Syracuse University
Audit Committee of the Board of Trustees

Charter

Standing Trustee Committee Structure

- The Audit Committee shall consist of a minimum of 4 external voting trustees who shall serve on the Committee for a period of not more than 12 years.
- The Chairperson of the Committee shall serve in that capacity for a period of not more than 6 years.
- The Chairperson of the Board of Trustees shall be a voting ex-officio member of the Committee.
- The Executive Vice President and Chief Financial Officer, along with the Director of the Office of Audit and Management Advisory Services (AMAS), shall be non-voting ex-officio members of the Committee.
- Trustee members of the Audit Committee shall possess a broad range of financial and business experience.

Format of Meetings

- Regular meetings shall be held twice each year coinciding with the calendar of meetings of the full Board of Trustees. Additional meetings may be convened at the Committee Chairperson's discretion upon sufficient advance notice to the Committee members.
- The University Comptroller, external auditors, or other individuals may attend and participate in the meetings as invited guests of the Committee.
- The Chairperson of the Audit Committee will develop an agenda for each meeting with input from other committee members, the Executive Vice President and Chief Financial Officer and the Director of AMAS.
- Written reports and other pertinent documents shall be submitted in advance, through a coordinator to the Committee members, by the Executive Vice President and Chief Financial Officer, the Director of AMAS, Comptroller and others as requested. Brief, oral summaries of such reports shall be presented at the meetings along with responses to questions from Committee members.
- A series of brief sessions shall be held at the conclusion of the general session with the Director of AMAS, external auditors, or others as the Committee may request, to discuss privately any concerns or issues not appropriate for discussion with all participants present at the general session. Only the trustee members of the Committee and the individual(s) requested to attend the private sessions shall attend each private session.
- An executive session shall be held at the conclusion of the private sessions, attended by trustee members of the Committee only.
- Minutes of the general session shall be prepared and distributed to those attending the meeting.
- The Audit Committee Chairperson shall present a report of each Audit Committee meeting to the Board of Trustees on matters requiring its attention and recommend action based on the committee's review and evaluation of accounting, audit and financial reporting issues.

Duties and Responsibilities

External Audit:

- Selection of the external auditors, considering the following factors:
    1. Expertise in higher education
    2. Independence
    3. Ability to adequately staff the engagement
    4. Competitive fees
- Review and approve the annual audit scope and fees of the external auditors.
- Resolve any disagreements that may arise between the external auditors and university personnel.
- Evaluate the report of the external auditors regarding the results of the annual audit, including but not limited to:
    1. The audited financial statements, management letter recommendations, and schedule of unadjusted differences.
    2. All alternative treatments of financial information, the ramifications of such use, and the treatment preferred by the external auditors.
    3. The adequacy of the University's system of internal controls.
    4. The appropriateness and reasonableness of the University's critical accounting policies and practices.
    5. The level of compliance with generally accepted accounting principles.
    6. Recent professional pronouncements and their impact on the financial statements.
    7. Management's cooperation with the external auditors.

Internal Audit:

- Recommend and/or approve changes to the AMAS Charter.
- Responsible for the appointment or removal of the Director of AMAS.
- Review and evaluate:
    1. Organizational and reporting structure of the AMAS Department, including the independence of the Director and his/her staff.
    2. Significant findings and accomplishments.
    3. Scope of audit coverage, including audit schedules and staffing levels.
    4. Salary and operating budget allocations.
    5. Professional credentials and continuing education of the AMAS staff.
- Monitor the working relationship between AMAS and both the external auditors and management personnel, including any limitations placed on the scope of the department's work.
- Review and evaluate the results of major operational or compliance audits (i.e., Athletics), fraud investigations, special request audits, or significant projects conducted by AMAS.
- The Director of AMAS will perform the following duties to assist the Audit Committee in exercising its oversight responsibilities:
    1. Oversee the annual process of reporting and managing potential conflicts of interest among trustees, university officers, administrators, and faculty. Provide status reports of COI activity at each Audit Committee meeting.
    2. Verify that all appropriate employees have signed the university's Code of Ethics for Senior Financial Officers.
    3. Maintain a database of regulatory requirements with which the university must comply and report annually on the status of such compliance.
    4. Request copies of reports issued by external audit organizations to the university through the Comptroller's Office, which coordinates such external audits.

Financial Management:

- Review and approve changes to the university's Code of Ethics for Senior Financial Officers.
- Review and approve management's implementation of significant new or modified accounting policies.
- Review and approve management's significant estimates and/or assumptions utilized in financial statement preparation.
- Review the results of compliance audits or examinations conducted by governmental or other outside authorities.
- Review reports of external auditors or consultants engaged for specific purposes.
- Review and evaluate management's data analysis, including but not limited to:
    1. Significant trends and fiscal projections.
    2. Comparisons to peer institutions.
    3. Reserve fund balances.
    4. Off-balance sheet transactions
- Review and evaluate executive management's certification relative to the audited financial statements, indicating that:
    1. Executive management personnel have reviewed the annual audit report.
    2. The report does not contain any untrue statements of fact, or omissions, of a material nature.
    3. The financial statements present the financial condition and results of operations in all material respects.
    4. Management is responsible for establishing and maintaining an effective system of internal controls, which is continually re-evaluated for improvement.
    5. All significant known deficiencies in the design or operation of internal controls have been disclosed to the external auditors.
    6. Any significant changes in internal controls or other factors, including corrective action, which could affect future periods has been disclosed.
- Review and approve any job offer prior to hiring into senior financial officer positions any person who was previously employed by the University's current external auditing firm and who also participated in that firm's audit of the University within the most recent 3 fiscal years.

General:

- Review and evaluate the adequacy of the University's Conflict of Interest and Conflict of Commitment policies.
- Initiate special investigations and hire special counsel to assist as appropriate.
- Perform other oversight functions as requested by the Board of Trustees.

Operating Policies:

- As stated in Article IV, Section 8 of the University's Bylaws, personal loans to trustees or executive officers are prohibited.
- The external auditing firm performing the annual audit of the university's financial statements will be prohibited from performing specific non-audit services, as outlined in the Sarbanes-Oxley Act of 2002.
- Performance of non-audit services (other than those prohibited above) by the external auditors will require advance approval of the Audit Committee, unless the additional cost is less than 5% of the fee for the financial statement audit.
- The lead partner of the external auditing firm must rotate off the university's engagement after serving in that capacity for 7 years, at which point a 2-year time-out period will be required.