

# Poudre School District Audit Committee Charter

The Poudre School District Audit Committee has been established in accordance with PSD Policy DIEA. The policy requires the Audit Committee to prepare a charter, which must be approved by the Board of Education. The policy also requires the Audit Committee to review its Board-approved charter at least once per year, and update it as deemed necessary or appropriate by the Committee, subject to approval by the Board of Education.

## **I. Duties and Responsibilities:**

The primary function of the Audit Committee is to assist the Board of Education in fulfilling its financial oversight responsibilities. The Audit Committee serves the Board of Education in an advisory role only, and does not assume the ultimate fiscal responsibilities of the Board. The Board of Education, Superintendent, and Finance Department remain ultimately responsible for the fair presentation of the District's financial statements, and for obtaining and monitoring the financial statement audits. The Audit Committee shall foster adherence to, and encourage continuous improvement of, the District's policies, procedures and practices. The Audit Committee's primary duties and responsibilities are to:

- Oversee the independent external audits of the District's financial statements, including (1) assistance in developing the annual audit approach, (2) appraising the preliminary and final audit findings and adjustments, and (3) ensuring that issues raised during the course of the audit and any management letter comments are being addressed in a timely and effective manner. The Audit Committee shall evaluate any disagreements regarding accounting matters between the District and the external auditors.
- In consultation with the external auditor and appropriate employees in the District's Finance Department, review the District's annual and quarterly financial statements, the systems of internal controls, and financial and compliance reporting processes. Encourage and provide input to help ensure continuous improvement of District financial policies and procedures.
- Provide an open avenue of communication between the external auditor, Board of Education, Superintendent, and appropriate employees in the District's Finance Department, thus helping to ensure the appropriate balance between the independence and accountability of the external auditor.
- Review the District's practices and procedures that are established regarding confidential or anonymous reporting of concerns by any party, internal or external to the District, about questionable accounting or auditing matters, and suspected embezzlement or other fraud.
- Participate in the planning, evaluation, and reporting process of supplemental engagements or procedures provided by the external auditor as a result of requests from the District.
- Evaluate the efforts of the external auditor, including the auditor's independence and professional qualifications and training.
- Recommend the selection of the external auditor to the Board of Education.
- Perform the above-listed duties for any internal audit functions that are established by the District.
- Present annually to the Board of Education, Superintendent, and appropriate employees in the District's Finance Department a report of how the Committee has discharged its duties and met its responsibilities.

- Annually verify the independence (as defined in the 5th bullet within Section III of this Charter) of the Committee's voting members.
- Review and update the charter of the Audit Committee.

## **II. Meetings**

The District's Audit Committee shall meet at least four times per year. Meetings shall include:

- An entrance conference with the external auditor to discuss areas of audit emphasis in the current engagement, audit scopes and single audit requirements and programs.
- A meeting with the external auditor after completion of fieldwork prior to issuance of the audited financial statements.
- A written report and oral presentation to the Board of Education on the conclusions made related to the fiscal year audit.
- The evaluation of effectiveness and independence of District external auditors; provide recommendations related to the next fiscal year audit.

At least three voting members are necessary to constitute a quorum of the Audit Committee. Any recommendation or other action of the Committee shall be based on a majority vote of a quorum of the Committee. On subjects presented by the Committee to the Board of Education, any dissenting Committee member opinions shall also be presented to the Board.

Meetings of the Audit Committee shall be conducted in accordance with the Colorado Open Meetings Law, C.R.S. §§ 24-6-401, et seq., as amended from time to time. The Audit Committee may meet in executive session as permitted by and in accordance with the Colorado Open Meetings Law.

Minutes shall be taken and maintained by the Committee Secretary at each Audit Committee meeting, and shall be available for inspection and copying by the public upon request.

Audit Committee meetings may be conducted informally, but at the request of any voting member a meeting shall be conducted in accordance with Robert's Rules of Order, Newly Revised.

## **III. Committee Membership**

The Board of Education shall appoint the voting members of the Audit Committee, which shall include:

- 2 Board of Education members; and
- 5 at-large members from the community with significant financial/accounting experience.

The at-large community members on the Audit Committee shall be independent and free from any relationship that, in the opinion of the Board, would interfere with the exercise of their independent judgment as members of the Committee. Committee members shall be considered independent if they have no relationship to the District that will interfere with the exercise of their independence from the Administration, the Board, or the District. Examples of a lack of independence shall include but not limited to:

- A Committee member being employed by the District or any related entity for the current year or any of the past five years.

- A committee member accepting compensation from the District or any of its affiliates.
- A Committee member of the immediate family of an individual who is, or has been in any of the past five years, employed by the District or any of its affiliates as an Administrator or Board member.
- A Committee member being a partner in, or a controlling owner or an executive of, any for-profit business entity to which the District made, or from which the District received, payments that are or have been significant to the District or the for-profit business entity in any of the past five years.

In addition to voting members appointed by the Board, the Audit Committee shall also include the following non-voting ex officio members:

- The District's Executive Director of Finance;
- The District's Controller; and
- The District's Legal and Policy Counsel.

The Audit Committee shall elect a Chairperson, and shall appoint a Secretary who shall take and maintain the minutes of Committee meetings. The Chairperson shall not be one of the two PSD Board members that serve on the Audit Committee.

The District's independent auditor is expected to attend selected Committee meetings.

All voting members shall serve terms renewable at the discretion of the Board of Education. The terms of the two Board members on the Audit Committee shall each be 24 months, and shall, to the extent practicable be staggered to commence on January 1 and expire on December 31 in alternating years. The terms of the five at-large community members on the Audit Committee shall each be 25 months, shall commence on January 1 and expire on January 31, and shall be staggered so that three members' terms expire in even-numbered years and two members' terms expire in odd-numbered years. If any voting members cannot serve their full term and/or if sufficient qualified at-large community members are not available to serve beginning on January 1 of any year, reasonable efforts shall be made to secure as soon as possible Board-approved replacements and/or qualified at-large community members to serve for the remainder of the term(s) being filled.

To the maximum extent permitted by law and pursuant to the Colorado Governmental Immunity Act, C.R.S. §§ 24-10-101 et seq., all voting members and all non-voting ex officio members of the District Audit Committee shall be immune from liability for their acts and/or omissions taken in good faith in furtherance of their Audit Committee duties. Also to the maximum extent permitted by law and pursuant to the Colorado Governmental Immunity Act, the District shall pay all costs of defense of said Audit Committee members against whom claims are brought because of acts and/or omissions taken in good faith in furtherance of their Audit Committee duties, and shall pay all judgments entered against said Audit Committee members for such acts and/or omissions.

Original Charter approved by Board on May 8, 2006  
 Charter revision approved by Board on April 8, 2008  
 Charter revision approved by Board on December 9, 2008  
 Charter revision approved by Board on November 9, 2010  
 Charter revision approved by Board on May 26, 2015