

Jacksonville State University

Board of Trustees Audit, Risk and Compliance Committee Charter

Section I. Purpose

The primary purpose of the Audit, Risk and Compliance Committee (the “Committee”) is to assist the Board of Trustees (the “Board”) in (a) monitoring the integrity of financial reporting process, systems of internal controls and financial statements and reports of Jacksonville State University (“JSU”), (b) the appointment, compensation, retention, performance and oversight of JSU’s Chief Internal Auditor (“internal auditor”), (c) the appointment, compensation, retention, performance and oversight of JSU’s independent external auditor (“external auditor”), (d) monitoring compliance by JSU with legal and regulatory requirements, and (e) monitoring JSU’s assessment of institutional risk .

Section II. Responsibilities

The Committee shall:

2.1 Duties related to external auditor and the annual financial statement audit:

2.1.1 Approve the appointment, retention and dismissal of the external auditor.

2.1.2 Review and approve the fees to be paid to the external auditor to execute an annual financial statement audit.

2.1.3 Meet with the external auditor to review and approve the external audit engagement letter and communicate the nature and scope of the annual financial statement audit to the full Board.

2.1.4 Review the external auditor’s management letter and senior administrators’ (defined as the President, Vice Presidents and other direct reports to the President) responses and present the Committee’s review and evaluation to the full Board.

2.1.5 Review the results of the annual financial statement audit, any unadjusted differences, and senior administrators’ responses and present the Committee’s review and evaluation to the full Board.

2.1.6 Discuss any potential changes in [GASB](#), and significant changes in accounting principles, financial reporting policies and internal controls by senior administrators, and how such changes would impact JSU’s financial statements.

2.1.7 Discuss with the external auditor to determine if any difficulties, restrictions of scope or access to requested information, or any significant disagreements with senior administrators exist.

2.1.8 Review and confirm the independence of the external auditors annually by obtaining a written statement from the external auditors on relationships between the auditors and Jacksonville State University (“JSU”), including non-audit services and related fees.

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2.1.8.a The external auditors are authorized to perform a financial statement audit, internal control reviews, and reviews of income and other tax matters.

2.1.8.b The external audit firm should not provide the following services: bookkeeping, financial information systems design and implementation, appraisal or valuation services, actuarial services, internal audits, management and human resource services, broker/dealer and investment banking services, and legal services.

2.1.8.c The external audit managing partner should rotate at least every seven (7) years.

2.2 Duties related to the internal audit function and internal auditor:

2.2.1 Full authority and oversight of the internal audit function including all personnel actions related to the chief internal auditor.

2.2.2 The internal auditor shall have direct access to this Committee and the full Board.

2.2.3 Review and approve the internal audit plan annually.

2.2.4 Review internal audit reports and senior administrators' responses, assessing the quality and timeliness of responses and corrective actions, and communicate the review and assessment to the full Board.

2.2.5 Discuss with the internal auditor determine if any difficulties, restrictions of scope or access to requested information, or any significant disagreements with senior administrators exist.

2.2.6 Evaluate the scope and quality of internal and external audits, and the degree of coordination and appropriate degree of independence between the two.

2.3 Review and, as appropriate, make recommendations to the full Board, regarding institutional policies relevant to the scope of the Committee responsibilities, including conflict of interest, ethical and fraudulent conduct, and whistleblower protection.

2.4 Promote the development and monitor the effectiveness of an institutional system of risk assessment. At least annually, reviewing with senior administrators JSU's processes for identifying, prioritizing, mitigating, and reporting institutional risks.

2.5 Maintain direct and effective communication with external auditor and internal auditor on behalf of the full Board.

2.6 Review the effectiveness of JSU's practices related to monitoring its compliance with laws and regulations and review the results of senior administrators' investigation and resolution of any reported, or otherwise discovered, instances of noncompliance.

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2.7 Request, receive, review, and monitor audit findings and senior administrators' corrective action plan, as reported by the internal auditor, the external auditor, and/or regulatory agencies.

2.8 Review and discuss litigation, contingencies and claims against JSU with the University Counsel and communicate a summary to the full Board.

2.9 Review JSU's Transaction Approval Matrix every (3) years and approve transactions covered by the matrix and obtain full Board approval.

2.10 The Committee shall have the authority, to extent it deems necessary or appropriate, to retain independent legal, accounting or other advisors.

Section III. Audit Committee Members

3.1 The Committee shall be comprised of three (3) Trustees, appointed by the Board Chairperson ("Chairperson"), each of whom shall be free from any relationship that, in the opinion of the Chairperson, would interfere with the exercise of his or her independent judgment as a member of the Committee.

3.2 All members of the Committee shall have a working familiarity with basic finance and accounting practices.

3.3 At least one (1) member of the Committee shall have accounting or related financial management expertise.

3.4 At least one (1) member of the Committee shall have expertise regarding law and/or regulatory compliance.

3.5 Required expertise may be gained by participating in educational programs conducted by the University or an outside consultant.

Section IV. Meetings of the Audit Committee

4.1 The Committee shall meet as frequently as circumstances dictate but, at a minimum, it shall meet at least four times per year.

4.2 The Committee shall, at its discretion, meet with the internal auditor, external auditor, Vice President, Finance & Administration, and University Counsel individually or collectively in the absence of senior administrators.

4.3 The Committee may hold executive sessions as allowed by Board policy and law.

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Section V. Adoption of Charter

This Charter shall be effective as of the date of its approval by the Board. The Committee will review the Charter and recommend to the Board revisions thereto, in view of evolving accounting standards, legal developments and experience gained, every three (3) years.