C. Oversight of Key Compliance Activities

1. Review with the general counsel, President, and CFO all legal and regulatory matters that, in the opinion of management, may have a material impact on the financial statements, related company compliance policies, and programs and reports received from regulators.
2. Review the procedures in place for the receipt, retention, and treatment of complaints received by Alliant regarding accounting, internal accounting controls, or auditing matters that may be submitted by any party internal or external to the organization.
3. Review procedures for the confidential, anonymous submission by employees of the organization of concerns regarding questionable accounting, auditing, or compliance matters. Determine that management has in place processes to ensure prompt review of all submissions that have been received, the current status, and the resolution if one has been reached.
4. Review with management the policies and procedures with respect to officers' expense accounts and perquisites, including their use of corporate assets, and consider the results of any review of these areas by the internal auditor or the independent auditors.
5. Quarterly, the Audit Committee shall receive management's statement whether or not, to the best of management's knowledge, Alliant is in compliance with all relevant state and federal requirements and with other outside reviewers' audit findings.
6. The Audit Committee will perform such other functions as assigned by law, Alliant's charter or bylaws, or the Board.