

**FLORIDA GULF COAST UNIVERSITY  
BOARD OF TRUSTEES  
THIRD AMENDMENT AND RESTATEMENT OF THE  
AUDIT AND COMPLIANCE COMMITTEE CHARTER**

**I. PURPOSE**

The purpose of this Charter is to identify the authority under which the Audit and Compliance Committee (Committee) of the Florida Gulf Coast University Board of Trustees (FGCU) operates, as well as the composition, meeting protocol, and responsibilities of the Committee.

The Committee is appointed by the Chair of the FGCU Board of Trustees to assist the Board in discharging its oversight responsibilities with respect to the:

- A. Qualifications, independence, and performance of the internal and external audit functions, as well as the compliance and ethics program.
- B. Integrity of the financial statements for the university, as well as its two direct support organizations which are the FGCU Financing Corporation and FGCU Foundation.
- C. System of internal controls and risk assessment.
- D. Process for monitoring compliance with applicable laws and regulations, meeting regulatory requirements, and promoting ethical conduct.

Related but separate charters govern the duties and responsibilities of the Office of Internal Audit and the Compliance Office.

**II. AUTHORITY**

- A. The Committee is authorized by the:
  - 1. Board of Governors (BOG) Regulation 4.002(2), State University System Chief Audit Executives, and BOG Regulation 4.003 (3), State University System Compliance and Ethics Programs, which requires each board of trustees to establish a committee responsible for addressing audit, financial-aid, fraud-related, controls, and investigative and compliance-related matters. The Committee will be referred to as the Audit and Compliance Committee with a charter approved by the FGCU Board of Trustees.
  - 2. BOG Regulation 4.003(3), State University Compliance and Ethics Programs, which requires each board of trustees to assign responsibility for providing governance oversight of the compliance and ethics program to the Committee of the board responsible for audit and compliance, and that the charter required by BOG Regulation 4.002(2) address such governance oversight.

3. Bylaws for the FGCU Board of Trustees to review and recommend for consideration by the Board, charters, plans, policies, and other documents related to the audit and compliance functions of the university.

B. The Committee is authorized to:

1. Perform activities within the scope of this Charter.
2. Engage independent counsel and other consultants or advisors, as necessary.
3. Have full, free, and unrestricted access to all University information, documents, records, and personnel, including that of the University's direct support organizations (DSOs).
4. Provide oversight and direction of the internal audit and compliance and ethics programs, and be knowledgeable of the effectiveness of the programs.
5. Receive informational briefings and reports on matters of substantial import from external, state, and regulatory auditors, as well as other independent consultants.
6. Conduct an internal investigation, or authorize an external investigation, into any substantive matter under the purview of this Charter that the Committee deems appropriate.
7. Perform other related duties as assigned by the Chair of the FGCU Board of Trustees.

### III. COMPOSITION

- A. The Committee shall consist of at least three (3) members of the FGCU Board of Trustees with financial expertise and ability to enable them to discharge their responsibilities. At least one member must be a "financial expert."<sup>1</sup>
- B. The Chair of the FGCU Board of Trustees shall appoint and remove the Chair and members of the Committee.
- C. The Chair and members shall serve on the Committee until their resignation or replacement.
- D. The Chair and members of the Committee shall be independent and objective in the discharge of their responsibilities, and be free of any business or other relationship that could materially interfere with, or reasonably be perceived to materially interfere with,

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<sup>1</sup> Under SEC Regulations and NYSE Rules, a financial expert is defined as a person who has the following attributes: (i) an understanding of generally accepted accounting principles and financial statements; (ii) the ability to assess the general application of such principles in connection with the accounting for estimates, accruals, and reserves; (iii) experience preparing, auditing, analyzing or evaluating financial statements or experience actively supervising one or more persons engaged in such activities; (iv) an understanding of internal controls and procedures for financial reporting; and (v) an understanding of audit committee functions.

the independent exercise of their judgment.

- E. The Chair of the FGCU Board of Trustees may not serve as the Chair of the Audit and Compliance Committee.

