

**BOARD OF GOVERNORS
STATE UNIVERSITY SYSTEM OF FLORIDA
AUDIT AND COMPLIANCE COMMITTEE CHARTER**

INTRODUCTION:

The Board of Governors, State University System of Florida (“Board”), has established an Audit and Compliance Committee as a demonstration of the Board’s commitment to accountability. The Audit and Compliance Committee’s Charter articulates the powers and duties of the Committee, provides for a systematic and disciplined approach to the evaluation of the Board’s operations, and fosters a management environment committed to integrity, efficiency, sound financial controls, and accountability for the whole university system.

This Charter establishes clear lines of authority, responsibility and expectations related to the Office of Inspector General and Director of Compliance (“Inspector General”), which shall coordinate activities designed to promote accountability, efficiency and effectiveness in the operations of the Board and activities to support accountable, efficient, and effective practices in the State University System.

The Charter is presented with the following sections: I. Organization, II. Authority, III. Duties and Responsibilities, and IV. Meetings/Reporting Responsibilities.

I. ORGANIZATION:

The Board is comprised of seventeen members, fourteen of whom are appointed by the Florida Governor and confirmed by the Florida Senate for a term of seven years. The remaining members include the Chair of the Advisory Council of the Faculty Senate, the Commissioner of Education, and the President of the Florida Student Association.

The Audit and Compliance Committee serves as the central point for demonstrating the Board’s commitment to accountability, financial integrity, and efficiency in the operations of the State University System. The Audit and Compliance Committee shall be comprised of five to nine members of the Board appointed by the Chair and should include at least one member who is a “financial expert.”¹

¹ Financial expert is defined as having expertise through education and/or substantial practical business experience in the function and meaning of financial statements and an understanding of proper oversight and accountability for financial matters.

The audit committees of the respective Boards of Trustees for the state universities and their respective internal audit executives serve as the central point for demonstrating the university Boards of Trustees' commitment to accountability, financial integrity, and efficiency in the operations of their respective institutions.

The Board's Audit and Compliance Committee, the Board's Inspector General, the audit committees of the respective Boards of Trustees for the state universities and their respective internal audit executives each serve important roles in ensuring that processes are in place to meet the State University System's responsibility for financial accountability, integrity and efficiency.

The Chancellor for the State University System of Florida ("Chancellor") is primarily responsible for providing support to the Board in achieving its mission, goals, and objectives. Among other duties, the Chancellor is responsible for the development and implementation of Board policies and the day-to-day operations of the Board Office, including supervision of professional and support staff.

The Inspector General shall provide leadership and coordination of audit and compliance functions for the Board of Governors and is generally responsible for promoting activities that ensure accountability, financial integrity, and efficiency as required by law.

To achieve necessary independence and to ensure maximum effectiveness and coordination, the Inspector General has a dual reporting relationship with the Audit and Compliance Committee and the Chancellor. The Inspector General shall report functionally to the Audit and Compliance Committee and shall report administratively directly to the Chancellor for the State University System of Florida. To "report functionally" means the Inspector General shall, among other duties, provide to the Audit and Compliance Committee:

- the proposed internal risk assessment and audit plan for the Board Office;
- reports on the results of internal audits and investigations;
- other matters as requested by the Committee, or as may be required by law, applicable auditing standards or the independent professional judgment of the Inspector General.

To report administratively to the Chancellor shall mean all matters within the Board's office management structure that facilitate day-to-day operations of the internal audit and investigation function such as budgeting, human resources administration, internal communication flows, and administration of Board Office internal policies and procedures.

II. AUTHORITY:

Article IX, Section 7, subsection (d) of the Florida Constitution mandates that the Board operate, regulate, control, and be fully responsible for the management of the State University System of Florida, including but not limited to defining the distinctive mission of each constituent university and its articulation with free public schools and community colleges; ensuring the well-planned coordination and operation of the system; and avoiding wasteful duplication of facilities or programs. The Board's management is subject to the powers of the Legislature to appropriate for the expenditure of funds, and the Board is required to account for such expenditures as provided by law. Under Article IX, Section 7, subsection (c) of the Florida Constitution and Board authorizations, the Board of Trustees of each university in the State University System is responsible for oversight and administration of the university.

The authority of the Audit and Compliance Committee comprises the specific duties and responsibilities delegated to it by the Board as set forth in this Charter.

III. DUTIES AND RESPONSIBILITIES:

A. BOARD OF GOVERNORS

The essential functions of the Audit and Compliance Committee relative to the operation and management of the Board of Governors are to provide oversight of activities related to internal audit, financial controls, compliance and ethics; to review significant accounting and reporting issues and confirm appropriate management responses; to review risk assessment methodologies and risk management policies; to assess the effectiveness of the internal control system; and to review and confirm appropriate management response to any report of significant audit- or compliance-related findings and recommendations.

Specifically, the committee will:

- review the operational and financial audits conducted by the Auditor General;
- review periodic reports issued by the Inspector General on audits, management reviews, and investigation;
- review corrective action plans implemented by the Chancellor;
- approve the Charter for the Board's Inspector General's Office;
- review and approve risk assessments and internal audit plans prepared by the Inspector General, who shall determine operationally the scope and assignment of the audit;
- direct the Inspector General to perform audits of special programs, functions, or organizational units;

- provide guidance on how to establish and maintain strong working relationships with external auditors and other stakeholders and assist the Board in obtaining adequate funding and resources needed by the Board's Office of Inspector General to fulfill his or her mandated duties.

B. STATE UNIVERSITY SYSTEM

The Audit and Compliance Committee's duties relative to the State University System include:

- acting as a liaison with the audit committee of university boards of trustees;
- receiving and reviewing university audit reports;
- identifying trends in such reports and confirming that adverse trends are being addressed by the universities;
- initiating inquiries if the committee has reasonable cause to believe that a university is not providing for appropriate response to significant audit findings;
- directing the Inspector General to conduct an inquiry or investigation if the committee has reasonable cause to believe that a university board of trustees is unwilling or unable to provide for objective investigation of credible allegations of fraud or other substantial financial impropriety; and
- working collaboratively with the universities to develop resources that will support sound audit and financial compliance practices.

IV. MEETINGS/REPORTING RESPONSIBILITIES:

The Audit and Compliance Committee shall generally meet at least four times a year with the authority, as circumstances warrant, to convene additional meetings. The Audit and Compliance Committee shall report regularly to the Board about Committee activities and provide an open and effective avenue of communication between the Inspector General, external auditors, the University Boards of Trustees' Audit Committees, and the Board.

The Audit and Compliance Committee shall confirm annually that the duties and responsibilities outlined in this Charter have been carried out and will review and assess the adequacy of the Charter in achieving the goals and objectives of the Board.

Approved by the Board of Governors of the State University System of Florida.

Date: March 26, 2009