

**The University of Georgia Foundation  
AUDIT & GOVERNANCE COMMITTEE CHARTER**

The Committee will obtain the Board of Trustees' approval of this Charter and review and reassess this Charter annually.

**I. Purpose of Committee**

The Audit and Governance Committee (the "Committee") is a standing committee of the Board of Trustees (the "Board") appointed by the Board to assist in fulfilling its oversight responsibilities for the accounting, financial, and internal control processes of The University of Georgia Foundation (the "Foundation"), to ensure that the Foundation issues financial statements and reports in a timely manner and in accordance with applicable generally accepted accounting principles and to consider, develop, and make recommendations to the Board regarding matters of governance.

**II. Committee Membership**

The Committee membership and term is determined by the provisions of the By-Laws of the Foundation. The Committee members personally receive no compensation, fees or other benefits from the Foundation and are not employees of the University System of Georgia. Furthermore, they should not knowingly be any of the following: (1) a proprietor, (2) a member, partner or shareholder owning more than 10% equity interest, or (3) an executive officer of an entity to which the Foundation or the University of Georgia made payments, that exceeded 2% of the Foundation's or the other entity's annual revenues, or \$50,000, whichever is less, in any of the past three years; and must not have any other position with another entity or any other relationship that would reasonably cause the appearance of a conflict of interest. Any disputed question regarding independence should be reviewed by the Board for final resolution. The Committee Chair may serve in such position for no more than three consecutive one year terms. The Chairman of the Audit and Governance Committee may not be a member of the Finance Committee and members of the Finance Committee shall not constitute a majority of the Audit and Governance Committee.

**III. Committee Authority and Responsibilities**

The Committee shall:

**External Audit**

1. Appoint, retain, terminate, evaluate and oversee the Foundation's external auditors, including determining the terms of engagement. The external auditors shall report directly to the Committee. The Committee will resolve any disagreements between the Board and the external auditors regarding financial reporting. Such authority may not be delegated to the Board or management.
2. Review the external auditor's compensation, the terms of its engagement, its independence, and the scope of the audit to be conducted.

3. Pre-approve all audit and non-audit services performed by the external auditor.
4. Provide a clear understanding to the external auditor that the auditor is ultimately accountable to the Audit and Governance Committee and then to the Board.
5. Bring to the attention of the Board any noteworthy findings or potentially damaging circumstances that have the potential to adversely affect in a material fashion the reputation or financial condition of the Foundation.
6. Annually, obtain from the external auditor a written communication regarding its independence which delineates all its relationships and professional services as required by generally acceptable accounting standards applicable to entities such as the Foundation. The Committee shall review with the external auditor the nature and scope of any disclosed relationships or professional services and take appropriate action to ensure the continuing independence of the external auditor.
7. Review the Foundation's external audit reports prepared on the basis of accounting principles generally accepted in the United States of America, as adopted by the Financial Accounting Standards Board (FASB), and any reporting by the Foundation in compliance with Governmental Accounting Standards Board Statement No. 39 or similar provisions. Review should include discussion with the Board and external auditors of significant issues regarding accounting principles, practices and judgments, including certain matters required to be communicated to the Committee in accordance the AICPA SAS 61, as amended by SAS Nos. 89 and 90 or as at the time may be applicable to the Foundation.
8. Solicit recommendations from the external auditors for the improvement of the Foundation's internal control procedures or particular areas where new or more detailed controls or procedures are desirable.

### **Internal Audit**

1. Appoint, retain, terminate, evaluate and oversee the Foundation's internal auditor, including determining the terms of engagement and the resolution of any disagreements between the Board and the internal auditor regarding internal controls. Such authority may not be delegated to the Board or management. The internal auditor shall report directly to the Committee.
2. Discuss with the internal auditor the overall scope and plans for the internal audits. Also, review the adequacy of staffing and other factors that may affect the effectiveness and timeliness of such audits.
3. Review the reports of the internal auditor and the responses of management to such reports. Discuss with the internal auditor any significant deficiencies in the design and or operation of the Foundation's internal controls, material weaknesses in internal controls and any other material matters noted.

### **Governance Procedures**

1. Review on a periodic basis the Foundation's Code of Conduct and Conflict of Interest Policy, including making recommendations to the Board, the adoption of changes to the Code of Conduct and Conflict of Interest Policy, and oversee the monitoring of compliance with such policies. Review any existing and potential conflicts reported on the annual disclosure forms or otherwise disclosed.
2. Establish procedures for the receipt, retention and treatment of complaints received regarding accounting, internal controls or audit matters with respect to the Foundation; and the confidential, anonymous submission by staff and volunteers of concerns regarding questionable accounting or auditing matters or financial practices concerning the Foundation.
3. Review the complaints and concerns regarding accounting, internal controls, auditing matters or financial practices concerning the Foundation (including any entities consolidated with the Foundation for financial reporting purposes).
4. Review the report presented annually by the Investment Committee on the results of the Foundation's managed funds, including funds invested directly by the Foundation.
5. Review the Foundation's risk management procedures and policies, ongoing and potential litigation matters and legal exposures, and insurance coverage for the Foundation.
6. Periodically review the Organization's By-Laws and if appropriate recommend to the Board any changes to those By-Laws the Committee believes to be required or desirable.
7. At least annually report its activities and findings to the Board.

### **IV. Committee Meetings**

The Committee will meet as often as it deems necessary or appropriate, either in person or telephonically and at such times and places as the Committee determines. The Committee Chair shall prepare or approve an agenda in advance of each meeting. The Committee should meet in separate executive sessions at least annually with management, the external auditors, and the internal auditors, and as a committee to discuss any matters that the Committee or each of these groups believes should be discussed.

At least annually, the Committee shall receive an orientation to the Foundation's financial statements, the application of generally accepted accounting principles to those statements, and other financial governance issues.

**V. Resources and Authority of the Committee**

The Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities with respect to the Foundation, and it has direct access to the external auditors as well as anyone in the Foundation. The Committee has the ability to retain, at the Foundation's expense, special legal, accounting or other consultants or experts it deems necessary in the performance of its duties.

In carrying out its responsibilities, the Committee's policies and procedures should remain flexible in order to react to changing conditions and to ensure to the Board that the accounting and reporting practices of the Foundation are in accordance with all requirements and are of a quality acceptable to the Committee.