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RESOURCES
RSM, Audit Committee Guide for Not-for-Profit Organizations,
RSM National Not-for-Profit Practice

Ernst & Young, Assessing the Performance of the Audit Committee, A Checklist

James L. Lanier and E.B. Wilson, The Governance Committee — Foundation Boards,

NONPROFITSTANDARD, The blog of the BDO Nonprofit & Education Practice,
http://tinyurl.com/nonprofitstandard
A MESSAGE FROM TOM MITCHELL

The University of Florida is diligently pursuing its vision to be regarded among the very best public universities in the country. Critical to this vision is the University of Florida Foundation (UFF) and the private support raised from our very generous alumni, friends, family and volunteers.

Our ability to effectively support the mission and vision of the University is directly related to the quality and commitment of our dedicated volunteers. As we continue to grow and evolve, we will work together to answer the questions before us:

- How do we **best assist** the UFF Executive Board in fulfilling its fiduciary oversight responsibilities?
- How do we **identify risks** and ensure UFF operates with a comprehensive system of internal controls to safeguard assets and maintain compliance?
- How do we **protect** the exceptional reputations of the University and UFF?
As a stakeholder who shares expertise and is equally passionate about the need to fulfill fiduciary oversight responsibilities, safeguard assets and protect the reputation of the University, we present to you a framework to serve as our guide. Together we will positively impact the professionals who will lead our organization into the next era. Thank you for sharing your talents with us.

Go Gators!

Thomas J. Mitchell,
Vice President, Advancement
Executive Vice President, University
of Florida Foundation
AUDIT COMMITTEE CHARTER
AUDIT COMMITTEE CHARTER

With growing expectations and reliance on private support, the Foundation is critical to the success of the University. As a result, the need for greater oversight and input from those equipped with significant expertise is essential to the Committee and Executive Board.

PURPOSE

The Audit Committee assists the Executive Board in fulfilling its fiduciary oversight responsibilities to include the Foundation’s financial reporting process and systems of internal controls regarding finance, accounting and legal compliance, as well as the independence and performance of internal and external auditors.

ROLES AND RESPONSIBILITIES

To be regarded among the very best, the Audit Committee advances UFF and the University by leveraging the professional experience,

“Audit committee members must be informed and vigilant overseers of the financial and compliance reporting process ... and must understand the organization’s programs and operations, the risk of the business model and the interrelationship of operations with financial and compliance reporting.”

RSM
talent, business acumen, and dedication of its members in order to execute the following roles and responsibilities.

**1: ENGAGEMENT OF EXTERNAL AND INTERNAL AUDITORS**

*Directly engages auditors to ensure independence, collaborative relationships and appropriate audit plans*

The Committee will directly engage auditors and review and approve the following:

- Independence of external auditors and significant relationships with UFF
- Fees and other significant compensation to be paid to auditors
- External partner rotation and request for proposals process
- Audit plans, reports and findings, and follow-up actions of UFF’s auditors

**2: AUDITED FINANCIAL STATEMENTS**

*Reviews and approves annual audited financial statements presented by external auditors*

Audited financial statements are the culmination of the Committee’s oversight responsibilities. The Committee will discuss, as appropriate:

- Significant issues, accounting policies and practices, judgements and estimates
- Management consultations with other accountants or disagreements with auditors
- Certain matters required to be communicated to audit committees
3: REPORTING PROCESSES AND INTERNAL CONTROLS
Ensures integrity and sufficiency of reporting processes and internal controls

The financial reporting processes and systems of internal controls are instrumental in safeguarding assets and protecting the reputation of UFF and the University. The Committee will review, as appropriate:

- Quarterly internal financial reports
- Significant financial reporting processes and systems of internal controls
- Financial and reputational risk exposures and mitigation plans
Audit Committee meeting in 2016

4: COMPLIANCE

Ensures compliance with laws, regulations and internal policies

The Committee is key to ensuring compliance and will, as appropriate:

- Review and approve, as delegated by the Executive Board, the IRS Form 990 for UFF and the Alumni Association
- Review and monitor relevant laws, regulations and internal policies
- Investigate matters brought before the Committee

The Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and if necessary, to engage independent counsel. The chair will report matters of import to the Executive Board, as well as auditors and management, when appropriate. The Committee shall consider changes to this charter, as necessary, to reflect current laws, regulations and best practices.
MEMBERSHIP

Membership of this committee consists of approximately 12 individuals with expertise in auditing, accounting, tax, finance, law, investments and business. The knowledge these members bring to four meetings a year, at a minimum, serve to safeguard UFF and fulfill fiduciary responsibilities. Each meeting includes an executive session, without the presence of management.

