

SAMPLE COMMITTEE CHARTER FOR THE AUDIT COMMITTEE

Mission Statement for the Audit Committee

The Audit Committee shall assist the Board of Director in fulfilling its oversight responsibility with respect to the financial reporting process, the system of internal controls, the audit process and the [Nonprofit]'s process for monitoring compliance with laws and regulations. The Audit Committee shall appoint and manage the outside independent auditor.

- a. The Audit Committee shall consist of [at least three board members]. All members of the Committee shall be independent directors.¹ The Committee will be appointed by the board and will elect its Chair from among its members. All members of the Committee should be financially literate. At least one member should have accounting background or related financial management experience.
- b. The Committee will meet [twice a year/in January and May] in connection with regularly scheduled meetings of the Board and otherwise as necessary. [Board members who are not members of the Committee may not attend meetings of the Committee except as invited by the Committee for consultation.]
- c. A majority of the Committee shall constitute a quorum for the transaction of business at any meeting thereof, and the act of a majority of the members of the Committee present at any meeting at which a quorum is present shall be the act of the Committee.

Roles and Responsibilities

The Committee shall:

- A. Provide oversight to ensuring that the [Nonprofit] has an adequate system of internal controls and preparation of financial statements.

In fulfilling this responsibility, the Committee shall:

1. be directly responsible for the appointment, compensation, retention and oversight including evaluation of the work of the outside auditor preparing or issuing an audit or any related work (including resolution of disagreements between management and the outside auditor regarding financial reporting) and the outside auditor shall report directly to the Committee;

¹ No member of the Committee may in the current fiscal year or in the previous fiscal year have been associated in the capacity of employee or of compensated officer of the [Nonprofit]. Nor may any member of the Committee accept, either directly or indirectly, any consulting, advisory, or other compensatory fee from the [Nonprofit].

2. Review the outside auditor's qualifications, independence and performance;
 3. Review the scope, approach and cost of the audit;
 4. Review the [Nonprofit]'s internal audit function, including review of the committee charter, activities, staffing and organizational structure of the internal audit function;
 5. Review significant accounting and reporting developments and issues;
 6. Review the annual financial statements audited by the outside auditors;
 7. Review suggestions for improvements in internal controls from the internal and outside auditors;
 8. Review and monitor the [Nonprofit]'s internal controls and exercise oversight of management's handling of the [Nonprofit]'s major financial exposures;
 9. Review with the outside auditor any audit problems or difficulties and management's response; and
 10. Establish procedures for the receipt, retention and treatment of complaints or concerns received by the [Nonprofit] regarding accounting, internal accounting controls or auditing matters, including confidential, anonymous submissions from employees.
- B. Exercise oversight of the [Nonprofit]'s process for monitoring compliance with legal and regulatory requirements.
- C. Review and make recommendations to the Board with respect to retention of the independent auditor, and the audit functions.
- D. Periodically review and assess the adequacy of the Committee's charter and make recommendations to the Management and Governance Committee of changes.
- E. Conduct an annual performance evaluation of the Committee and report its findings to the Chair of the Board.
- F. Attend to such other matters as the Board of Trustees may from time to time determine.
- G. Maintain minutes of Committee meetings and report regularly to the Board.

