

CHARLESTON COUNTY SCHOOL DISTRICT AUDIT AND FINANCE COMMITTEE CHARTER UPDATED 11/7/2023

Purpose and Authority of the Committee

The Charleston County School District ("District") Audit and Finance Committee ("Committee") is established in accordance with District Policy BDE, Board Committees. The purpose of the Committee is to provide independent advice, assistance, and recommendations to the District's Board of Trustees ("Board") in the oversight of financial reporting, the system of internal control, internal and external audit functions, and the District's process for monitoring compliance with laws and regulations.

The Committee serves solely in an advisory capacity making recommendations to the Board on financial and audit related matters. The Committee's scope of responsibility will not include oversight of transactional matters (i.e., specific operating and capital expenditures, disposals of assets, etc.) requiring Board approval. This approach will allow the Committee more capacity to focus on the responsibilities outlined below.

Committee Membership

Trustee members of the Committee are appointed by the Chairman of the Board of Trustees and affirmed by a majority of the Board. A Board member will be appointed the committee's chair by the Chairman of the Board. The Committee shall be comprised of at least six (6), and no more than nine (9), independent voting members, to include a minimum of two (2) Board members, at least one (1) individual with information technology expertise¹, and one seat on the committee shall be allocated to the chairperson of the Charleston County School District's Citizen's Oversight Steering Committee². The vice chair will be elected by a majority vote from among the committee members and will assume the duties of the chair in his/her absence.

¹ The committee member appointed to the committee with information technology experience will also sit as the chairman of the IT Steering Committee in coordination with the Executive Director of Information Technology for CCSD. The IT Steering Committee comprises experts in various technology areas such as software, hardware, networking, or data center operations. The IT Steering Committee will provide quarterly updates to the Audit and Finance Committee.

² This seat has been allocated by the charter of the Citizens Oversight Steering Committee established 19-July-2011 and approved by a 7-2 vote of the Charleston County School District Board of Trustees.

Board members serving on the Committee shall be appointed annually in November. The term of service for non-Board members is two (2) years. In the event of a vacancy, the committee shall direct staff to advertise for the open positions for a minimum of thirty (30) days. Non-board members wishing to serve on the Audit and Finance Committee will be required to submit a resume and letter of interest to District staff. Following submission, the Audit and Finance Committee will make a recommendation to the Board of Trustees for final approval of vacant/renewable slots. For continuity purposes, non-Board member terms should be staggered and overlapping if possible. A member's term may be extended beyond the two-year term if recommended by the Chairman of the Audit and Finance Committee. Upon recommendation from the Chair, the non-board member shall submit a letter of interest in renewal to District Staff. At the subsequent Audit and Finance meeting, the Committee shall vote to send the recommended slate to the Board of Trustees for final approval.

Removal of Committee Membership

Committee members are expected to attend all Audit and Finance Committee meetings. If a member is unable to attend, said member should contact the Chair, Vice-Chair, or Secretary of the Committee. Failure to attend fifty percent (50%) of committee meetings throughout the committee year will lead to a recommendation of removal from the Chair of the Audit and Finance Committee or the Chief Financial Officer of the District. Any committee member up for a removal action should have the opportunity to speak in their defense during the recommendation motion. The motion of recommendation for removal will pass with a supermajority (more than 60% of the committee membership) affirmative vote, then be sent to the Board of Trustees for final approval.

Responsibility of Committee

The Committee members collectively should possess the knowledge in accounting, auditing, information technology, financial reporting and school district finances needed to understand and evaluate the District's financial statements, external and internal audit activities, and compliance with laws and regulations. Accordingly, the Audit and Finance Committee's members, collectively, should:

- Possess the requisite knowledge necessary to understand technical and complex financial reporting issues;
- Be knowledgeable about internal controls, financial statement audits, and management/operational audits;
- Be knowledgeable of laws and regulations pertinent to the operations of the District;
- Work in good faith with District staff through the direction of the Superintendent and Chief Financial Officer;
- Have the ability to communicate with auditors, public finance officers, and the Board.

Charter Update and Review

In August of each Committee year, the Chair should appoint a subcommittee led by the Vice Chair to review the Audit and Finance Committee Charter. The subcommittee should consist of a third (33.3%), or at least three (3) of the members of the committee. The subcommittee will be charged to review the Charter for any changes or updates, present the changes as information at the September Audit and Finance meeting, and present as an action at the October Audit and Finance Meeting. Following the vote of the committee, the recommended updates shall be sent to the Board of Trustees for final approval. The changes to the Charter will take affect subsequent to the annual appointment of the Chair in November.

