

**THE UNIVERSITY OF WEST FLORIDA BOARD OF TRUSTEES
AUDIT AND COMPLIANCE COMMITTEE CHARTER**

I. Overall Purpose/Objectives

The Audit and Compliance Committee is appointed by the University of West Florida Board of Trustees to assist it in discharging its responsibilities, including but not limited to:

- Addressing audit, financial and fraud-related compliance, controls, and investigative matters;
- Oversight of the Internal Auditing function.
- Oversight of the Compliance and Ethics function.

The Audit and Compliance Committee acts as part of University governance, assisting the Board of Trustees in fulfilling its oversight responsibilities for the system of internal controls and risk management, the audit process, the financial reporting process, and monitoring for compliance with laws and regulations. The Committee shall take all appropriate actions to establish the overall University tone for quality financial reporting, sound business risk practices, ethical behavior, and facilitating a compliant culture.

The liaison to the Board of Trustees' Executive Committee is the Chair of the Audit and Compliance Committee.

II. Authority

The Committee, in fulfilling its oversight role, has the authority to study or investigate any matter within the Committee's scope of responsibilities. The Committee will inform the Board of Trustees of such actions and the results. With the concurrence of the Committee, the Chair may fulfill certain duties and responsibilities of the Committee and report back the results to the Committee and Board of Trustees. The Committee will seek any information it requires from employees of the University and direct support organizations (all of whom are required to cooperate with the Committee's requests), or external parties.

The Committee's authority and responsibility for oversight of Internal Auditing and the Office of Compliance and Ethics is defined in Board of Governor's Regulations 4.002 "*State University System Chief Audit Executives*" and 4.003 "*State University System Compliance and Ethics Programs*."

III. Members

The Committee will be comprised of at least three, but no more than five, voting members of the Board of Trustees. The Chairman of the Board of Trustees, recognizing the need for continuity of membership from year to year, shall appoint the members of the Committee.

All members of the Committee will have a working familiarity with basic finance and accounting practices and at least one member must be a financial expert. *Financial literacy* is being able to

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read and understand fundamental financial statements. *Financial expert* means a person who has one or more of the following: an understanding of generally accepted accounting principles and financial statements; experience in applying such principles; experience in preparing or auditing financial statements; experience with internal controls; and an understanding of finance and audit committee functions.

Members will serve on the Committee until their departure from the Board of Trustees, resignation, or replacement by the Chair of the Board of Trustees. The Chair of the Board of Trustees shall serve as an ex officio, voting member of the Committee.

Committee members shall be independent and objective in the discharge of their responsibilities. They are to be free of any financial, family, or other material personal relationship, including relationships with members of University management, University auditors and other professional consultants that would impair their independence from management and the University.

IV. Committee Meetings

The Committee will meet at least four times annually, with authority to convene additional meetings as circumstances require. All Committee members are expected to attend each meeting in person or via teleconference or videoconference. A simple majority of the members of the Committee will constitute a quorum for the transaction of business.

The Committee will invite members of management, auditors, or others to attend meetings and provide pertinent information as necessary. Meeting agendas will be proposed in advance and provided to the Chair for approval, along with appropriate briefing materials.

V. Education

The University is responsible for providing the Committee with educational resources related to auditing, compliance, risk management, accounting principles and practices, and other information that the Committee may request. The Secretary of the Board, the Chief Audit Executive, the Chief Compliance Officer and the General Counsel will assist the Committee in maintaining literacy in the appropriate areas related to the Committee's function.

VI. Responsibilities

The Committee will carry out the following responsibilities:

1. General
 - a. Adopt a formal written charter that is approved by the full Board of Trustees and reviewed at least every three years for consistency with applicable Board of

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Governors and University regulations, professional standards, and best practices. A copy of the approved charter and any subsequent changes shall be provided to the Board of Governors.

