



UNIVERSITY OF NORTH CAROLINA WILMINGTON

## UNCW Audit, Risk and Compliance Committee Charter

Effective: October 19, 2018

### I. Purpose

The purpose of the Audit, Risk and Compliance Committee (ARCC) is to assist the Board of Trustees in fulfilling its responsibilities related to:

- Adequacy and effectiveness of systems of internal control
- Integrity of the university's financial statements and other financial reporting
- Independence and performance of the external and internal audit functions
- Sufficiency of the university's process to manage business and financial risk
- Adequacy of the university's process to ensure regulatory compliance

The Committee's duties do not replace or duplicate established management responsibilities and delegations. Instead, the Committee serves in an advisory capacity to guide the direction of management's actions and sets broad policy for ensuring accurate financial reporting, sound risk management, and ethical behavior.

### II. Organization

1. **Charter.** At least annually, this charter shall be reviewed and reassessed by the Committee and any proposed changes shall be submitted to the Board of Trustees for approval.
2. **Members.** The ARCC shall be a standing committee of the Board of Trustees. The number of members is set within the Board of Trustees Procedural Policies. Each ARCC member must be independent of management of the university and free of any relationship that would impair such independence. Members may not receive consulting, advising or other fees from the university. If possible, at least one member should be a financial expert, and the other members should be able to understand financial information and statements. A financial expert is someone who has an understanding of generally accepted accounting principles and financial statements; experience in applying such principles; experience in preparing, auditing, analyzing or evaluating financial information; experience with internal controls and procedures for financial reporting; or an understanding of the audit, risk and compliance committee function.
3. **Meetings.** The ARCC shall meet no fewer than four (4) times a year. The Committee will invite members of management, auditors, legal counsel, and others to attend the meetings and to provide pertinent information as requested. The ARCC may request to meet privately with the Chief Audit Executive (CAE) from the Office of Internal Audit. Minutes of the meetings shall be maintained.

BOARD OF TRUSTEES

601 SOUTH COLLEGE ROAD • WILMINGTON, NORTH CAROLINA 28403-5931

### III. Responsibilities

The ARCC's principal duties and responsibilities shall be the following:

#### 1. Internal Controls

- A. **Monitor Controls.** Monitor internal control systems at the university through reports of the activities of the internal and external auditors.
- B. **Internal Control Review.** Review with management and the CAE the adequacy and effectiveness of the university's business, financial and information systems controls. Recommend new or enhanced controls or procedures as needed.
- C. **Whistleblowing Procedures.** Oversee the university's mechanisms for receiving, resolving, and retaining records of complaints regarding accounting, internal control, and auditing matters. Receive briefings from management or the CAE regarding any significant complaints or misuse of State property.

#### 2. Financial Reporting

- A. **External Communications.** Review the audit engagement letter and other significant audit related communications from the Office of the State Auditor and any other external auditors as applicable. The Office of the State Auditor will be directed to copy the Committee on any such communications.
- B. **Consultations with Auditors.** Be available to meet with the State Auditor, his/her staff, and other external auditors for consultation purposes or to discuss judgments about the quality, not just the acceptability, of the university's accounting principles and underlying estimates in its financial statements.
- C. **Financial Reporting.** Review and forward with recommendations to the full Board significant management initiatives involving financial statements and financial reporting matters.

#### 3. External and Internal Audit Functions

- A. **Internal Audit Operations.** Review and approve the Internal Audit Charter, audit schedules, goals, annual plans, and the annual financial report. Confirm with the CAE efforts to coordinate the work of the Office of Internal Audit, the Office of the State Auditor, and other external auditors to ensure complete audit coverage, reduce duplication of work, and use audit resources effectively.
- B. **Audit Reports.** Review internal audit reports and summaries of external and internal audit activities.
- C. **Consultations with Auditors.** Review and resolve any significant disagreement between management and the Office of the State Auditor, the Office of Internal Audit, or other external auditors in connection with the preparation of the financial statements or with other audits.
- D. **Request of Audits and Other Reviews.** Request supplemental reviews or other audit procedures by the Office of Internal Audit, the Office of the State Auditor, or other advisors. The university shall provide appropriate funding as determined by the Committee for payment to advisors.
- E. **Communication.** Provide a direct channel of communication to the full Board for the Office of Internal Audit and the Office of the State Auditor.

- F. **Chief Audit Executive.** Consult with the Chancellor regarding the selection and removal of the CAE.

**4. Institutional Risk Management and Compliance**

- A. **Risk Management.** Annually review management's processes with respect to institutional risk management and meet with the individual(s) responsible for institutional risk management as needed.
- B. **Compliance.** Annually review management's processes with respect to compliance and meet with the individual(s) responsible for compliance as needed.
- C. **Legal Matters.** Consult with the General Counsel to review any legal matters that may have a material impact on the university.

The ARCC may modify or supplement these duties and responsibilities as needed.

**Signed:**

/s/Robert S. Rippy

Mr. Robert S. Rippy  
Chair of the Audit, Risk and Compliance Committee  
UNCW Board of Trustees

Date: 10/19/18

/s/Ronald B. McNeill

Mr. Ronald B. McNeill  
Chair  
UNCW Board of Trustees

Date: 10/19/18

**History**

- Reviewed and approved as presented by the Audit, Risk and Compliance Committee on October 18, 2018
- Reviewed and approved as presented by the Audit, Risk and Compliance Committee on April 19, 2018
- Reviewed and approved as presented by the Audit, Risk and Compliance Committee on January 19, 2017.
- Reviewed and approved as presented by the Audit Committee on October 16, 2015.
- Reviewed and approved as presented by the Audit Committee on November 21, 2014.
- Reviewed and approved as presented by the Audit Committee on October 24, 2013.
- Reviewed and approved as presented by the Audit Committee on April 9, 2012.
- Reviewed and approved as presented by the Audit Committee on April 29, 2011.
- Reviewed and approved as presented by the Audit Committee on April 22, 2010.
- Reviewed and approved as presented by the Audit Committee on April 23, 2009.

- Signed on April 24, 2008 by Linda A. Pierce, Chairman of the Audit Committee, Board of Trustees. Signature on file.