During the year, the chair and Committee members may be asked to review and offer feedback. The staff liaison may seek informal guidance with respect to the implementation of new policy, questions related to accounting, tax, financial reporting, internal control, succession planning and other key issues.

CHAIR

The chair holds a two-year seat on the UFF Executive Board to formally represent the work of the Audit Committee and share advances, opportunities and issues. The chair is nominated by the UFF Board Nominating Advisory Committee and confirmed by the Executive Board.

In this capacity, the chair partners with the staff liaison (Chief Financial Officer) to organize meetings and lead the activities of the Committee. The chair is charged with articulating and supporting the mission, vision and goals of UFF as well as the Committee.

2016 Audit Committee Chair
Tom Frankland
The chair presides over meetings – exercising diligent, energetic and professional leadership – to set the agenda, guide discussion, follow the agenda timeline, identify key speakers to address relevant topics and summarize the discussion. The chair presents progress and key milestones on the goals and activities of the Committee. When appropriate, the chair may assign Committee members to serve on subcommittees to address special topics.

The chair is mindful to avoid any situation that could cause conflict of interest. While facilitating discussion, it is the chair’s responsibility to engage all members and instill an environment that is inclusive, participatory and encouraging of varying perspectives. Finally, the chair builds consensus and relays the collective opinion to the Executive Board.

**VICE CHAIR**

The vice chair serves a two-year term and has the opportunity to assume the position of chair. The vice chair is nominated by the UFF Board Nominating Advisory Committee and confirmed by the Executive Board.

In the absence of the chair, the vice chair will carry out the responsibilities of the chair. In concert with the chair, the vice chair oversees succession within the Committee. In addition, the vice chair guides committee self-assessment, provides orientation to new members and provides
leadership on strategic issues and potential opportunities relevant to the Committee’s purpose.

GOVERNANCE

→ CRITERIA OF MEMBERSHIP

The strength of this committee is tied to governance practices grounded in the principles of transparency and accountability. Beginning with the criteria of membership, it is essential that the Committee models diversity and inclusivity with a respect for differences in race, gender, age, national origin, disability, sexual orientation, education, religion and regional representation.

Additionally, it is important that the structure of the Committee represents a balance among members with diverse professional backgrounds and college/unit affiliations, as well as an understanding and enthusiasm for the work of the University of Florida.
**CONFLICTS OF INTEREST**
Each member of the Committee must comply with the Foundation’s policy on conflicts of interest as set forth in the bylaws, and be free from any financial, family or other personal conflicts that would interfere with the exercise of his or her independent judgment in carrying out the member’s duties. In addition, members of the Committee may not accept directly or indirectly any consulting, advisory or other compensatory fee from the Foundation or be an affiliate of the Foundation or any subsidiary.

**TERMS OF SERVICE**
Members of this committee serve two two-year terms, allowing the Committee to continually focus on innovation as new members bring fresh perspectives and ideas. Additionally, setting term limits allows the Committee to be future-focused as it continues to recruit individuals who can contribute in meaningful ways.

**SUCCESSION**
The Committee and staff review the composition of membership on a regular basis. To fill vacant positions or gaps in the Committee, staff and committee members may nominate individuals from the UFF National Board. Staff or committee members may also identify alumni or friends of the University who may not formally serve on the board but have interest in working with the Foundation on topics related to their expertise. Those in this latter category fall under the title of “Special Appointee.” As with all committee members, new members are nominated by the UFF Board Nominating Advisory Committee and confirmed by the Executive Board.
ADDENDUM
SELF-ASSESSMENT: ESTABLISHED MEASURES OF QUALITY

A collaborative committee can have an overwhelming impact on the organization it serves. To promote best practices within the Committee, members take time to reflect on and share which aspects succeeded and those which might benefit from a different approach.

This self-assessment is designed to foster excellence through meaningful and effective engagement. It helps to identify best practices and assess current practices, and should be completed annually through an online survey. It comprises a universal section, Structure, Roles and Responsibilities, pertinent to all UFF committees and established measures of quality critical to the success of this committee. In summary, the self-assessment effort is led by the vice chair and targets the following established measures of quality:

1. Structure, Roles and Responsibilities
2. Oversight of Financial Reporting
3. Relationship with Auditors
4. Compliance with Laws, Regulations and Internal Policies
1: STRUCTURE, ROLES AND RESPONSIBILITIES