- b. Maintain minutes or other records of meetings and activities.
- c. Report Committee actions to the Board of Trustees with such recommendations the Committee may deem appropriate.
- d. Oversee the development, implementation, and execution of policies and procedures that promote accountability, compliance, ethical values, and sound control practices.
- e. Consider the effectiveness of the University's internal control system, including information technology security and control.
- f. Consider the effectiveness of the University's risk management system.

2. Investigative

- a. Conduct or authorize investigations into any matters within the Committee's scope of responsibilities. The Committee shall be empowered to retain independent counsel, accountants or others to assist it in the conduct of any investigation.
- b. Maintain adequate policies and guidelines for receiving complaints regarding reports of financial fraud, including collaboration with other Board of Trustees Committees to implement the requirements of Board of Governors Regulation 3.003 "*Fraud Prevention and Detection.*"
- c. Review significant findings and issues identified as a result of special reviews or whistle-blower complaints.
- d. Adopt a process for University staff, faculty, students, and Board of Trustees members to report allegations of waste, fraud, or financial mismanagement to the Chief Audit Executive.
- e. Ensure that the Board of Trustees adopts a regulation which requires timely notification to the Board of Governors Office of Inspector General and Director of Compliance (OIGC) of any significant and credible allegations of fraud, waste, mismanagement, misconduct, or other abuses made against the University President or a Board of Trustees member (and other requirements as detailed in Board of Governors Regulation 4.001(5)).
- f. If any significant or credible allegation of fraud, waste, mismanagement, misconduct, or other abuse occurs with respect to the Board of Trustees, timely notify the Board of Governors OIGC (along with other requirements as detailed in Board of Governors Regulation 4.001(5)(a)).
- g. Ensure that the Board of Trustees adopts a regulation to address any significant or credible allegations of fraud, waste, mismanagement, misconduct, or other abuses, made against the Chief Audit Executive or the Chief Compliance Officer.
- h. Obtain Board of Governors approval before outsourcing the investigative function.

3. Internal Auditing

- a. Adopt a formal written charter which defines the duties and responsibilities of the

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office of the Chief Audit Executive, as described in BOG Regulation 4.002(3). The charter shall be reviewed at least every three years for consistency with applicable Board of Governors and University regulations, professional standards, and best practices. A copy of the approved charter and any subsequent changes shall be provided to the Board of Governors.

- b. Appoint a Chief Audit Executive as a point for coordination of and responsibility for activities that promote accountability, integrity, and efficiency in the operations of the University.
 - c. Approve the reassignment, replacement, or dismissal of the Chief Audit Executive.
 - d. Ensure that the Internal Auditing department has direct and unrestricted access to the Chairman and other Committee members.
 - e. Ensure that the Chief Audit Executive is organizationally independent and objective to perform the responsibilities of the position. The Chief Audit Executive shall report functionally to the Board of Trustees and administratively to the President.
 - f. Provide written input to the President in the annual performance evaluation of the Chief Audit Executive.
 - g. Appoint the Chief Audit Executive as the University employee to review statutory whistle-blower information and coordinate all activities of the University as required by the Florida Whistle-blower's Act.
 - h. Review and approve the annual audit work plan and any significant changes to the plan.
 - i. Review findings from internal audits and monitor progress on the implementation of audit recommendations.
 - j. Review the annual report prepared by the Chief Audit Executive on the activities of the internal audit function.
 - k. Review the effectiveness of the internal auditing function, including conformance with The Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.
 - l. Inquire of the Chief Audit Executive regarding any difficulties encountered in the course of audits, including any restrictions on the scope of audit work or access to required information or any lack of cooperation.
 - m. Annually review Internal Auditing staffing levels, the adequacy of staff qualifications and training, and the departmental budget to evaluate whether proper resources have been provided for Internal Auditing to fulfill its mission.
 - n. Communicate periodically with the Chief Audit Executive to keep abreast of current issues and the status of engagements through phone calls, conference calls, meetings, or emails.
 - o. Obtain Board of Governors approval before outsourcing the internal audit function.
4. Financial Statement Audits
- a. Review the annual audit of the University's financial statements by the Florida Auditor General, including discussions with management and the external auditors

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to determine that the external auditors are satisfied with the appropriateness of disclosures and other content of the financial statements, application of conservative accounting principles, and approve such financial statements.

