

**THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES**

AUDIT AND COMPLIANCE COMMITTEE CHARTER

1. Overall Purpose/Objectives

The Audit and Compliance Committee (“Committee”) is appointed by the Florida International University Board of Trustees (“Board”) to assist it in discharging its oversight responsibilities, including but not limited to, reviewing procedures in place to assess and minimize significant risks, overseeing the quality and integrity of financial reporting practices (including the underlying system of internal controls, policies and procedures, regulatory compliance programs, and ethical code of conduct), and overseeing the overall audit process.

The Committee will oversee the financial operations and reporting process for both the University and its direct support organizations (“DSO”). The committee will review: 1) the University’s internal financial controls and processes; 2) the internal audit function; 3) the independent audit process, including the appointment and assessment of the external auditors for the University; and 4) the DSO and University processes for monitoring compliance with applicable laws and regulations, meeting regulatory requirements and promoting ethical conduct.

2. Authority

The Board authorizes the Committee to:

- 2.1 Perform activities within the capacity of its charter.
- 2.2 Evaluate the Office of Internal Audit's role and scope of activities.
- 2.3 Participate, through the Chair, in the process of the appointment and dismissal of the Chief Audit Executive.
- 2.4 Engage independent counsel and other advisers as it deems necessary to carry out its duties.
- 2.5 Have unrestricted access to management, faculty and employees of the University and its DSOs, as well as to all books, records, and facilities thereof.
- 2.6 Develop and review procedures for the receipt, retention and treatment of complaints received from employees regarding financial or operational matters.
- 2.7 Review and approve the Office of Internal Audit’s annual audit plan (and any subsequent changes thereto), considering the University-wide risk assessment and the degree of coordination with the Auditor General's Office for an effective, efficient, non-redundant use of audit resources.

- 2.8 Review and discuss with management and the Office of Internal Audit (1) significant findings and recommendations, including management's response and timeframe for corrective action; (2) the degree of implementation of past audit recommendations; and (3) any difficulties encountered in the course of the audit activities such as restrictions on the scope of work or access to information.
- 2.9 Assess the staffing of the Office of Internal Audit, including the annual budget.
- 2.10 Review and approve modifications to the Office of Internal Audit.
- 2.11 Review the organizational reporting lines related to the Office of Internal Audit, particularly related to confirming and assuring the continued independence of the Office of Internal Audit and its staff.
- 2.12 Review the work of the external auditors for the University and DSOs.
- 2.13 Evaluate the effectiveness of the University's compliance program by (1) reviewing the results of the program effectiveness evaluation; (2) assessing the staffing of the Office of Compliance & Integrity, including the annual budget; (3) reviewing major modifications to the University's compliance program; and (4) reviewing compliance-related training topics for the Board.
- 2.14 Participate, through the Chair, in the process of the appointment and dismissal of the Chief Compliance and Privacy Officer.
- 2.15 Review and approve the Office of Compliance & Integrity's annual compliance plan (and any subsequent changes thereto), considering the University-wide risk assessment.
- 2.16 Review and approve modifications to the Office of Compliance & Integrity.
- 2.17 Review the organizational reporting lines related to the Office of Compliance & Integrity, particularly related to confirming and assuring the continued independence of the Office of Compliance & Integrity and its staff.

3. Organization

Membership

- 3.1 The Chair of the Board of Trustees will appoint the chair and members of the Committee.
- 3.2 The Committee consists of at least five (5) members, all of whom are voting Trustees of the University.
- 3.3 A majority of Committee members, if not all, shall possess general accounting, business and financial knowledge, including the ability to read and understand fundamental financial statements.

3.3.1 If possible the Committee will include at least one member who is a "accounting or financial expert"; a person who has an understanding of generally accepted accounting principles and financial statements; the ability to assess the application of these principles in connection with accounting for estimates, accruals and reserves; an understanding of committee functions; experience preparing, auditing, analyzing or evaluating financial statements, or experience actively supervising persons engaged in such activities; and an understanding of internal controls and procedures for financial reporting. The person must have acquired these attributes through one or more of the following: education or experience actually doing these functions or similar ones; actively supervising someone who is performing these functions or similar ones; experience overseeing or assessing the performance of companies or public accountants who are preparing, auditing or evaluating financial statements; or other relevant experience.

