



AUDIT AND COMPLIANCE COMMITTEE CHARTER

Purpose

The primary function of the Audit and Compliance Committee (the “Committee”) is to assist the Board of Trustees in fulfilling its oversight responsibility for the financial reporting process, the system of internal control, the audit process, and the University’s process for monitoring compliance with laws and regulations and a code of conduct. The Committee is to report its recommendations for action to the Board of Trustees.

Authority

The Committee has the authority to conduct or authorize investigations into any matters within the scope of responsibility. It is empowered to:

- Serve as an objective party, independent of management, to monitor the University’s financial reporting process and internal control system.
- Approve the work scope of internal and external auditors.
- Recommend a contract with the external auditor for the annual audit of the University. The nomination of the external auditor shall be approved by the State of Ohio’s Auditor of State.
- Review the results of all other audit and non-audit services provided by an external auditor.
- Document any disagreements between University management and the external auditor regarding financial reporting or other matters.
- Meet with University officers, external auditors, internal auditors, or inside/outside counsel, as necessary.

Membership

The chairperson of the Board of Trustees will appoint the Committee’s chair and membership. Committee financial expertise should be considered in accordance with the “AICPA audit committee toolkit: Not-for-profit organizations”. At least one member of the

Committee should be a “financial expert”. A financial expert is a person who has one or more of the following attributes: an understanding of generally accepted accounting principles and financial statements, experience applying such principles, experience preparing, auditing, analyzing, or evaluating financial statements, experience with internal controls, and an understanding of audit committee functions.

The financial expert may be a non-Board member who meets the criteria of a financial expert and is appointed by the chairperson of the Board of Trustees. The outside financial expert would be a voting member of the Committee and could serve as chair of the Committee.

The outside financial expert would be non-compensated and reimbursed for expenses consistent with reimbursement practices for the Board of Trustees. The chairperson of the Board of Trustees, when appointing an outside financial expert, will prepare a formal letter of appointment for a three year term for the outside financial expert with notification to the Governor of Ohio. The outside financial expert may be appointed for no more than three terms.

All members of the Committee must be independent of the external auditor, management, and the University in fact and appearance. Members of the Committee shall be considered independent provided they do not accept any consulting, advisory, or other compensatory fee from the University and are not affiliated persons of the external auditor, University or management.

Meetings

The Committee shall meet at least two times per year, with authority to convene additional meetings, as circumstances require or to align with the University’s financial planning cycle. The chairperson of the Committee may request members of management, internal audit, and representatives of the external auditor to attend Committee meetings. The University’s Director of Internal Audit will be the principal liaison to the Committee; primary liaisons also include vice president for finance and administration, general counsel, secretary to the Board of Trustees, and other university personnel as required. Meeting agendas will be prepared and provided in advance to members, along with the appropriate briefing materials. A written summary of each Committee meeting will be prepared and provided to the Board of Trustees.

Responsibilities

The Audit and Compliance Committee shall:

I. Financial Statements

- Review the external auditor engagement letter.
- Review the external auditor’s performance, qualifications, and independence.
- Review with management and the external auditor the results of the audit, including any difficulties encountered or disagreements about matters that

could be significant to the University's financial statements or the external auditor's report. Discuss any related significant findings and recommendations of the external auditor.

- Discuss significant adjustments proposed by the external auditor and complex or unusual transactions in highly judgmental areas.
- Review the annual financial statements, and consider whether they are complete, consistent and reflect appropriate accounting principles.
- Review with management and the external auditor all matters required to be communicated to the Committee under generally accepted auditing standards.

II. External Audits

- Review the external auditor's proposed audit scope and approach, including coordination of audit effort with internal audit to assure completeness of coverage of key areas, reduction of redundant efforts and the effective use of audit resources.
- Review and confirm the independence of external auditors by obtaining statements from the auditor on relationships between the auditor and the University, including non-audit services, and discussing the relationships with the auditor.

III. Internal Audit

- Review annually with the Director of Internal Audit, the charter, plans, activities, and organizational structure of the internal audit function.
- Ensure there are no unjustified restrictions or limitations on the internal audit function.

IV. Compliance

- Obtain regular updates from management and University legal counsel regarding compliance matters.
- Ascertain whether the University has an effective process for determining risks and exposures from asserted litigation and claims and from noncompliance with laws and regulations.
- Review the findings of any examinations by regulatory agencies, and membership organizations such as the National Collegiate Athletic Association.

- Review the process for communicating the code of conduct to University personnel and for monitoring compliance therewith.

V. Reporting Responsibilities

- Regularly report to the Board of Trustees about Committee activities, issues, and related recommendations.
- Provide an open avenue of communication among internal audit, the external auditor, and the Board of Trustees.

VI. Other Responsibilities

- Ensure that there are effective procedures for the confidential and anonymous receipt and treatment of complaints regarding the University's accounting, internal controls and audit matters.
- Ensure that the University has a Code of Ethical Conduct and ensure that management has established a system to enforce this Code.
- Perform any other activities consistent with this Charter, the University's constitution and by-laws, as the Committee or the Board of Trustees deem necessary or appropriate.
- Review and assess the adequacy of this Charter, requesting the Board of Trustees approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.
- Report to the Board of Trustees regarding the Committee's activities in discharge of its duties as described in this Charter.