

University Enterprises, Inc. Policies and Procedures	Policy No. 2040
Section: Business Services	
Policy: Audit Committee Policy	
Effective or Revised: December 11, 2015	

University Enterprises, Inc. Audit Committee Policy

I. PURPOSE

To provide oversight in the relationship between management and the independent auditor to ensure the financial integrity of the annual audit report.

II. SCOPE

This policy applies to all UEL personnel.

III. POLICY

A. Authority

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

- Appoint, compensate, and oversee the work of any registered public accounting firm employed by the organization.
- Pre-approve auditing services and non-audit services provided by the audit firm to conform to standards for auditor independence.
- Resolve any disagreements between management and the auditor regarding financial reporting.
- Retain independent counsel, accountants, or others to advise the committee or assist in the conduct of a review.
- Seek any information it requires from employees all of whom are directed to cooperate with the committee's requests.
- Meet with company officers, auditors, or outside counsel, as necessary.

B. Composition

Committee membership includes up to four Board Members with the option for an additional Member at Large. One Audit Committee member should be a member of the Budget and Finance Committee; however, the chairperson cannot be a member of the Budget and Finance Committee. In addition, one Audit Committee member should have a public accounting background or equivalent experience. Staff, including the Executive Director and the Chief Financial Officer cannot be members of the Audit committee.

C. Meetings

The committee will meet at least two times a year, with authority to convene additional meetings, as circumstances require. The committee will invite members of management, external or internal auditors or others to attend meetings and provide pertinent information, as necessary. The recommended time frames and main objectives of the meetings are as follows:

1. Obtain an understanding of the planned scope of the audit and recent professional and regulatory pronouncements – April/May
2. Review the auditors' Report to the Audit Committee and determine whether to accept the annual audit. Meet with external auditors without staff present – September
3. Meet with internal auditors without staff present – as needed

D. Responsibilities

- Review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the company, including non-audit services provided by the auditors greater than \$10,000.
- Review the external auditors' proposed audit scope and approach and significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas. Review recent professional and regulatory pronouncements and understand their impact on the financial statements.
- Understand the scope of the external auditors' review of internal controls over financial and compliance reporting, and obtain reports on significant findings and recommendations, together with management's responses.
- Review the annual financial statements, and consider whether they are complete, consistent with information known to committee members, and reflect appropriate accounting principles.
- Review the performance of the external auditors. With board of directors and management's consent, exercise final approval on the appointment or discharge of the auditors.
- Meet with the auditors to discuss any matters that the committee or the auditors believes should be discussed privately. Communicate to management any financial or operational concerns raised during the meeting.
- Obtain regular updates from management and company legal counsel regarding compliance matters, if any.
- Provide an open avenue of communication between the auditors and the board of directors.
- Report to the board of directors about committee activities, issues and related recommendations.

E. Committee Members' Code of Conduct

The committee members' role is to assist in and promote the integrity of financial reporting and oversee that compliance with professional standards is met. Committee members may not attempt to exercise individual authority over staff nor interfere with daily business operations.

IV. RELATED POLICIES

N/A - None