

## **Audit Committee Policies & Procedures** (adopted xx)

### ORGANIZATION

The chair and members are appointed by the Chair of the Board. All members of the Audit Committee are “independent,” defined as not having been employed by the [ABC Association] for at least five years prior to selection to the Audit Committee and not having a financial interest in or any other conflict of interest with any entity doing business with the Society. Members of the audit committee shall have the financial competency to understand financial statements, evaluate accounting company bids, and make sound financial decisions. At least one member of the committee shall meet the requirements of “Audit Committee Financial Expert” as defined by the SEC. Members of the Audit Committee are not compensated for their services.

### RESPONSIBILITIES

The Committee is charged with assisting the Board in fulfilling its oversight responsibilities by reviewing the systems of internal controls that management and the Board of Directors have established and the audit process. It is responsible for

- reviewing the committee’s charter on an annual basis and recommending modifications, as necessary, to the Board of Directors;
- ensuring that the auditing firm has the requisite skills and experience to carry out the auditing function for the Society;
- meeting with the auditor;
- reviewing the annual audit; and
- recommending the annual audit to the Board for discussion and acceptance.

### TIME COMMITMENT

Members are asked to serve for two years. They can expect to participate in two committee meetings via conference calls and attend one in-person committee meetings before the Spring Board meeting.

### ANNUAL AUDIT PROCEDURES

Annually (typically in December or January) the Audit Committee will meet by conference call to

- recommend the selection, retention, and when necessary (on a five-year cycle) the replacement of the external auditor;
- review the engagement letter from the external auditors for all audit and compliance services;
- review and approve the expected fee for the upcoming audit and assure that the fee is fair to the organization and is compatible with a full, complete and professional audit;
- review the scope and approach of the annual audit, including the identification of business and financial risks and exposures, with the external auditor;
- confirm the independence of the external auditor;
- resolve disagreements between the external auditors and management;
- require that the lead and concurring partner on the audit engagement team will not serve for more than five years; and
- pre-approve any non-auditing functions (e.g., tax services and preparation of Form 990) to be performed by that firm

Annually (typically in March) the Audit Committee will meet with the auditor in person or by conference call and review with management and the external auditors

- the management letter;
- the Society’s annual financial statements and related footnotes;
- the external auditor’s audit of the financial statements and the auditor’s report thereon;
- any significant changes in scope required in the external auditor’s plan;
- any serious difficulties or disputes with management encountered during the course of the audit;
- the existence of significant estimates and judgments underlying the financial statements; including the rationale behind those estimates as well as the details on material accruals and reserves;

- other matters related to the conduct of the audit, which are to be communicated to the committee under generally accepted auditing standards; and
- changes in accounting principles, including the rationale for such changes and their impact on the financial statements.

The Audit Committee shall also

- review the representation letter from the CEO and CFO to the Audit Committee certifying the fair representation in all material respects of financial information and
- reviews with auditors the adequacy of the internal controls and recommends changes if needed.