

Richmond City School Board
Audit Committee Charter
Adopted by Board Motion on 03 June 2024

PREFACE

Committee Role

The committee's role is to act on behalf of the School Board and oversee all material aspects of the organization's financial reporting, internal control and audit functions, except those specifically related to the responsibilities of another standing committee of the board.

Committee Membership and Oversight

The committee shall consist of no less than three members of the Richmond City School Board. The committee members will be elected by a two-thirds majority of the School Board. The committee chair will be elected by a two thirds majority of the full board. No one member will serve more than three consecutive years.

The committee shall have access to counsel and advisors at the committee's sole discretion.

The committee is permanent and can only be dissolved by a two-thirds majority of the full board.

The Board warrants that the committee will have sufficient ways and means to operate effectively, efficiently, and economically. By annual vote, a two-thirds majority of the full board will determine if the committee is operating effectively, efficiently, and economically.

Committee members shall have:

- (1) knowledge of the primary activities of the school system,
- (2) the ability to read and understand fundamental nonprofit financial statements, including a statement of financial position, statement of activities and statement of changes in net assets, statement of cash flows and key performance indicators; and
- (3) the ability to understand key operational and financial risks and related controls and control processes.

Committee Operating Principles

The committee shall fulfill its oversight responsibilities within the context of the following overriding principles:

Communications

The committee chair and members shall, to the extent appropriate, maintain an open avenue of contact throughout the year with senior management, other committee chairs and other key committee advisors (e.g., external and internal auditors, etc.), as applicable, to strengthen the committee's knowledge of relevant current and prospective organization issues.

Education/Orientation

The committee, with management, shall develop and participate in a process for review of important financial and operating topics that present potential significant risk to the organization. Additionally, individual committee members are encouraged to participate in relevant and appropriate education to ensure understanding of the organization's activities and risks.

Meeting Agenda

Committee meeting agendas shall be the responsibility of the committee chair and the Chief Auditor, with input from committee members. It is expected that the chair will also ask for management and key committee advisors, and perhaps others, to participate in this process.

Expectations and Information Needs

The committee shall communicate committee expectations and the nature, timing and extent of committee information needs to management, internal auditors and external parties, including external auditors. Written materials, including key performance indicators and measures related to key operational and financial risks, shall be received from management, auditors and others at least one week in advance of meeting dates. Meeting conduct will assume committee members have reviewed written materials in sufficient depth to participate in committee/board dialogue.

External Resources

The committee shall be authorized to access internal and external resources, as the committee requires, in carrying out its responsibilities. This includes the authority to hire and terminate internal and external auditors and advisors, as well as the responsibility to approve services and fees paid to such resources.

Meeting Attendees

The committee shall request members of management, counsel, and internal and external auditors, as applicable, to participate in committee meetings, as necessary, to carry out the committee's responsibilities. It shall be understood that meetings between the committee and/or the committee chair with either internal or external auditors or counsel may, at any time, be deemed necessary, with or without management's attendance. In any case and to the extent permitted by law, the committee shall meet in executive sessions separately with internal and external auditors, at least annually.

Meeting Frequency

The committee shall meet at least six times per year. Additional meetings shall be scheduled as considered necessary by the committee or Board Chair.

Reporting to the School Board

The committee, through the committee chair, shall report periodically, as the committee deems necessary, but at least semiannually, to the school board. In addition, summarized minutes from

committee meetings, separately identifying monitoring activities from approvals, shall be available to each board member at least one week prior to the subsequent school board meeting.

Self-Assessment

The committee shall review, discuss and assess its own performance as well as its role and responsibilities, seeking input from senior management, the full board and others. Changes in role and/or responsibilities, if any, shall be recommended to the school board for approval.

Committee Responsibilities

Financial Reporting

- Discuss, review and assess the annual financial statements with management and the auditors.
- Discuss, review and assess the key financial statement issues and risks, their impact or potential effect on reported financial information, the processes used by management to address such matters, related auditors' views and the basis for audit conclusions.
- Approve changes in important accounting principles and the application thereof in both interim and annual financial reports.
- Advise financial management and external auditors that they are expected to provide a timely analysis of significant current financial reporting issues and practices.
- Advise on the Board on the Annual Budget process and other matters of relevance related to the committee.