#### **IV. MEETINGS**

- A. A majority of Committee members present at a Committee meeting constitutes quorum for purposes of conducting Committee business.
- B. The Committee will meet at least three times a year, with discretion to convene additional meetings, as necessary. Committee meetings may be conducted by telephone conference call or any other technological means. All Committee members are expected to attend each meeting.
- C. Committee meetings shall be open and noticed to the public in accordance with Article I, Section 24 of the Florida Constitution and the requirements of Chapter 286, Florida Statutes. The mode of delivery of the meetings may be determined and indicated within the notice.
- D. The Committee may invite University employees and external consultants to attend meetings and provide pertinent information, as necessary.
- E. Meetings will be set at the request of the Committee Chair and agendas will be prepared by the Committee Chair, or designee. Such agendas will be provided to Committee members in advance of meetings, along with appropriate briefing materials. Minutes of Committee meetings will be prepared, maintained, and posted.
- F. The Committee may ask members of management or other individuals to provide pertinent information as necessary. In addition, the Committee may request special reports from University or DSO management on topics that may enhance its understanding of its activities and operations.

#### **V. RESPONSIBILITIES**

The Committee will, in coordination with the Chief Audit Executive, carry out the following responsibilities, which apply to the financial statements of the University and to those of all direct support organizations (DSOs), and other component units:

- A. Financial Statements
  - 1. Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
  - 2. Review with management and the external auditors the results of the audit, including

any difficulties encountered.

3. Review the annual financial statements, and consider whether they are complete, consistent with information known to Committee members, and reflect appropriate accounting principles.
4. Review with management and the external auditors all matters required to be communicated to the Committee under Government Auditing Standards.

#### B. Internal Controls

1. Consider the effectiveness of the University and its DSOs' internal control environment, including information technology security and control.
2. Understand the scope of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.

#### C. Internal Audit

1. Review and recommend approval of the Office of Internal Audit Charter to the FGCU Board of Trustees.
2. Annually review the Office of Internal Audit's functional and administrative reporting for appropriate independence.
3. Annually review, with the Director of Internal Audit, the Audit Work Plan, activities, staffing, and organizational structure of the internal audit function.
4. Review the effectiveness of the internal audit function, including conformance with the International Standards for the Professional Practice of Internal Auditing.
5. The Director of Internal Audit shall meet regularly and in no event less than four times a year either in person or telephonically with the Chair of the Audit and Compliance Committee to review significant matters coming under the purview of the Office of Internal Audit. Other senior members of the administration including the President are welcome to attend any such sessions. The Director of Internal Audit shall also promptly inform the Chair of the Audit and Compliance Committee of any serious matters under the purview of the Office of Internal Audit arising between meetings.

#### D. External Audit

Review the external auditors' proposed audit scope and approach, including coordination of effort with internal audit.

## E. Compliance

1. Review and recommend approval of the Compliance Office Charter, Program Plan, and annual report to the FGCU Board of Trustees.
2. Review the effectiveness of the University's System to monitor compliance with BOG Regulations, as well as federal, state, and university regulations and policies.
3. Review the effectiveness of the compliance and ethics program to prevent or detect criminal conduct, unethical behavior, or noncompliance. When such conduct is detected, ensure that the University takes all reasonable steps to prevent further similar misconduct from recurring.
4. Ensure that the University has in place and publicizes a mechanism for individuals to report allegations of wrongdoing, and ensure that no individual faces retaliation for reporting a good-faith concern.
5. Obtain regular updates regarding compliance matters from the President to the Chair of the Audit and Compliance Committee.
6. The Chief Compliance Officer shall meet regularly and in no event less than four times a year either in person or telephonically with the Chair of the Audit and Compliance Committee to review all compliance and ethics-related matters of substantial import and all credible evidence of alleged misconduct, including criminal misconduct. Other senior members of the administration including the President are welcome to attend any such session. The Chief Compliance Officer shall also promptly inform the Chair of the Audit and Compliance Committee of any serious matters under the purview of the Compliance Office arising between meetings.

## F. Reporting

1. Provide updates to the FGCU Board of Trustees about Committee activities, issues, and make recommendations on matters that could cause significant financial, legal, reputational, or operational risk to the University or its DSOs.
2. Receive a summary of findings from completed internal and external audits and the status of implementing related recommendations.
3. Receive a summary of findings from completed reports related to the compliance, ethics, or risk programs.
4. Provide an open avenue of communication between internal auditing, the external auditors, and the FGCU Board of Trustees.

G. Evaluation

1. Review the Committee Charter at least once every three (3) years for consistency with applicable BOG and University regulations, professional standards, and best practices and make amendments to the Charter, as necessary.
2. Ensure that revisions to the Charter are approved by the FGCU Board of Trustees.

**VI. UNIVERSITY STAFF LIAISONS**

- A. General Counsel
- B. Designated Chief Compliance Officer
- C. Designated Chief Audit Executive

*History of Charter:*

*New 06/13/17; Amended 01/08/19; Amended 01/14/20; Amended 01/11/22*