

## Audit Committee Charter

## **AUDIT COMMITTEE CHARTER**

**(Original September 2008 – October 17, 2022)**

### **PURPOSE**

To assist the Board of Trustees (Board) in fulfilling its oversight responsibilities for (1) the financial reporting process, (2) the system of internal controls, and (3) the audit process.

### **AUTHORITY**

The audit committee has authority to conduct or authorize special tasks or projects within its scope of responsibility subject to the approval of the Board. To ensure proper oversight and continuity of the audit committee's functions, all special tasks or projects should be approved by majority vote of the audit committee before taking action. It is empowered to:

- Recommend and review the work of any certified public accounting firm employed by the District.
- Resolve any disagreements between administration and the internal or external auditor(s) regarding findings.
- Recommend to the Board all auditing and non-attest services.
- Utilize counsel of the Board, accountants, or others to advise the committee or assist in the conduct of an investigation or special project.
- In the event of an authorized investigation, may seek any information it requires from employees (all of whom are directed to cooperate with the committee's requests) or external parties engaged by the committee.
- Meet with District officers, external auditors, or outside counsel, as necessary in the conduct of their responsibilities.
- Call upon the Board to provide monetary and nonmonetary resources to enable the committee to contract for external auditors, outside advisors, and ordinary business expenses.

### **COMPOSITION**

The audit committee will consist of two members of the Board. The President of the Board will appoint committee members and the committee chair.

Each committee member will be both independent and financially knowledgeable. Every committee member must be free from any relationship that, in the opinion of the Board, would interfere with the exercise of independent judgment as a committee member.

## MEETINGS

The committee will meet quarterly, with authority to convene additional meetings, as circumstances require. All committee members are expected to attend each meeting, in person or via tele- or video-conference. The committee will invite members of the District's management, auditors or others to attend meetings and provide pertinent information, as necessary.

Meeting agendas will be prepared (with the assistance of the chief audit executive (CAE)) and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared by the CAE and approved at the next meeting. The committee must maintain records of meetings, including attendance.

## RESPONSIBILITIES

The committee will report only to the Board and carry out the following responsibilities:

### Financial Statements

- Review significant accounting and reporting issues and understand their impact on the financial statements.
- Review with District management and the external auditors the results of the external audit, including any difficulties encountered.
- Review the annual financial statements, and consider whether they are complete, consistent with information known to committee members, and reflect appropriate accounting principles.
- Review other sections of the annual report and related regulatory filings before release and consider the accuracy and completeness of the information.
- Receive reports on all matters of significance arising from work performed by others who provide financial and internal control assurance to senior administrators and the Board.
- Review with management and the external auditors all matters required to be communicated to the committee under *Generally Accepted Auditing Standards*.

### Internal Control

- Assess potential risks and consider the effectiveness of the District's internal control system, including information technology security and control.
- Understand the scope of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with District management's responses.

### Internal Audit Services

- Responsible, with the approval of the Board, for the appointment, compensation, retention, and oversight of the work of the CAE, who shall report functionally to the Board through the audit committee and administratively (items such as vacation, sick leave, expense

reports, etc.) to the District Superintendent.

- Review with management and the CAE the charter, risk-based audit plans, risk assessment, annual budget, resource plan and communications on Internal Audit Service's performance relative to the risk-based audit plan and other matters.
- Make appropriate inquiries of the CAE to determine whether there are inappropriate scope or resource limitations.
- Review internal audit reports along with responses by administration.
- Monitor the adequacy and the timeliness of corrective actions taken in response to audit recommendations.
- Recommend to the Board approval of the internal audit services department charter, audit committee charter, annual risk-based internal audit plan, annual budget, resource plan and major changes to the audit plan. The annual budget for the Internal Audit Services department will be included within the annual fiscal Tyler ISD administration budget adopted by the board.
- Ensure there are no unjustified restrictions or limitations.
- At least once per year, review the performance of the CAE and recommend to the Board the annual compensation and salary adjustment. The committee may consult with the superintendent regarding work performance and salary adjustments prior to the performance review.
- Review the effectiveness of the internal audit services function, including compliance with The Institute of Internal Auditors' Definition of Internal Auditing, Code of Ethics, Core Principles for the Professional Practice of Internal Auditing and International Standards for the Professional Practice of Internal Auditing.
- At least quarterly, meet separately with the CAE to discuss any matters that the committee or internal audit services believes should be discussed privately.

#### External Audit

- Responsible, with the concurrence of the Board, for the appointment, compensation, retention, and oversight of the work of the external auditors, who shall report directly to the audit committee for the purpose of issuing an audit report.
- Review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the District, including non-audit services, and discussing the relationships with the auditors.
- Review the performance of the external auditors.

#### Reporting Responsibilities

- At least quarterly, report to the Board about committee activities, issues, and related recommendations.
- Provide an open avenue of communication between internal audit services, the external auditors, and the Board.

### Other Responsibilities

- Institute and oversee special tasks or projects as needed.
- Review and assess the adequacy of the committee charter annually, requesting Board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.
- Confirm annually that all responsibilities outlined in this charter have been carried out with the Board.