UTILITY OF FLORIDA
BOARD OF TRUSTEES

Board Operations
Adopted: June 13, 2003
Amended: December 6, 2012

AUDIT AND COMPLIANCE COMMITTEE CHARTER

Purpose

The Audit and Compliance Committee assists the Board of Trustees in fulfilling its oversight responsibilities for optimizing the effectiveness of the financial reporting process, ethical business practices, the system of internal control over financial reporting, and oversight of the audit and compliance programs.

Organization/Composition

The Audit and Compliance Committee will be comprised of a minimum of four trustees. The members should be free from any financial or personal conflicts that would interfere with the exercise of their independence with respect to management or the institution. All members of the Audit and Compliance Committee should have a working familiarity with the principles governing higher education, and basic finance and accounting practices, and at least one member must have accounting or related financial management expertise.

The Chairman of the Board of Trustees, recognizing the need for continuity of membership from year to year, shall appoint the members of the Audit and Compliance Committee.

University staff liaisons will include the Vice President and Chief Financial Officer or designee, the Vice President and General Counsel or designee, the Chief Audit Executive, and the Chief Compliance Officer.

Meetings

The Audit and Compliance Committee will meet at least three times annually. Additional meetings may occur as circumstances dictate. The Committee Chair, the Chief Audit Executive, and the Chief Compliance Officer should discuss and finalize the meeting agenda. The meetings are open to the public. The Audit and Compliance Committee will invite members of management, auditors, compliance professionals, and/or others to attend meetings and provide pertinent information as necessary.

Responsibilities and Duties

The Audit and Compliance Committee sets the overall tone for quality financial reporting, sound business risk practices, compliance with applicable state and federal laws and regulations, University regulations and policies, and ethical behavior.

The Audit and Compliance Committee monitors audit processes and compliance program effectiveness, ensures independent communication and information flow for audit and compliance processes, and ensures committee members are knowledgeable and diligent in performing their duties.

The Audit and Compliance Committee strives to ensure that its policies and procedures remain flexible to best react to changing conditions and provide reasonable assurances to the Board that the scope of audit activities and the adequacy of the system of internal controls promote compliance with state and federal laws and regulations, and University regulations and policies. The Audit and Compliance Committee shall make reports to the Board, as it deems necessary.
General Duties and Responsibilities

The Audit and Compliance Committee shall fulfill its general oversight duties and responsibilities as follows:

- Adopt a formal written charter that has been approved by the full Board of Trustees that specifies scope of responsibility, process, membership, etc. The charter will be reviewed at least every three years for consistency with applicable Board of Governors and University regulations, professional standards, and best practices.

- Maintain minutes or other records of meetings and activities.

- Report Committee actions to the Board with such recommendations as the Committee may deem appropriate.

- 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.

- Review and monitor implementation of management’s response to internal and external audit recommendations and compliance findings.

- Provide other governance oversight as assigned by the Board.

Financial Statements/Internal Controls

The following shall be the principal duties and responsibilities of the Audit and Compliance Committee regarding financial statements:

- Review annual audited financial statements with management and the independent auditors to determine that the independent auditors are satisfied with: (1) the fair presentation of the financial statements, and (2) management’s application of conservative accounting principles.

- Consider independent auditors’ judgments regarding the quality, consistency, and appropriateness of financial statements.

- Make inquiries of management and external auditors concerning the adequacy of the University’s system of internal controls.

- Require financial management and the independent auditor to discuss with the Audit and Compliance Committee its qualitative judgments about the appropriateness, not just acceptability, of accounting principles and financial disclosure practices used or proposed to be adopted by the institution.

- Review, accept and recommend for the Board approval the University’s annual audit of accounts and records/financial statements and the report on internal controls and compliance.

- Review the programs and policies of the University designed by management to assure compliance with applicable laws and regulations and monitor the results of compliance efforts.
Internal Audit Function

The Audit and Compliance Committee shall fulfill its duties and responsibilities associated with the internal audit function as follows:

- Review and approve the annual internal audit plan and any significant changes to the internal audit plan.
- Annually, review the staffing levels to fulfill the plans and mission as well as the adequacy of internal audit staff qualifications.
- Approve and periodically (at least every three years) review the internal audit charter and the internal audit function including its independence and authority.
- Inquire of the Chief Audit Executive regarding the adequacy and effectiveness of accounting and financial controls and request recommendations for improvements.
- Review a summary of findings and completed internal audits and a progress report on executing the approved internal audit plan.
- Maintain adequate policies and guidelines for receiving complaints regarding accounting controls and reports of financial fraud. Review significant findings and issues identified as a result of special reviews or whistleblower complaints.
- Inquire of the Chief Audit Executive regarding any difficulties encountered in the course of his/her audits conducted, including any restrictions on the scope of his/her work or access to required information or any lack of cooperation.
- Require the Chief Audit Executive to report in writing annually on activities of the office.
- Inquire of the Chief Audit Executive regarding the Quality Assurance and Improvement Program, including periodic internal and external quality assessment results.
- Review and concur in the appointment, compensation, replacement, reassignment, or dismissal of the Chief Audit Executive.
- Obtain approval from the Board of Governors prior to outsourcing the Chief Audit Executive’s entire audit or investigative function.

Compliance Function

The Audit and Compliance Committee shall fulfill its duties and responsibilities associated with the compliance function as follows:

- Provide governance oversight of the compliance program.
- Review at least every three years and periodically approve the Compliance Charter and any subsequent revisions.
- Review the Chief Compliance Officer’s annual report on the effectiveness of the compliance program and approve any compliance work plan revisions.
• Oversee the development and implementation of employee communication and training activity promoting ethical conduct, compliance with the law, and due diligence to prevent and detect improper conduct.

• Ensure that appropriate and consistent discipline is imposed for violations of the Code of Conduct, UF policies, and legal requirements and that action is taken to prevent similar violations from occurring in the future.

• Inquire of the Chief Compliance Officer regarding any difficulties encountered in the course of the compliance program implementation and monitoring activities, including any restrictions on the scope of his/her work or access to required information or any lack of cooperation.

• Review significant or key compliance findings identified through audits or investigations along with pertinent industry or regulatory updates presented by the Chief Compliance Officer and approve any preventative or corrective measures.

• Review at least once every five years, an external evaluation of the Compliance Program’s design and effectiveness and approve any recommendations for program improvements.