



BOARD OF TRUSTEES

Finance and Audit Committee Charter

Purpose

The purpose of the Finance and Audit Committee (the “Committee”) of the Board of Trustees of New Jersey City University (the “University”) is to provide assistance to the Board in fulfilling its legal and fiduciary obligations regarding matters involving the accounting, auditing, financial reporting, and internal controls of the University. The Committee’s purpose includes assisting with the oversight of:

- The integrity of the University’s financial statements.
- The University’s compliance with regulatory requirements.
- The independent auditor’s qualifications and independence.
- The performance of the University’s internal audit function and the independent auditor.

Membership

The committee shall consist of at least three Board Members as determined by the Board chair. At least one member shall have accounting or financial management expertise. The chair of the Committee shall be designated by the Board chair and shall have accounting or related financial management expertise. The chair and members of the Committee shall be appointed by the chair of the Board of Trustees annually. The chair of the Board of Trustees and the President of the University shall be ex-officio members of the Committee.

Authority

The Committee shall have the authority to obtain advice and assistance from legal, accounting, and/or other advisors as deemed appropriate to perform its duties and responsibilities. It is empowered to:

- Have unrestricted access to members of management, faculty and employees as well as to all books, reports, records, and facilities of the University.
- Appoint, approve fees, and oversee the work of the external auditor employed by the University.
- Pre-approve all auditing and non-audit services provided by the external audit firm.
- Review any critical accounting and financial policies.

Meetings

- Initiate investigations which, in the Committee's judgment, are necessary to maintain the organization's high standards of integrity, accountability, and internal controls, and to perform such other functions as assigned by law, the University's policies and procedures, and/or the Board of Trustees.
- The Committee shall meet [needs to be filled 3 or 4] times a year and with such additional frequency and at such intervals as it determines is necessary to carry out its duties and responsibilities.
- A majority of the members of the Committee shall constitute a quorum for the transaction of business.
- The Committee may meet in person, by telephone, or video conference and may take action by written consent.
- The Committee may request that members of management and/or the University's Independent Auditor be present as needed.
- Minutes of each meeting will be kept and distributed to the entire Committee.
- The Committee may meet privately with auditors.

Duties and Responsibilities

The duties and responsibilities of the Committee are:

- Assisting the Board in ensuring and safeguarding the integrity of the University's financial statements.
- Assisting the Board in overseeing and evaluating the performance of outside auditors retained by the University.
- Assisting the Board in overseeing and evaluating the performance of the University's internal audit function.
- Ensuring that allegations of misconduct or conflict of interest are evaluated and investigated.
- Ensuring the University's compliance with all relevant legal and regulatory requirements.
- Reviewing the financial aspects of major proposed transactions, proposals for new or discontinued programs or services and making recommendations for action to the Board.
- Recommending corrective actions as appropriate to bring the organization into compliance with its financial targets.
- Evaluating financial reporting metrics and reports provided to the Board by management.

- Review non-audit services provided by the external firm before the services are rendered.
- Review reports submitted by the internal audit department and management responses.
- Review conflicts of interest disclosures of the Board and management.
- Review the University's annual financial statements and other reports or financial information submitted for publication or shared with bodies outside of the University, prior to their issuance.
- Review external auditor's management letter on internal control matters.
- Following each Committee meeting, report to the full Board all significant items discussed at the Committee meeting.
- Review and reassess the adequacy of this Charter annually and recommend any significant changes to the Board for approval.
- Oversight of Independent Auditors.
- Selection: The Committee shall be directly responsible for appointing, evaluating, retaining and, when necessary, terminating the engagement of the independent auditor.
- Independence: At least annually, the Committee shall assess the independent auditor's independence. In connection with this assessment, the Committee shall obtain and review a report by the independent auditor describing all relationships between the independent auditor and the University.
- Quality Control Report: At least annually, the Committee shall obtain and review a Preapproval of Services. The Committee shall pre-approve all audit services to be provided to the University, whether provided by the principal auditor or other firms, and all other services (review, attest and non-audit) to be provided, however, that de minimis non-audit services may instead be approved in accordance with applicable government accounting and state rules.
- Oversight: The independent auditor shall report directly to the Committee, and the Committee shall be directly responsible for oversight of the work of the independent auditor, including resolution of disagreements between the administration and the independent auditor regarding financial reporting.

In connection with its oversight role, the Committee shall, from time to time as appropriate: Receive and consider the reports required to be made by the independent auditor regarding:

- Critical accounting policies and practices.
- Alternative treatments within generally accepted accounting principles for policies and practices related to material items that have been discussed with the administration,

including ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor.

