

**AUDIT AND COMPLIANCE COMMITTEE****PURPOSE**

The Audit and Compliance Committee (“Committee”) is appointed by the University of Central Florida Board of Trustees (“Board”) and assists the Board in discharging its oversight responsibilities. The committee oversees the following for the University of Central Florida (“University”) and its direct support organizations (“DSO”):

- internal control structure,
- independence and performance of internal and external audits and corrective actions plans,
- integrity of information technology infrastructure, security, and data governance,
- independence and effectiveness of the compliance and ethics program,
- compliance with applicable laws and regulations,
- standards for ethical conduct,
- risk identification and mitigation,
- and internal investigation processes.

**ROLES AND RESPONSIBILITIES**

With regard to each topic listed below, the Committee will:

**A. Internal Controls and Financial Statements**

- Evaluate the overall effectiveness of the internal control framework by reviewing audit reports and open audit issue status updates and investigation memorandum to determine if recommendations made by the internal and external auditors have been implemented by management.
- Make inquiries of management and the external auditors concerning the effectiveness of the University’s system of internal controls.
- Determine whether the external auditors are satisfied with the disclosure and content of the financial statements, including the nature and extent of any significant changes in accounting principles.
- Review management’s written responses to significant findings and recommendations of the auditors, including the timetable to correct weaknesses in the internal control system.
- Review the adequacy of accounting, management, and financial processes of the University and its DSOs.
- Review the financial reporting process implemented by management of the University and its DSOs.
- Review University and DSO management processes for ensuring the transparency of the financial statements and the completeness and clarity of the disclosures.

### **B. External Audit**

- Receive and review audits by the State of Florida Auditor General.
- Receive and review audits of the direct support organizations and component units.
- Review and contract with external auditors for special audits or reviews related to the University's affairs and report the results of any such special projects to the Board.

### **C. Internal Audit**

- Review the independence, qualifications, activities, performance, resources, and structure of the internal audit function and ensure no unjustified restrictions or limitations are made.
- Review the effectiveness of the internal audit function and ensure that it has appropriate standing within the University.
- Ensure that significant findings and recommendations made by the internal auditors and management's proposed response are received, discussed, and appropriately dispositioned.
- Review the proposed internal audit plan for the coming year or the multi-year plan and ensure that it addresses key areas of risk based on risk assessment procedures performed by Audit in consultation with management and the Committee.
- Obtain reports or notification concerning financial fraud resulting in losses in excess of \$10,000 or involving a member of senior management.

### **D. Data Integrity**

- Review the adequacy of the university's information technology management methodology with regards to internal controls, including applications, systems, and infrastructure.
- Review the adequacy of the university's data management policies and procedures to ensure data security and data integrity in institutional reporting.

### **E. Compliance and Ethics Program**

- Review and approve the Compliance Program Plan and any subsequent changes.
- Review the independence, qualifications, activities, resources, and structure of the compliance and ethics function and ensure no unjustified restrictions or limitations are made.
- Review the effectiveness of the compliance and ethics program in preventing or detecting noncompliance, unethical behavior, and criminal misconduct and ensure that it has appropriate standing and visibility across the University.

- Ensure that significant findings and recommendations made by the vice president for compliance, ethics, and risk are received, discussed, and appropriately dispositioned.
- Ensure that procedures for reporting misconduct, or ethical and criminal violations are well publicized and administered and include a mechanism that allows for anonymity or confidentiality, whereby members of the university community may report or seek guidance without the fear of retaliation.
- Review the effectiveness of the system for monitoring compliance with laws and regulations and management's investigation and follow-up (including disciplinary action) of any wrongful acts or non-compliance.
- Review the proposed compliance and ethics work plan for the coming year and ensure that it addresses key areas of risk and includes elements of an effective program as defined by Chapter 8 of the Federal Sentencing Guidelines.
- Obtain regular updates from the vice president for compliance, ethics, and risk regarding compliance and ethics matters that may have a material impact on the organization's financial statements or compliance policies.
- Review the findings of any examinations or investigations by regulatory bodies.
- Review the University and DSO conflict of interest policies to ensure that: 1) the term "conflict of interest" is clearly defined, 2) guidelines are comprehensive, 3) annual signoff is required, and 4) potential conflicts are adequately resolved and documented.