3.4 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

3.5 Members will serve on the Committee until their resignation or replacement by the Chair of the Board.

Meetings

3.6 A simple majority of the members of the Committee will constitute a quorum for the transaction of business.

3.7 Meetings shall be held not less than four (4) times per year and shall correspond with the University's financial reporting cycle.

3.8 The Committee shall maintain written minutes of its meetings, and for the Committee Chair to approve each meeting's agenda.

3.9 The Committee shall meet with the General Counsel, Chief Audit Executive, and Chief Compliance and Privacy Officer on a regular basis.

3.10 The Committee may request special reports from University or DSO management on topics that may enhance their understanding of their activities and operations.

4. Roles and Responsibilities

The Committee shall:

4.1 Provide the Board with regular updates of Committee activities and make recommendations to the Board for matters within the Committee's area of responsibility.

- 4.2 Meet separately with the Office of Internal Audit and Senior Management, separately, in order to discuss any matters the Committee or these individuals believe should be discussed privately. This should be performed at least two (2) times annually, at the conclusion of a regularly scheduled Committee meeting.
- 4.3 Affirm that the Chief Audit Executive and Chief Compliance and Privacy Officer are ultimately responsible to the Committee and the Board and they should communicate directly with the Committee Chair when deemed prudent and necessary. Said Chief Audit Executive and Chief Compliance and Privacy Officer, in consultation with the General Counsel, will regularly meet and correspond with the Chair of the Committee, advise and keep informed, as needed, both the President and the Chair of the Board on a regular basis regarding matters brought before and actions taken by the Committee, and in further consultation with the Chair, prepare the agenda for meetings of the Committee.
- 4.4 Have the authority to conduct investigations into any matters within the Committee's scope of responsibilities as set forth herein. The Committee shall have unrestricted access to the University's independent auditors and anyone employed by the University, and to all relevant information in order to conduct such investigations. The Committee may retain, at the University's expense, independent counsel, accountants and other professional consultants to assist with such investigations. The results of any such investigations must be reported to the Board by the Committee Chair.

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

Internal Controls

- 4.5 Consider and review the effectiveness of the University's process for identifying significant financial, operational, reputational, strategic and regulatory risks or exposures and management's plans and efforts to monitor and control such risks.
- 4.6 Evaluate the overall effectiveness of the internal control framework and consider whether recommendations made by the internal and external auditors have been implemented by management, including but not limited to the status and adequacy of information systems and security, for purposes of meeting expectations of the U.S. Sentencing Guidelines, personnel systems internal controls, and other relevant matters.
- 4.7 Understand the internal control systems implemented by management of the University and each DSO for the approval of transactions and the recording and processing of financial data.

Risk Management

- 4.8 Evaluate the overall effectiveness of the risk management process.
- 4.9 Evaluate the University's oversight and monitoring of its affiliated organizations, and the University's insurance coverage and the process used to manage any uninsured

risks.

Fraud Prevention and Detection

- 4.10 Evaluate the overall effectiveness of the University's institutional controls and risk management framework designed to provide reasonable assurance that fraudulent activities within the University's areas of responsibility are prevented, detected, reported and investigated.
- 4.11 Review Reports by the Chief Audit Executive of substantiated fraudulent activities.
- 4.12 Review and address reports by the Chief Audit Executive of significant and credible allegations of fraud, waste, abuse, or financial mismanagement within the University.
- 4.13 By and through the Chair of the Audit and Compliance Committee in consultation with the President and General Counsel, review and address significant and credible allegations of fraud, waste, mismanagement, misconduct or other abuse against the Chief Audit Executive or the Chief Compliance Officer.