Established measure of quality for all committees

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Committee has a clear, focused and documented mission, vision and goal(s) statement.</td>
</tr>
<tr>
<td>2</td>
<td>Chair, vice chair, committee members have written position descriptions which outline specific roles and responsibilities, expectations, term limits and time commitments.</td>
</tr>
<tr>
<td>3</td>
<td>Committee spends time on membership discussion and succession planning.</td>
</tr>
<tr>
<td>4</td>
<td>Committee reflects the organization’s values and seeks diversity by engaging and valuing the characteristics that make a person unique, i.e., age, gender, talent, race, location/region.</td>
</tr>
<tr>
<td>5</td>
<td>Committee members are provided with a written draft agenda/support materials in advance of meetings (14 days), along with follow-up cues to review materials, answer questions, and identify issues.</td>
</tr>
<tr>
<td>6</td>
<td>Meetings are well-planned by the chair and staff. The agenda is well thought out with educational, informational and engagement pieces, and includes important topics presented by volunteers and allocates adequate time for discussion of issues.</td>
</tr>
<tr>
<td>7</td>
<td>An annual work plan is in place for the Committee and reviewed and approved by the Committee and Executive Board.</td>
</tr>
<tr>
<td>8</td>
<td>All meetings have written minutes. Minutes and action items are completed and distributed 14 days after each meeting. Action items are addressed in a timely manner and communicated to members/staff.</td>
</tr>
</tbody>
</table>
An annual self-evaluation process is in place. Annual feedback is given to volunteers on their performance. Committee members also provide feedback on the staff and operations of the Committee.

Committee members have clarity of primary staff contact. Staff is accessible, well-informed and regularly expresses appreciation to members. There are regular meaningful conversations engagement with members outside of formal meetings.

OBSERVATIONS:

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SUGGESTIONS:

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2: OVERSIGHT OF FINANCIAL REPORTING

Established measure of quality for this committee

<table>
<thead>
<tr>
<th></th>
<th>Question</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Are financial statements and tax returns reviewed and discussed by the Committee?</td>
</tr>
<tr>
<td>2</td>
<td>Are significant estimates and judgments used in preparation of the financial statements discussed with and understood by the Committee?</td>
</tr>
<tr>
<td>3</td>
<td>Do Committee members understand and assess the organization’s financial and business-related risks and ensure plans are in place to mitigate those risks?</td>
</tr>
<tr>
<td>4</td>
<td>Does the Committee understand and oversee the internal control framework?</td>
</tr>
<tr>
<td>5</td>
<td>Do Committee members have access to relevant information, documents and personnel as may be required to fulfill their responsibilities?</td>
</tr>
</tbody>
</table>

**OBSERVATIONS:**

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__________________________________________________________________________
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**SUGGESTIONS:**

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# 3: RELATIONSHIP WITH AUDITORS

*Established measure of quality for this committee*

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<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Does the Committee hire and manage the relationship with the external auditor?</td>
</tr>
<tr>
<td>2</td>
<td>Does the Committee annually assess the qualification, expertise, resources and independence of the external auditors and the effectiveness of the audit process?</td>
</tr>
<tr>
<td>3</td>
<td>Are meetings held regularly with the external auditors?</td>
</tr>
<tr>
<td>4</td>
<td>Is the external auditor’s audit approach and scope presented to and reviewed by the Committee to ensure any issues or concerns are sufficiently addressed?</td>
</tr>
<tr>
<td>5</td>
<td>Does the Committee review all external audit reports and communications and ensure corrective action is taken?</td>
</tr>
<tr>
<td>6</td>
<td>Does the Committee direct and review the work of the internal auditors?</td>
</tr>
<tr>
<td>7</td>
<td>Does the Committee review and approve annual internal audit work plans and the scope of planned audits, as well as their staffing and budgets?</td>
</tr>
<tr>
<td>8</td>
<td>Does the Committee meet with and review all internal audit reports and communications and ensure corrective action is taken?</td>
</tr>
</tbody>
</table>

**OBSERVATIONS:**

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**SUGGESTIONS:**

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## 4: COMPLIANCE WITH LAWS, REGULATIONS AND INTERNAL POLICIES

*Established measure of quality for this committee*

<table>
<thead>
<tr>
<th></th>
<th>Question</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Does the Committee monitor compliance with laws, reporting requirements, etc.?</td>
</tr>
<tr>
<td>2</td>
<td>Does the Committee monitor and ensure adherence to internal policies?</td>
</tr>
<tr>
<td>3</td>
<td>Has the Committee established a whistle blower policy?</td>
</tr>
<tr>
<td>4</td>
<td>Does the Committee investigate any matter brought to their attention that they feel warrants review?</td>
</tr>
<tr>
<td>5</td>
<td>Does the Committee consider whether effective anti-fraud and corruption policies and procedures are in place and operating effectively?</td>
</tr>
<tr>
<td>6</td>
<td>Does the Committee monitor whether procedures for identifying and managing business risk have regard for the relevant legislation and regulation?</td>
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</tbody>
</table>

**Observations:**

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SUGGESTIONS:

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