PURPOSE
This charter sets forth the operations and responsibilities of the Finance and Audit Committee ("Finance Committee") of the Florida International University (the "University"). The Finance Committee’s primary function is to assist the University's Board of Trustees (the "Finance Board") in fulfilling its oversight responsibilities by reviewing procedures in place to assess and minimize significant risks, overseeing the quality and integrity of financial reporting practices (including the underlying system of internal controls, policies and procedures, regulatory compliance programs, and ethical code of conduct), and overseeing the overall audit process.

The Finance Committee’s role is one of oversight, not preparation or operation. Its members rely on the representations of Senior Management, General Counsel, the Office of Internal Audit and the Auditor General, other committees of the Board and other professional consultants. The Finance Committee promotes open communication among and between Senior Management, the Office of Internal Audit, the Auditor General, and the Board.

COMPOSITION AND MEMBER QUALIFICATIONS

- The Finance Committee consists of at least four members, all of whom are voting Trustees of the University.

- Members shall possess general accounting, business and financial knowledge, including the ability to read and understand fundamental financial statements. At least one member shall have accounting or financial expertise, as defined by the Board.

- Members shall be independent and objective in the discharge of their responsibilities. They are to be free of any financial, family, or other material personal relationship, including relationships with members of University management, University auditors and other professional consultants.

- A simple majority of the Finance Committee membership will constitute a quorum.

- It is the responsibility of the Finance Committee Chair to approve each meeting’s agenda and to update the Board on the significant matters discussed by the Finance Committee.
GENERAL ACTIVITIES AND RESPONSIBILITIES

The Finance Committee shall:

• Meet four times each year.

• Provide the Board with regular updates of Finance Committee activities and make recommendations to the Board for matters within the Finance Committee’s area of responsibility.

• Review the Finance Committee's charter periodically and recommend any proposed revisions for the Board’s approval.

• Meet separately with:
  − the Office of Internal Audit without the presence of management;
  − Senior Management, without the presence of the Office of Internal Audit to discuss any matters the Finance Committee or these individuals believe should be discussed privately. This should be performed at least two times annually, at the conclusion of a regularly scheduled Finance Committee meeting.

• Ensure that the Office of Internal Audit understands that they are ultimately responsible to the Finance Committee and the Board and they should communicate directly with the Finance Committee Chair when deemed prudent and necessary.

• Have the authority to conduct investigations into any matters within the Finance Committee's scope of responsibilities, set forth below. During such investigations, the Finance Committee shall have unrestricted access to the University’s independent auditors and anyone employed by the University, and to all relevant information. The Finance Committee may retain, at the University’s expense, independent counsel, accountants and other professional consultants to assist with such investigations. The results of any such investigations must be reported to the Board by the Finance Committee Chair.
SPECIFIC RESPONSIBILITIES: INTERNAL CONTROLS AND RISK ASSESSMENT

The Finance Committee shall consider and review with Senior Management, the Office of Internal Audit, and other relevant offices or committees:

- The effectiveness of the University’s process for identifying significant financial, operational, reputational, strategic and regulatory risks or exposures and management’s plans and efforts to monitor and control such risks.

- The effectiveness of the University’s internal controls, including the status and adequacy of information systems and security and other relevant matters.

- The University’s oversight and monitoring of its subsidiaries, affiliates and joint ventures.

- The University’s insurance coverage and the process used to manage any uninsured risks.

SPECIFIC RESPONSIBILITIES: COMPLIANCE WITH LAWS AND REGULATIONS

The Finance Committee shall:

- Ascertain whether the University has an effective process for determining risks and exposure from asserted and unasserted litigation and other claims of noncompliance with laws and regulations.

- Review and discuss with Senior Management, General Counsel, University Compliance Officer and the Director of Internal Audit:
  
  - significant results of compliance audits;
  
  - any significant matters of litigation or contingencies that may materially affect the University’s financial statements; and

  - any legal, tax or regulatory matters that may have a material impact on University operations, financial statements, policies and programs.

SPECIFIC RESPONSIBILITIES: FINANCIAL REPORTING

The Finance Committee shall:

- Consult annually with the Office of Internal Audit regarding the integrity of the University’s financial reporting processes and related internal controls, including (but not
limited to) the depth of experience and sufficiency of Finance and the Office of the Office of Internal Audit staff.

• Review and approve significant, non-mandated changes to accounting policies and practices.

• Advise Senior Management, based upon the Finance Committee’s review, whether the Finance Committee believes that the annual audited financial statements (including the footnotes) contain any material misstatements or omissions.

• Review with Senior Management at the completion of the annual financial statement audit:
  
  − the University’s annual financial statements and related footnotes, including their degree of clarity;
  
  − the Director of Internal Audit’s opinion regarding the financial statements;
  
  − any significant changes required to the state auditors audit plan;
  
  − any difficulties or disputes with management encountered during the audit, including an overall assessment of management cooperation;
  
  − the University’s accounting principles, including the consistency, appropriateness and quality (not just acceptability) thereof, with particular emphasis on sensitive accounting estimates and accruals;
  
  − the University’s overall level of compliance with governmental regulations;
  
  − reports concerning internal controls, including significant findings and recommendations and management’s response;
  
  − other matters that should be communicated to the Finance Committee under generally accepted generally accepted auditing standards; and
  
  − any other financial filings required by law or regulation.
SPECIFIC RESPONSIBILITIES: THE OFFICE OF INTERNAL AUDIT

The Finance Committee shall:

• Evaluate the Office of Internal Audit's role and scope of activities.

• Participation in the process of the appointment and dismissal of the Director of Internal Audit.

• Review and approve the Office of Internal Audit’s annual audit plan (and any subsequent changes thereto), considering the University-wide risk assessment and the degree of coordination with the Auditor General's Office for an effective, efficient, non-redundant use of audit resources.

• Review and discuss with management and the Office of Internal Audit:
  − significant findings and recommendations, including management's response and timeframe for corrective action;
  − the degree of implementation of past audit recommendations; and
  − any difficulties encountered in the course of the audit activities such as restrictions on the scope of work or access to information.

• Assess the staffing of the Office of Internal Audit, including the annual budget.

• Review and approve modifications to the Office of Internal Audit.

• Review the organizational reporting lines related to the Office of Internal Audit, particularly related to confirming and assuring the continued independence of the Office of Internal Audit and its staff.
SPECIFIC RESPONSIBILITIES: COMPLIANCE WITH POLICIES AND STANDARDS

The Finance Committee shall review with the Office of Internal Audit, the University Compliance Officer, and:

- The University’s monitoring of compliance with University policies, including (but not limited to) policies regarding the conduct of research.

- The results of the University’s monitoring and enforcement of compliance with University standards of ethical conduct and conflict of interest policies.

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The Finance Committee has the responsibilities and the powers set forth in this Charter. It is not the responsibility of the Finance Committee to conduct audits or other examinations and investigations, nor to provide assurance regarding compliance with laws, regulations, internal policies and codes of conduct, nor the completeness, accuracy or conformity with generally accepted accounting standards of the University’s financial statements generally accepted.

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