Duties and Responsibilities

The duties and responsibilities of the Audit and Finance Committee include the following:

- **Finance Focus:**

- Recommend policies that maintain and improve the financial health and integrity of the organization (i.e., balance sheet strength, use of debt, fund balance targets, maintain and improve credit ratings, revenue generation from taxation, etc.);
- Review and recommend a long-range financial plan for the organization;
- Review and recommend an annual operation budget and annual capital budget consistent with the long-range financial plan and financial policies;
- At the Board's request, review the financial aspects of major proposed transactions, new programs and services, as well as proposals to discontinue programs or services, and make action recommendations to the Board;
- Monitor the financial performance of the organization as a whole against approved budgets, long-term trends and any District established benchmarks;
- Require and monitor corrective actions to bring the organization into compliance with its budget and other financial targets;
- Review the selection of and work product of independent financial advisers, bond counsel and managers, as needed;
- Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.

- **External Audit Focus:**

- Review the performance of the external auditors, and recommend to the Board the appointment or discharge of the auditors;
- Meet with the external auditor prior to commencement of the audit to review the engagement letter and understand the scope and approach to the audit;
- Review and discuss with the external auditor any risk assessment of the District's fiscal operations as part of the auditor's responsibilities under governmental auditing standards;

- Receive and review the draft annual audit report and accompanying draft management letter, including the external auditor's assessment of the District's system of internal controls;
- Review significant changes in accounting principles, and any significant disagreements between management and the external auditors;
- Make a recommendation to the Board on accepting the annual audit report;
- Review corrective action plans developed by the District to correct deficiencies identified by the external auditor.

- **Internal Audit Focus:**

- Review and recommend changes to the internal audit plan.
- Make recommendations to the Board regarding the appointment of an external accounting or audit firm to serve as the internal audit function and to conduct periodic risk assessments.
- The Internal Audit Provider will under contract:
 - Develop flexible annual audit plans using an appropriate risk-based methodology, including any risks or control concerns identified by management, and submit plans to the Audit & Finance Committee for review and approval;
 - Supply professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this charter;
 - Ensure that high risk areas, identified by audit firms, and key control activities are periodically evaluated and tested;
 - Review significant recommendations and findings of the contracted internal auditor;
 - Monitor management's implementation of the auditors' recommendations;

- **Compliance Focus:**

- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up of any instances of noncompliance;
- Review the findings of any examinations by regulatory agencies, and any auditor observations;
- Obtain regular updates from management and District legal counsel regarding compliance matters.

- **Other Responsibilities:**

- Perform other activities related to the charter as requested by the Board;
- Institute and oversee special investigations as needed;
- Regularly report to the Board about Committee activities, issues and related recommendations;
- Evaluate the Committee's performance on an annual basis.

Audit & Finance Committee
Recurring Agenda Topics

Month	Event/Activity
Standing Items	<p>Audit & Finance:</p> <ul style="list-style-type: none"> • Monthly Financial Report • Monthly Capital Projects Report • Regulatory Reviews (if needed and as received)
January	<p>Audit & Finance</p> <ul style="list-style-type: none"> • Update on progress toward annual budget • Audit Plan submitted for approval • Annual Review of Audit & Finance Committee Charter • Discuss multi-year budget <p>Board</p> <ul style="list-style-type: none"> • Update on budget process • Present multi-year budget
February	<p>Audit & Finance</p> <ul style="list-style-type: none"> • Update on progress toward annual budget
March	<p>Audit & Finance</p> <ul style="list-style-type: none"> • Evaluate performance of the Internal Audit function • Discussion of 90-day enrollment count • Discuss multi-year budget • IT Steering Committee Quarterly Report
April	<p>Audit & Finance</p> <ul style="list-style-type: none"> • Update on progress toward annual budget • Update on teacher contracts due date • Approve SWMBE Utilization Plan • Discuss risk assessment & annual audit plan (A&F input in plan development) <p>Board</p> <ul style="list-style-type: none"> • 1st Reading of Annual Budget (April or May)
May	<p>Audit & Finance</p> <ul style="list-style-type: none"> • Present Second Reading of Annual Budget. • Discussion of 135-day enrollment counts • Discuss multi-year budget

	<p>Board</p> <ul style="list-style-type: none"> • Public Hearing of the Budget (May or June) • Second Reading of Annual Budget (May or June)
August	<p>Audit & Finance</p> <ul style="list-style-type: none"> • Fall Tax Anticipation (TAN) • Receive SWMBE Report for prior fiscal year
September	<p>Audit & Finance:</p> <ul style="list-style-type: none"> • IT Steering Committee Quarterly Reports
October	<p>Audit & Finance</p> <ul style="list-style-type: none"> • Report annual budget calendar. • Give budget assumptions. • Discuss upcoming Committee membership renewals <p>Board</p> <ul style="list-style-type: none"> • Present Budget Calendar and Assumptions
November	<p>Audit & Finance</p> <ul style="list-style-type: none"> • Update on Budget Committee and budget process • Receive Draft of External Audit Results <p>Board</p> <ul style="list-style-type: none"> • Present External Audit
December	<p>Audit & Finance</p> <ul style="list-style-type: none"> • Discussion of 45-day enrollment counts • IT Steering Committee Quarterly Reports