Risks and Controls

- Review and assess the organization's operational and financial risk management process, including the adequacy of the overall control environment and controls in selected areas representing significant risk.
- Review and assess the organization's system of internal controls for detecting accounting and financial reporting errors, fraud and defalcations, legal and tax code violations, and noncompliance with the organization's code of conduct. In that regard, review the related findings and recommendations of the external and internal auditors, together with management's responses.
- Review with legal counsel any matters that may have a material impact on the financial statements.
- Review the results of the annual audits of directors' and officers' expense accounts and management perquisites prepared by the external or internal auditors.

External and Internal Auditors

- Recommend the selection of the external auditors for approval by the School Board.
- Instruct the external auditors that they are responsible to the School Board and the audit committee as representatives of the organization. In that regard, confirm that the external auditors will report all relevant issues to the committee in response to agreed-upon expectations.
- Review the performance of the external and internal auditors.
- Obtain a formal written statement from the external auditors as to their independence. Additionally, discuss with the auditors any relationships or non-audit services that may affect their objectivity or independence.
- Consider, in consultation with the external and internal auditors, their audit scopes and plans to ensure completeness of coverage, reduction of redundant efforts and the effective use of audit resources.
- Review requests for any audit-related or permitted non-audit services to be performed by the external auditors, and be advised of any other study undertaken at the request of management that is beyond the scope of the audit engagement letter.
- Review with management and the external auditors the results of the annual audit and related comments in consultation with other committees as deemed appropriate, including any difficulties or disputes with management, any significant changes in the audit plans, the rationale behind adoptions and changes in accounting principles, and accounting estimates requiring significant judgments.

- Provide a medium for the external auditors to discuss with the audit committee their judgments about the quality, not just the acceptability, of accounting principles and financial disclosure practices used or proposed to be adopted by the organization.
- Discuss the significant findings of the audit including:
 - Critical accounting policies and practices used by the organization
 - Alternative accounting treatments within generally accepted accounting principles related to material items that have been discussed with management
 - Other material written communications between the accounting firm and management (e.g., management representation letters, engagement letters, etc.)
- Review with the external auditors the audit firm's quality control policies and procedures and any material issues raised by the most recent internal quality control review of the firm.
- Approve and select changes in the management of the internal audit function.
- Instruct the internal auditors that they are responsible to the School Board through the committee.
- Review with the internal auditors any changes in the scope of their plans, if applicable.
- Review with the internal auditors the results of their monitoring of compliance with the code of conduct.
- The committee will ensure that the External Auditors have appropriate access to all records, data, reports, media in relation to an assigned and authorized audit engagement.
- The committee grants free and unfettered access to the Internal Auditors to all data, reports, media in relation to an assigned and authorized audit engagement.
- As the Internal Audit department reports functionally and administratively to the School Board Audit committee, the committee has been granted discretionary spending authority of up to \$3,000.00. No single or series of related expenses shall exceed the spending limit of \$3,000.00. The discretionary spending would be for seminars, miscellaneous business and travel expenses, meals, parking, etc . . . The approval level in nature and scope would be compatible to that of the Superintendent or School Chief.

Miscellaneous Responsibilities

- Establish and monitor procedures for the receipt, retention and treatment of complaints received by the organization regarding accounting, internal accounting controls or auditing matters, including procedures for the confidential, anonymous submission by employees of the organization of concerns regarding accounting or auditing matters.
- Review and update the committee’s charter at least annually.
- Review and update the organization’s code of conduct.
- Review and approve significant conflicts of interest and related party transactions.
- Conduct or authorize investigations into any matter within the committee’s scope of responsibilities. The committee will be empowered to retain independent counsel and other professionals to assist in conducting any investigation.

APPROVALS / SIGNATURES

Richmond City School Board Chair: Stephanie Rizzi - by Board Motion
Date: 03 June 2024

Richmond City School Board Audit Committee Chair: Liz Doerr - by Board Motion
Date: 03 June 2024

Record of Edits, Changes and Amendments

Doc. # / Date	New Number	Change made by	Brief description of changes made
#20240603 03 June 2024	None -Initial Document	N/A	N/A