

F- 6 AUBURN UNIVERSITY BOARD OF TRUSTEES AUDIT AND COMPLIANCE POLICY

Section 1. Purpose

The purpose of the Audit and Compliance Committee (the “Committee”) is to assist the Board of Trustees in fulfilling its oversight responsibilities in the areas of financial practices, internal controls, financial management, regulatory compliance and administration of the Board of Trustees’ Code of Ethics. The Committee will be the focal point of communication between the Board of Trustees, auditors, and management.

Section II. Membership

- 2.1 The Chair of the Committee shall be appointed by the President Pro Tempore, and shall be independent and free from any relationship that, in the opinion of the President Pro Tem, might impair or interfere with the exercise of his/her judgment.
- 2.2 The Chair should have accounting or related financial management expertise. The Chair should enhance his or her familiarity with finance, accounting, regulatory compliance and internal control issues by participation in educational programs and discussions with both auditors and management.

Section III. Responsibilities

3.1 Compliance

- 3.1.1 The Committee shall monitor compliance with the Board of Trustees Code of Ethics policy and annually report their results to the full Board and public.
- 3.1.2 The persons responsible for Athletic SEC/NCAA Compliance, Legal Compliance, Affirmative Action/Equal Employment Opportunity Compliance, Cyber Security Compliance and Research Compliance shall have unrestricted access to the Committee Chair or President Pro Tem to report any failure by the University to properly manage compliance issues arising from those areas.

3.2 External Auditors

- 3.1.1 The Committee shall recommend to the Board the appointment or replacement of the independent auditors and approve the terms on which the independent auditors are engaged for the ensuing year. The Committee shall solicit input of management in this process.

- 3.2.2 The Committee should review and approve (or disallow) fees to be paid to the independent auditor, authorize (or prohibit) the provision of any non-audit services.
- 3.2.3 The Committee should meet with the independent auditors before the annual financial statement audit to discuss the nature and scope of the audit. This meeting shall be held in the absence of management if the Committee deems appropriate.
- 3.2.4 The Committee should meet with the independent auditors upon completion of the financial statement audit to discuss findings, recommendations, and management responses.
- 3.2.5 The Committee shall review the independent auditor's management letter and management's responses. This discussion should include any unique or emerging risks the independent auditor notes during the engagement.
- 3.2.6 The Committee shall review any other audit services performed by the independent auditor such as federally required A-133 audit. The Committee shall also review any non-audit services completed by the auditors, if such services have been performed.

3.3 Internal Audit and Compliance

- 3.3.1 The Committee shall have general oversight of the University's internal audit and compliance function with the chief audit and compliance executive having access to the Committee through a dual reporting line to the Committee and the President (or his/her designee). The chief audit and compliance executive shall have unrestricted access to the Committee and provide information to the Committee with respect to internal audit and institutional compliance operations. The Audit and Compliance Committee shall approve any changes in the position of chief audit and compliance executive.
- 3.3.2 Internal Audit will maintain an anonymous reporting process to facilitate reporting of alleged unethical behavior involving the University, investigate as appropriate, and provide periodic reports on use of that process.
- 3.3.3 Institutional compliance will periodically report the results of compliance risk assessments & monitoring to the Committee. In addition, the Committee will receive communications regarding new and emerging risks of significance identified by institutional compliance.

Section IV. Meetings

The Committee shall meet as frequently as circumstances dictate but at a minimum twice per year: once prior to the commencement of the annual financial statement audit, and once again prior to the presentation of the audited financial statements to the full Board.

Section V. Implementation

The Committee should develop procedures to ensure the implementation of this Policy and periodically assess the Policy and their compliance with the responsibilities herein defined. As part of their evaluation, the Committee should assess whether modifications are needed to this Policy.

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