- Other material written communications between the independent auditor and University management.
- The Committee shall also review, in consultation with the independent auditor any audit problems or difficulties the independent auditor encountered in the course of the audit work and managements response, including any restrictions on the scope of the independent auditor’s activities or on access to requested information and any significant disagreements with management.
- Significant issues as to the adequacy of the University’s internal controls and any special audit steps adopted in light of the determination that any significant deficiencies or material weaknesses.
- Analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements.
- The effect of regulatory and accounting initiatives as well as off-balance sheet structures, on the financial statements of the University.
- Any accounting adjustments that were noted or proposed by the auditor but were “passed” (as immaterial or otherwise).
- Any communications between the audit team and the firm’s national office respecting auditing or accounting issues presented by the engagement.

Audited Financial Statements

- **Review and Discussion:** The Committee shall review and discuss with the University’s management and independent auditor, the University’s annual audited financial statements and make a recommendation to the full Board regarding acceptance of the financial statements.
- **Review of Other Financial Disclosures**
- **Independent Auditor Review:** The Committee shall direct the independent auditor to use its best efforts to perform all reviews of interim financial information prior to disclosure by the University of such information and to discuss promptly with the Committee and the Chief Financial Officer any matters identified in connection with the auditor’s review of interim financial information which are required to be discussed by applicable auditing standards.
- **Other Financial Arrangements:** The Committee shall discuss with the management and the independent auditor any material financial or non-financial arrangements of the University

that do not appear in the financial statements of the University, and discuss the impact of such arrangements on the University's finances.

Controls and Procedures

- **Internal Audit Function:** The Committee shall coordinate the Board's oversight of the performance of the University's internal audit function. This coordination should include seeking input from the independent auditor with respect to the internal audit function's responsibilities, budget and staffing and any recommended changes in the planned scope of the internal audit. The internal audit shall periodically update the Committee on any issues or material concerns that arise during the course of the internal audit, and promptly notify the Committee of any significant changes from the internal audit plan. The director of the internal audit function shall periodically discuss any significant difficulties, disagreements with management or scope restrictions encountered during the course of the internal audit.
- **Risk Management:** The Committee shall discuss the University's policies with respect to risk assessment and risk management, including guidelines and policies to govern the process by which the University's exposure to risk is handled. The Committee should discuss with management the University's major financial and institutional risk exposures and the steps management has taken to monitor and control such exposures.
- **Litigation:** The Committee shall receive reports from the University Counsel regarding significant litigation and consider the risk exposures of such litigation and provide such recommendations as may be deemed by the Committee to be necessary or appropriate.

Finance and Budget

- The Committee shall review all preliminary and final budgets before presentation to the Board and discuss the underlying budget assumptions with the Administration.
- The Committee shall ensure that all capital and operating budgets are balanced and that fiscal prudence is exercised in the event that unrestricted net assets are to be used to supplement budget shortfalls.
- The Committee shall approve all interim budgets and ensure that sufficient revenues are available to provide for planned expenditures.
- The Committee shall review and provide oversight for the financing of all major projects, and for ensuring that long-term plans are developed in support of such initiatives, including all new construction and the maintenance of existing facilities.
- All professional services contracts above the bid threshold should be reviewed by the Committee to ensure that the University is utilizing competitive bidding procedures to secure the most competitive contracts. Except where the statute permits bid waivers to be used for contracts that meet the requirements for the exception, or for emergency situations as permitted by approved University policies.

- The Committee shall monitor the performance of University investments and development activities and make such recommendations as it may deem necessary or appropriate for fostering and maintaining an increasingly strong financial position for the University. The Committee may receive or request reports from the President regarding this function.

Auxiliary Corporations

- On behalf of the Board the Committee shall receive reports related to the operations of the auxiliary corporations of the University from the Administration, from the auxiliary corporations, and the auditors of the auxiliary corporations and provide such monitoring and recommendations as may be necessary or appropriate to the Board and the Administration.

Complaints and Ethics

- Establish a confidential mechanism for employee comments and/or concerns with respect to fraud, waste and abuse of University resources. The Committee should review the nature and disposition of all such reported matters.
- Review the conflict of interest policy to ensure that:
 - The term “conflict of interest” is clearly defined, guidelines are comprehensive.
 - Annual signoff is required.
 - Potential conflicts are adequately resolved and documented.
 - Require management to report on procedures that provide assurance that the institution’s missions, values and code of conduct are properly communicated to all employees on an annual basis.