Financial Reporting and Disclosures

- 4.14 Review the adequacy of accounting, management, and financial processes of the University and its DSOs.
- 4.15 Review the financial reporting process implemented by management of the University and its DSOs.
- 4.16 Review as applicable for the University and its DSOs: 1) interim financial statements, 2) annual financial statements, 3) the annual report, and 4) the audit report on federal awards that is required under Office of Management and Budget (OMB) Uniform Guidance.
- 4.17 Review University and DSO management processes for ensuring the transparency of the financial statements and the completeness and clarity of the disclosures.
- 4.18 Meet with University management and the external auditors to review the financial statements, the key accounting policies, the reasonableness of significant judgments, and the results of the audit.

Compliance with Laws, Regulations, Policies and Standards

- 4.19 Review the independence, qualifications, activities, resources, and structure of the compliance function and ensure no unjustified restrictions or limitations are made.
- 4.20 Review and discuss any significant results of compliance audits; any significant matters of litigation or contingencies that may materially affect the University's financial statements; and any legal, tax or regulatory matters that may have a material impact on University operations, financial statements, policies and programs.

- 4.21 Ensure that significant findings and recommendations made by the university compliance officer are received, discussed, and appropriately acted on.
- 4.22 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.
- 4.23 Ascertain whether the University has an effective process for determining risks and exposure from asserted and unasserted litigation and other claims of noncompliance with laws and regulations.
- 4.24 Receive information and training regarding specific elements of the University's compliance program.
- 4.25 Obtain reports concerning financial fraud resulting in losses in excess of \$10,000 or involving a member of senior management.
- 4.26 Obtain regular updates from the University Compliance Officer regarding compliance matters that may have a material impact on the organization's financial statements or compliance policies.
- 4.27 Review the University's monitoring of compliance with University policies, including (but not limited to) policies regarding the conduct of research, including the results of the University's monitoring and enforcement of compliance with University standards of ethical conduct and conflict of interest policies.
- 4.28 Review the findings of any examinations or investigations by regulatory bodies.

Working with Auditors

Independent External Audit

- 4.29 Review the professional qualifications of all external auditors, and when determined by the committee, require such auditor to be hired by and report directly to the Committee.
- 4.30 Review on an annual basis the performance of all external auditors and make recommendations to the appropriate Board for their appointment, reappointment or termination.
- 4.31 Ensure that significant findings and recommendations made by the independent auditors for both the University and any DSO, and management's proposed response thereto, are received, discussed and appropriately acted upon.

Internal Audit

- 4.32 Review the independence, qualifications, activities, resources and structure of the internal audit function and ensure no unjustified restrictions or limitations are made.

- 4.33 Review the effectiveness of the internal audit function and ensure that it has appropriate standing within the University.
- 4.34 Ensure that significant findings and recommendations made by the internal auditors and management's proposed response are received, discussed and appropriately acted on.
- 4.35 Review the proposed internal audit plan for the coming year [or the multi-year plan] and ensure that it addresses key areas of risk and that there is appropriate coordination with the external auditor.

Complaints and Ethics

- 4.36 Ensure procedures for the receipt, retention and treatment of complaints concerning financial, internal accounting controls or auditing matters.
- 4.37 Review the University and DSO conflicts 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.

Reporting Responsibilities

- 4.38 Regularly update the Board about Committee activities and make appropriate recommendations.
- 4.39 Ensure the Board is aware of matters that may significantly impact the financial condition or affairs of the University or its DSOs.
- 4.40 Receive prior to each meeting a summary of findings from completed internal audits and the status of implementing related recommendations.

Evaluating Performance

- 4.41 Evaluate the Committee's own performance, both of individual members and collectively, on a regular basis.
- 4.42 Assess the achievement of duties specified in the charter and report findings to the board.
- 4.43 Review the Committee charter, at least every three (3) years, and discuss any required changes with the board.
- 4.44 Ensure that the charter is approved or reapproved by the Board, after each update.

Adoption of Charter: The Florida International University Board of Trustees adopted the Audit and Compliance Committee Charter on December 1, 2016.
Reviewed and approved without change on September 18, 2019;
Reviewed and discussed on September 14, 2021 and December 8, 2021;
Reviewed and changes approved on March 3, 2022.