### **F. Enterprise Risk and Insurance Program**

- Review and approve the University's enterprise risk policy to include approval of the University's risk appetite and tolerance.
- Oversee the identification, assessment, and mitigation of the University's enterprise risks and opportunities.
- Obtain an annual update on the University's enterprise risk universe.
- Obtain regular updates from the vice president for compliance, ethics, and risk regarding critical risk matters that may materially impact the organization's financial position, operations, and / or reputation.
- Gain and maintain reasonable assurance that the University's insurance strategy appropriately protects University assets.

### **G. Reporting Responsibilities**

- Regularly update the Board about its activities and make appropriate recommendations.



- Ensure the Board is informed of matters that may cause significant financial, legal, reputational, or operational impact to the University or its DSOs.
- Receive a summary of findings from completed internal and external audits and the status of implementing related recommendations.
- Receive a summary of findings from completed reports related to the compliance, ethics, or risk programs.

### **H. Evaluating Performance**

- Evaluate the Committee's own performance, both of individual members and collectively, on a periodic basis and communicate the results of this evaluation to the Board.

### **AUTHORITY**

The Board authorizes the Committee to:

- Perform activities within the scope of its charter.
- Have unrestricted access to management, faculty, and employees of the University and its DSOs, as well as to all their books, records, and facilities.
- Study or investigate any matter related to audit, compliance, risk, or related concerns such as potential fraud or conflicts of interest that the Committee deems appropriate.
- Engage independent counsel and other advisers as it deems necessary to discharge its duties.
- Provide oversight and direction of the internal auditing function, of external auditors, and of engagements with state auditors.
- Provide oversight and direction of the institutional compliance, ethics, and enterprise risk management and insurance programs, and be knowledgeable of the program with respect to its implementation and effectiveness.
- Perform other duties as assigned by the Board.

### **REPORTING RESPONSIBILITIES**

- The Committee Chair will, at the next regularly scheduled board meeting, report to the Board any action taken by the Committee.

### **MEMBERSHIP**

- The Committee will consist of at least three members of the Board of Trustees.

- Members will be independent and objective in the discharge of their responsibilities and free of any financial, family, or other material personal relationship that would impair their independence from management and the University.
- The Chair of the Board will appoint the chair, vice chair, and additional members of the Committee. Members will serve on the Committee until their departure from the Board, resignation, or replacement by the Chair of the Board.
- Members of the Committee should have professional experience and expertise in at least one of the following fields: post-secondary education, non-profit administration, law, banking, insurance and financial services, finance, accounting, financial reporting, auditing, risk management, or information technology.
- The committee may direct the University and outside resources to provide the Committee with educational resources relating to the Committee in maintaining and enhancing an appropriate level of financial and compliance literacy.

### MEETINGS AND MINUTES

- The Committee will meet as needed to address matters on its agenda, but not less frequently than three times each year.
- A majority of the members of the Committee will constitute a quorum for the transaction of business. Action shall require a majority vote of Committee members present.
- Meeting agendas will be prepared jointly by the Committee Chair, the chief audit executive, and the vice president for compliance, ethics, and risk taking into account recommendations from Committee members. Meeting agendas and appropriate briefing materials will be provided in advance to Committee members.
- The Committee will maintain and post written minutes of its meetings in accordance with Florida Statute 1001.71.

### STAFF

- The vice president for compliance, ethics, and risk and the chief audit executive will serve as primary liaisons to the Committee and delegate administrative responsibilities as necessary.
- The Committee may ask members of management or other individuals to provide pertinent information as necessary. In addition, the Committee may request special reports from University or DSO management on topics that may enhance its understanding of the university's activities and operations.
- In addition to scheduled meetings of the full Committee, the Committee Chair will meet with the chief audit executive and the vice president for compliance, ethics, and risk on a regular basis or as needed.



- The Committee is subject to Florida's Government in the 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.

### CHARTER REVIEW

- The Committee will review its charter annually and recommend to the Board any changes that the Committee deems necessary.

*Approved by the UCF Board of Trustees February 24, 2023*