

# University of Alaska Statewide System

## Bylaws of the Board of Regents

### **BL07. Committees of the Board of Regents.**

#### G. Audit and Finance Committee Charter.

1. The primary function of the Audit and Finance Committee is to assist the board in fulfilling its oversight responsibilities relating to: the university's financial position, financial results, and financial statements, systems of internal control, compliance with legal and regulatory requirements, and the independence and performance of the external and internal audit functions. The committee shall maintain free and open communication among the committee, independent auditors, the internal auditors and management of the university.
2. Members shall be independent of management of the university and its component units and related organizations, and be free of any financial or personal relationship that would impair such independence. If possible, a majority of members shall be financially literate and at least one member shall be a financial expert. "Financial literacy" means being able to read and understand fundamental financial statements. "Financial expert" means a person who has one or more of the following: an understanding of generally accepted accounting principles and financial statements, experience applying such principles, experience preparing or auditing financial statements, experience with internal controls, and an understanding of audit and finance committee functions.
3. Management is directly responsible for the preparation, presentation, and integrity of the university's financial statements and for the appropriateness of the accounting principles and reporting practices used by the university. The committee is responsible for overseeing management's efforts to meet those responsibilities in a reasonable and appropriate manner. The principal duties and responsibilities of the committee include:
  - a. recommend the appointment, compensation, oversight, and retention of the independent external auditor; the external auditor shall report directly to the committee;
  - b. the approval of all audit and non-audit services provided by the external auditor; pre-approval authority may be delegated to the committee chair, subject to later ratification by the committee;
  - c. appropriate rotation of the lead external audit partner on the audit engagements;
  - d. providing sufficient opportunity for the external auditors, the internal auditor, and the general counsel to each meet privately with the committee;

- e. inquiring of management and the external auditor about the effectiveness of the university's system of internal controls;
- f. inquiring of management, the independent auditors and the internal auditors about: the appropriateness of the university's accounting principles, the consistency in the application of those principles, the degree of aggressiveness or conservatism used in applying those principles;
- g. inquiring of management, the external auditors and the internal auditors about the clarity and completeness of the financial statements and related disclosures, including the appropriateness of any significant changes in accounting principles;
- h. reviewing with management and the independent external auditor all matters required to be communicated to the committee under generally accepted auditing standards, including communications under Statement of Auditing Standards No. 16 "Communications with Audit Committee," as amended; reviewing and approving the annual financial statements of the university and the audit report on Federal Awards as required by the OMB Uniform Guidance, also known as the single audit. The report on the single audit may be completed at a later date than the university's financial statements;
- i. participating in the internal auditor's performance evaluation and decisions that impact the internal auditor's remuneration;
- j. providing advice and consent for the appointment and removal of the internal auditor;
- k. reviewing periodic reports from the internal auditor regarding all audit activities at the university;
- l. reviewing, as needed, the internal audit charter and audit protocols under P05.03.010 – 05.03.030 and making recommendations to the board regarding changes and enhancements;
- m. maintaining adequate policies and procedures for addressing complaints regarding accounting controls and reports of financial fraud;
- n. reviewing briefings from the internal auditor, general counsel, or management on financial fraud situations and/or whistleblower complaints;
- o. the development and monitoring of the university's conflict of interest policies, principles of employee conduct, and fraud policy;
- p. receive and review financial reports related to the university system, universities, campuses, facilities, auxiliaries, and programs;

- q. reporting the results of the committee's activities to the board; and
- r. the committee shall consist of five members of the board.

(11-05-20)