

University of Connecticut Joint Audit and Compliance Committee Charter

Purpose

The primary function of the University of Connecticut and University of Connecticut Health Center (herein after referred to as the “University”) Joint Audit and Compliance Committee (the “Committee”) is to assist the University of Connecticut Board of Trustees and the University of Connecticut Health Center Board of Directors (herein after referred to collectively as the “Board”) in fulfilling their oversight responsibilities relating to the integrity of the University’s financial statements and systems of internal control; the effectiveness of the University’s compliance with legal and regulatory requirements; and the performance of the University’s Office of Audit and Management Advisory Services and Office of University Compliance. In so doing, the Committee shall maintain free and open communication among the Committee members, management, the internal auditors, and compliance officers/staff of the University. The Committee shall take all appropriate actions to set the overall University tone for quality financial reporting, sound business risk practices, compliance with all applicable laws and regulations, and ethical behavior.

Membership

The Committee shall consist of seven members all of whom are independent of management and the University. Four members will be selected from the University of Connecticut Board of Trustees and three members will be selected from the University of Connecticut Health Center Board of Directors. Members of the Committee shall be considered independent absent the acceptance of any consulting, advisory, or other compensatory fee from the University and are not affiliated persons of the University, its subsidiaries or management.

A majority of Committee members shall be “financially literate” and at least one member shall be a “financial expert.” Financial literacy is defined as being able to read and understand fundamental financial statements. Financial expert is defined as a person who has an understanding of generally accepted accounting principles and financial statements, experience applying such principles, experience preparing or auditing financial statements, experience with internal controls, and an understanding of audit committee functions.

Roles and Responsibilities

1. Internal Control

Assure that management is setting the appropriate tone in communicating the importance of internal control, confirming that all individuals have an understanding of their roles and responsibilities, and verifying that appropriate systems are implemented to promote appropriate compliance with internal control procedures.

Evaluate the extent to which internal and external auditors review computer systems and applications, the security of such systems and applications, and the contingency plan for

processing critical business information in the event of a system's disruption or failure.

Determine whether internal control recommendations made by internal and external auditors have been implemented by management.

Ensure that personnel of the Offices of Audit and Management Advisory Services and University Compliance provide timely information to the Committee regarding fraud, illegal acts, deficiencies in internal control, and other audit and compliance matters.

2. Financial Reporting

General

Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the University's financial statements.

Review significant financial reporting risks and exposures and management's plans to minimize such risks.

Annual Financial Statements

Assess the completeness of the annual financial statements and the consistency of the information presented therein with information known to Committee members, and assess whether the financial statements reflect appropriate accounting principles.

Review the annual report before its release and consider whether the information is adequate and consistent with members' knowledge about the University and its operations.

3. Compliance with Laws and Regulations

Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disclosure, repayment and disciplinary actions) on any fraudulent acts or other irregularities.

Periodically obtain updates from management and the University's counsel, regarding compliance issues and the overall compliance programs at the University.

Ascertain that all regulatory compliance matters have been considered in the preparation of the financial statements and other required reports.

Review the findings of any significant compliance or audit examinations by regulatory or other outside agencies and the related organizational response.

4. The Offices of Audit and Management Advisory Services, and University Compliance

Review and confirm that the University has the appropriate structure, staffing and capability

to effectively carry out the internal audit and compliance responsibilities.

Concur in the appointment, replacement, reassignment, or dismissal of the Chief Audit Executive and the Chief University Compliance Officer.

Review and approve the key action plans of the audit and compliance functions.

5. External Auditors

Appoints, reviews contracts and approves fees of outside auditors.

Establishes policies that advance management and trustee independence of outside auditors, including “revolving door” employment restrictions and prohibiting external auditors from providing management-consulting services.

6. Other Responsibilities

Exercise authority related to the timely receipt, discussion and appropriate action arising from significant audit or compliance findings and recommendations made by internal auditors and compliance staff, external auditors, regulators, or other outside agencies.

Review legal matters that could have a significant impact on the University’s financial statements with the University’s counsel.

Review and update the Committee charter.

Regularly update the Board on Committee activities, any key external audit issues and/or regulatory reviews, with appropriate, accompanying recommendations.

Review and approve the University’s standards of conduct and other compliance-related policy guidance.

Resources and Authority

The Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of the University and the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties.

Meetings

A majority of the members of the Committee will constitute a quorum for the transaction of business. The Committee shall maintain written minutes of its meetings, which will be filed with the Secretaries of the Board. Reports of all Committee meetings will be made to the Board.

The Committee may request any officer, employee, outside counsel or external auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

As part of its responsibility to foster open communication, the Committee shall provide sufficient opportunity for the internal auditors, compliance staff, and external auditors to meet privately with the Committee. At least annually, or as needed, the Committee shall meet separately with the Chief Audit Executive and the Chief University Compliance Officer and management.

Adoption of Charter

Approved by the Joint Audit and Compliance Committee

Date: March 1, 2018