

*UNIVERSITY OF FLORIDA
BOARD OF TRUSTEES*

Board Operations

Adopted: June 13, 2003

Amended: March 13, 2008

**COMMITTEE ON AUDIT AND OPERATIONS REVIEW
CHARTER**

Purpose

To assist the Board of Trustees in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control over financial reporting, the audit process, and the University's process for monitoring compliance with laws and regulations. Key principles in fulfilling this objective include:

- Key role in monitoring of the audit process
- Independent audit communication and information flow
- Diligent and knowledgeable membership

The Committee shall take all appropriate actions to set the overall University tone for quality financial reporting, sound business risk practices, and ethical behavior.

Organization/Composition

The Committee on Audit and Operations Review will be comprised of a minimum of four trustees. The members will be free from any financial, family or other material personal relationship that would interfere with the exercise of their independence from management or the institution. All members of the committee will have a working familiarity with basic finance and accounting practices and at least one member must have accounting or related financial management expertise.

The chairman of the Board, recognizing the need for continuity of membership from year to year, shall appoint the members of the Committee.

University staff liaisons are Senior Vice President for Administration or designee, Vice President for Business Affairs or designee and Chief Audit Executive or designee.

Meetings

The committee will meet at least four times annually. Additional meetings may occur as circumstances dictate. The Committee chairman and the Chief Audit Executive should discuss and finalize the meeting agenda and overview the issues to be discussed. The meetings are open to the public. The committee will invite members of management, auditors, or others to attend meetings and provide pertinent information as necessary.

Responsibilities and Duties

The Committee on Audit and Operations Review believes its policies and procedures should remain flexible in order 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 ensure compliance with state and federal laws, regulations and requirements. The Committee shall make reports to the Board, as it deems necessary.

The Committee on Audit and Operations will fulfill their duties and responsibilities as follows:

- **General**

Adopt a formal written charter that is approved by the full Board of Trustees that specifies scope of responsibility, process, membership, etc. The charter will be reviewed as necessary, but at least every other year.

Maintain minutes or other records of meetings and activities.

Report Committee actions to the Board with such recommendations 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.

Other governance oversight as assigned by the Board.

- **External/Independent Accountants**

Currently, The Office of Auditor General performs the financial audits of the University. Procurement of external accountants for direct support and other related organizations (affiliated organizations) falls under the oversight of these organizations' Board of Directors.

- **Internal Audit**

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 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 their audits, including any restrictions on the scope of their 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.

Review and concur in the appointment, compensation, replacement, reassignment, or dismissal of the Chief Audit Executive.

- **Financial Statements/Internal Controls**

Management is responsible for the preparation, presentation, and integrity of the University's financial statements and for the appropriateness of the accounting principles and reporting policies used by the University. The following shall be the principal duties and responsibilities of the Committee regarding financial statements.

Review annual audited financial statements with management and the independent accountants to determine that the independent auditors are satisfied with the disclosure and content of the financial statements, application of conservative accounting principles and approve such financial statements.

Consider external 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 Committee their 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 including those involving environmental health and safety.