

UNIVERSITY OF NORTH TEXAS SYSTEM BOARD OF REGENTS
AUDIT AND FINANCE COMMITTEE CHARTER

INTRODUCTION

The Audit and Finance Committee (“Committee”) of the Board of Regents (the “Board”) is established pursuant to Section 03.401 of the University of North Texas System’s (the “System”) *Regents Rules*. The purpose of this Charter is to provide guidelines for the operation of the Committee to further define its role, duties, and responsibilities. This charter broadly defines the Committee’s responsibilities.

Membership

Committee members are appointed by the Chair of the Board. The Committee shall be composed of not less than four members of the Board. One Committee member shall be appointed by the Board Chair to be Chair of the Committee. The Committee will meet at least quarterly or more frequently as the Committee Chair dictates or as circumstances require.

General Purpose and Scope

The purpose of the Committee is to assist the Board in its oversight of the integrity of the System’s financial statements, performance of the System’s internal audit function and independent auditors, independent auditor’s qualifications and independence, and compliance with applicable legal and regulatory requirements. The Committee also oversees the fiscal stability and long-term economic health of the System, compliance, and the enterprise risk management.

While the Committee has the responsibilities set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the System’s financial statements are complete and accurate and are in accordance with generally accepted accounting principles, applicable rules, and regulations. These are the responsibilities of management and the independent auditor.

Committee Responsibilities

The responsibilities of the Committee are as follows:

Review and approve and recommend to the Board:

- The annual consolidated operating budget and the annual operating budget for the System and component institutions
- Changes to the consolidated annual budget as required by the Regents Rules
- The annual capital budget
- Changes to tuition and student fees requiring Board approval
- Contracts and purchases of goods and services as required by Regents Rules
- The issuance of debt

- Investment regulations and policies, including investment goals, model asset allocations, distribution policies, and performance benchmarks
- The Comprehensive Annual Financial Report (CAFR) and Independent Auditor's Report
- Adoption or changes to System retirement plans or deferred compensation plans
- Changes to leave policies
- Declaration of a financial exigency
- The appointment and selection of Chief Audit Executive who reports directly to the Committee
- Annual review and approval of the Internal Audit risk-based audit plan, budget, staffing, and organizational structure
- The Internal Audit Charter
- The Audit and Finance Committee Charter.

Provide governance and oversight in the following areas:

- Current year financial performance compared to plan
- Quality and integrity of System's financial statements, accounting principles and policies, and its systems of internal controls
- Legal and regulatory matters that may have a material impact on the financial statements, the System's compliance with policies and any material reports or inquiries received from government agencies
- Long-range financial planning and debt management
- Annual review of key financial indicators
- Quarterly performance of investment portfolio compared to relevant benchmarks
- Annual risk assessment process for the System and component institutions
- Recommend specific topics appropriate for review related to risk management programs and activities
- Quarterly compliance reports on the effectiveness of compliance programs
- Annual review of *Compliance and Ethics Program* and *Compliance and Integrity Program*
- Annual review of the External Auditor's proposed audit scope and approach
- Annual evaluation of performance of External Auditor and approval of audit engagement fees and terms of audit services to be provided by the External Auditor
- Annual review of External Auditor's independence
- Annual review of External Auditor's internal quality-control program and results
- Select, monitor, evaluate, compensate, and if necessary, replace the Chief Audit Executive
- Review internal audit reports and findings, and monitor implementation of recommendations from findings
- Other responsibilities specifically assigned to the Committee.