- b. Resolve any differences between management and the Florida Auditor General regarding financial reporting.
- c. Review with management and General Counsel any legal matters (including pending litigation) that may have a material impact on the University's financial statements and any material reports or inquiries from regulatory or governmental agencies.
- d. Review and approve audited financial statements produced by external auditors of University entities and direct support organizations.

5. Compliance and Ethics Program

- a. Provide oversight for the University Compliance and Ethics Program ("the Program") as a point for coordination of and responsibility for activities that promote ethical conduct and maximize compliance with applicable laws, regulations, rules, policies, and procedures.
- b. The Program shall be reasonably designed to optimize its effectiveness in preventing or detecting non-compliance, unethical behavior, and criminal conduct, designed specifically for the University's unique risk profile.
- c. The Program should be consistent with the Code of Ethics for Public Officers and Employees contained in Part III, Chapter 112, Florida Statutes; other applicable codes of ethics; and the Federal Sentencing Guidelines Manual, Chapter 8, Part B, Section 2.1(b).
- d. Appoint a senior-level administrator as Chief Compliance Officer for the University.
- e. Adopt a formal written charter which defines the duties and responsibilities of the office of the Chief Compliance Officer, as described in BOG Regulation 4.003(7)(g). The charter shall be reviewed at least every three years for consistency with applicable Board of Governors and University regulations, professional standards, and best practices. A copy of the approved charter and any subsequent changes shall be provided to the Board of Governors.
- f. Ensure that the Chief Compliance Officer has direct and unrestricted access to Chairman and other Committee members.
- g. Ensure that the Chief Compliance Officer is organizationally independent and objective to perform the responsibilities of the position. The Chief Compliance Officer shall report functionally to the Board of Trustees and administratively to the President.
- h. The President and Board of Trustees shall be knowledgeable about the Program and shall exercise oversight over its effectiveness. The Board of Trustees shall approve a Program plan and any subsequent changes. A copy of the approved plan shall be provided to the Board of Governors.
- i. The Program shall include training of University employees and the Board of Trustees regarding their responsibility and accountability for ethical conduct and

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compliance with applicable laws, regulations, rules, policies, and procedures. The Program plan shall specify when and how often this training shall occur.

- j. At least once every five years, the President and the Board of Trustees shall be provided with an external review of the Program's design and effectiveness and any recommendations for improvement, as appropriate. The first external review shall be initiated by November 3, 2021. The assessment shall be approved by the Board of Trustees and a copy provided to the Board of Governors.
- k. The Program may designate compliance officers for various program areas throughout the University based on an assessment of risk in any particular program or area. If so designated, the individual shall coordinate and communicate with the Chief Compliance Officer on matters relating to the Program.
- l. The Program shall require the University, in a manner which promotes visibility, to publicize a mechanism for individuals to report potential or actual misconduct and violations of University policy, regulations, or law, and to ensure that no individual faces retaliation for reporting a potential or actual violation when such report is made in good faith.
- m. The Program shall articulate the steps for reporting and escalating matters of alleged misconduct, including criminal conduct, when there are reasonable grounds to believe such conduct has occurred.
- n. Ensure that the Chief Compliance Officer has the independence and objectivity necessary to perform their responsibilities; have adequate resources and appropriate authority; and communicates regularly with the President and the Board of Trustees regarding Program activities.
- o. When non-compliance, unethical behavior, or criminal conduct has been detected, the Committee shall ensure that any necessary modifications to the Program are made.

VII. University Staff Liaisons

The Chief Audit Executive, the Chief Compliance Officer, and the General Counsel or designee shall serve as staff liaisons to the Committee.

Approved: May 13, 2021

History: Audit & Operations Committee became Audit & Compliance Committee March 1, 2016, Revised May 24, 2018, substantive changes May 13, 2021