

# **University of North Florida Board of Trustees Audit and Compliance Committee Charter**

## **Role and Purpose**

The primary function of the University of North Florida (“the University”) Audit and Compliance Committee (“the Committee”) is to assist the Board of Trustees (“the Board”) in fulfilling its oversight responsibilities for the following activities:

- The integrity of the university’s annual financial statements;
- The system of internal controls and risk assessment;
- The university’s compliance with legal and regulatory requirements;
- The qualifications, independence, and performance of the internal and external audit functions and the compliance and ethics program.

In addition, the Committee and this charter seek to address the State University System of Florida Board of Governors regulations 4.001, 4.002, 4.003, and 4.004 whose purpose is to address the University’s complaints processes of waste, fraud, or financial mismanagement, Chief Audit Executive responsibilities, the University’s compliance and ethics program, and the Board of Governors oversight enforcement authority.

## **Authority**

The Committee's authority comes from the Board of Trustees. The Committee has the authority to direct the Office of Internal Auditing (OIA) to conduct an audit, review, and/or a special investigation into any matters within the scope of the Committee's responsibility. The Committee will inform the Board of such actions and results. Further, the Committee has the authority to direct the compliance and ethics program. The Committee is empowered to:

- Have unrestricted access to all University activities, records, property, and personnel.
- Approve the use of outside accountants, consultants or others retained by the university to assist in conducting audits, reviews, and/or special investigations.
- Review and recommend appropriate budget for the OIA and Compliance Programs as part of the University’s budget approval process.
- Retain, with Board approval, independent counsel, accountants, or others having special competence as necessary to assist in fulfilling its responsibility or assist in the conduct of an investigation.
- Delegate authority to subcommittees.

The Committee will have the resources and authority necessary to discharge its duties and responsibilities.

## **Membership**

Each member shall be free of any relationship that would interfere with the exercise of his or her independent judgment as a member of the committee.

Collectively, members of the Committee should have professional experience and expertise in at least one of the following fields: post-secondary education, education, non-profit administration, investing, finance, accounting, financial reporting, auditing, or information technology. At least one member of the Committee should have audit, compliance, accounting or related financial expertise. However, the lack of any such member shall not invalidate or otherwise affect the actions taken by the Committee.

- The Audit and Compliance Committee shall be composed of not more than 7 members.

- The Chair of the Board shall appoint each member.
- The Chair of the Board shall also appoint an Audit and Compliance Committee Chair and Vice Chair.
- The term of appointment is in accordance with section 2 of the Board of Trustees bylaws.
- A quorum shall consist of three committee members.

## **Meetings & Communication**

The Committee shall meet at least three times annually, or more frequently as deemed necessary by any Committee member. Each member shall be entitled to one vote and shall cast that vote on each item submitted. Members shall only abstain from a vote when there is a valid conflict of interest addressed to the Committee. The Committee may invite members of management, representatives of the external auditor or others to attend meetings and provide pertinent information, as necessary. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. The minutes of each meeting will be prepared and approved at subsequent meetings.

The Committee is subject to Florida's Government in the Sunshine Law (Sunshine Law) as set forth in Chapter 286, Florida Statutes. The Sunshine Law extends to all discussions and deliberations as well as any formal action taken by the Committee. The law is applicable to any gathering, whether formal or casual, of two or more members of the Committee to discuss some matter on which foreseeable action will be taken.

## **Responsibilities**

The Committee relies on the expertise and knowledge of management, the internal auditors, compliance officer and the independent auditors in carrying out its oversight responsibilities. As such, the Audit and Compliance Committee is accountable to the Board for carrying out the following responsibilities:

### **Financial Statements**

- Review analyses prepared by management and/or the external auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements.
- Review with management and the external auditors the results of the audit, including any difficulties encountered.
- Discuss the annual audited financial statements with management and the external auditors.

### **Risk and Internal Controls**

- Discuss with management the University's major policies with respect to risk assessment and risk management.
- Consider the effectiveness of the University's internal controls environment.
- Understand the scope of internal and external auditors' reviews of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.
- Review any disclosures made about significant deficiencies in the design or operation of internal controls or any fraud that involves employees who have a significant role in the University's internal controls.

### **Internal Audit**

- Review and concur in the appointment, evaluation, replacement, or dismissal of the Chief Audit Executive.
- Annually review the Office of Internal Auditing's functional and administrative reporting relationships to ensure independence is fostered.
- Annually review, with the Chief Audit Executive, the charter, plans, activities, staffing, and organizational structure of the internal audit function.

- Annually review the OIA annual report.
- Review and approve the annual audit plan as support by the independent risk assessment process and discuss overall results with the Chief Audit Executive.
- Receive from the OIA each final internal audit report and progress report on the approved audit plan.
- Review reports, in consultation with the Board Chair, Committee Chair and President, on material and significant audit issues which may include investigations of fraud, waste, and abuse.
- Review the effectiveness of the internal audit function, including compliance with the International Standards for the Professional Practice of Internal Auditing and the Code of Ethics of The Institute of Internal Auditors. This may be accomplished through a Quality Assurance and Improvement Program as required by The Institute of Internal Auditors.

**External Audit**

- Review the State Auditor General and other external auditors' proposed audit scope and approach, including coordination of audit effort with internal audit.
- Review the overall performance of the State Auditor General and other external auditors engaged to perform work within the University and make a recommendation to the Board on the appointment or discharge of the external auditors where applicable.

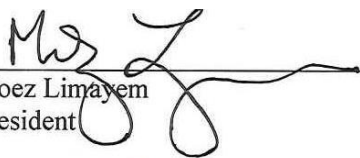
**Compliance Program**

- Review and concur in the appointment, evaluation, replacement, or dismissal of the Chief Compliance Officer
- Review the effectiveness of the system for monitoring compliance with laws, policies and regulations.
- Require the Chief Compliance Officer to annually report in writing on the activities of the Compliance and Ethics Program.
- Review the results of investigations resulting from instances of noncompliance.
- Review the findings of any examinations by regulatory agencies, and any auditor observations.
- Encourage continuous improvement of, and foster adherence to, the University's policies, procedures, and practices at all levels.

**Communication & Reporting**

The Committee shall regularly report to the Board about Committee activities and issues that arise with respect to:

- The University's compliance with legal or regulatory requirements or compliance programs,
- The performance of the University's external auditors, internal audit function, and compliance program.
- Any significant and credible allegations of waste, fraud, or financial mismanagement or repeat audit or compliance issues may need further disclosure to the University System of Florida Board of Governors in pursuance to regulation 4.001.

  
 Moez Limayem  
 President

  
 Kevin Hyde  
 Chair, Board of Trustees

  
 Paul McElroy  
 Chair, Audit and Compliance Committee

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