AUDIT COMMITTEE CHARTER
Houston Independent School District

Introduction

The Board Audit Committee plays a vital role in overseeing the organization's governance, risks, and internal control practices. This oversight helps ensure the integrity and effectiveness of these practices, promoting confidence among stakeholders.

Purpose

The purpose of the Audit Committee is to provide structured oversight of the organization's governance, risks, and internal controls. It advises the School Board on the adequacy of these practices, aiming to enhance accountability and transparency. Specific responsibilities include:

- Oversight of the outsourcing of internal audit.
- Monitor follow-up on open audit recommendations/observations.
- Review financial statements and public accountability reporting.

In broad terms, the Audit Committee reviews the items noted above and provides the board with recommendations on the adequacy and effectiveness of management's practices which may include suggestions to strengthen these arrangements.

Authority

The authority of the Audit Committee to perform its work is established within the scope of the board.

The committee is entitled to receive explanations from management and staff of the organization that it deems necessary to respond to internal audit reports.

Composition of the Audit Committee

The Audit Committee is a subcommittee of the board, consisting of at least three members appointed by the board. Members collectively possess knowledge in areas such as finance, risk management, and governance. The committee may include a non-voting citizen member to supplement its expertise.

The board values diverse perspectives and recognizes the importance of expertise in finance, risk management, and governance. While specific qualifications are desirable, the board also respects the varied backgrounds and experiences of appointed individuals.

In appointing committee members, preference should be given to individuals with relevant expertise. Training and development opportunities will be provided to enhance competencies of those interested in serving.

The committee shall be committed to transparency, accountability, and fostering an inclusive environment that values diversity of thought.

The Chair of the Audit Committee

The Audit Committee shall designate its chair. The chair of the Audit Committee is responsible for setting meeting agendas, leading discussions, and facilitating effective communication among members. The chair collaborates with external auditors as needed and ensures compliance with organizational policies.

The chair's duties include:

- Setting Agendas: Develop and distribute meeting agendas in advance, ensuring they align with the board's objectives and address relevant topics, including internal audit reports, risk assessments, and follow-up on audit recommendations.
- Leading Meetings: Preside over committee meetings, facilitating discussions, maintaining focus on agenda items, and ensuring all members have an opportunity to contribute. The chair fosters an environment of open communication and collaboration among committee members.
- Collaboration with External Auditors: Liaise with external auditors as necessary, coordinating their involvement in committee meetings and discussions.
- Oversight of Committee Activities: Provide oversight of the committee's activities. The chair works collaboratively with other committee members to fulfill the committee's responsibilities.
- Reporting and Communication: Communicate committee recommendations and activities to the board, in text and graphically, as needed. The chair may also represent the committee in interactions with senior management, stakeholders, or regulatory authorities.

Terms of Office

Audit Committee members serve three-year terms, aligning with the organization's governance structure. Given the potential variability in elected officials' terms, the appointment and review of committee members will be conducted annually by the Board President to ensure continuity and adaptability to changes in board composition. To the extent practicable, the Board President shall strive for staggered committee member terms. This approach allows for flexibility while maintaining stability within the committee.

Quorum

The quorum for the audit committee shall be a majority of the members.

Operational Procedures

The Audit Committee meets at least three times annually, with additional meetings scheduled as necessary. Meetings are convened by the chair, who calls the meeting to order at the designated time. The agenda is then followed, with the chair facilitating discussions and ensuring that all agenda items are covered.

At the conclusion of each meeting, the chair will ask for a motion to adjourn, and the meeting will be officially closed once the motion is seconded and approved by a majority of members present. Minutes shall be prepared for each meeting, documenting key discussions and decisions made during the meeting.

The chief financial officer (CFO) or designee, and audit department manager (whether internal or external to the organization), shall attend all meetings to provide support and coordination, assisting with meeting logistics and ensuring that relevant documentation and resources are available as needed.

Committee's Responsibilities

Internal Audit Oversight

To obtain reasonable assurance with respect to work of the audit activity, the Audit Committee shall:

- Oversee the internal audit function by reviewing the annual risk assessment, internal and external audit reports, and management's response to audit findings. It tracks the implementation of management action plans and advises on continuous improvement efforts.
- Oversee the internal audit provider when the internal audit function is outsourced by reviewing the provider's annual risk assessment, audit reports, and management's response to audit findings. Ensure they track the implementation of management action plans resulting from audit recommendations and advise on continuous improvement efforts. The committee ensures effective communication and collaboration with the external/internal audit provider to address audit findings and enhance organizational governance, risk management, and internal controls.
- Monitor and review the internal audit activity's progress relative to its charter and the annual audit plan.

Follow-up on Open Audit Recommendations/Observations

To obtain reasonable assurance that management has acted on the observations and recommendations from internal and external audit, the Audit Committee shall review regular reports on the progress of implementing approved management action plans and audit recommendations resulting from completed audits.

Financial Statements and Public Accountability Reporting

To ensure the presentation of the audited financial statements, and the discussion of the letter to management on recommendations, the Audit Committee is responsible for oversight of the independent audit of the government entity's financial statements, including but not limited to overseeing the resolution of audit findings in areas such as internal control, legal, regulatory compliance, and ethics.

Other Responsibilities

In addition, the Audit Committee shall:

- Perform other activities related to this charter as requested by the governing body.
- Evaluate the performance of the internal audit and external audit functions annually, and make recommendations for Board consideration.

Reporting on Audit Committee Performance

The Audit Committee shall provide an annual report summarizing its activities and recommendations to the board. The report may be presented at a committee meeting or a regular board meeting.

Administration's Responsibilities

The administration is responsible for supporting the Audit Committee in its oversight function and facilitating the implementation of audit recommendations. Specifically, the administration shall:

- Publish audit reports, including internal audit findings and external audit reports, on the public-facing district website in accordance with applicable policies and regulations ensuring accessibility to stakeholders and the broader community.
- Collaborate with the Audit Committee in addressing audit findings and implementing management action plans to strengthen internal controls and mitigate risks.
- Provide necessary resources and support to the internal audit function to ensure its effectiveness and independence.
- Maintain open communication channels with the Audit Committee, providing timely updates on audit-related matters and responding to inquiries as needed.

The Audit Committee is committed to promoting transparency, accountability, and integrity in its oversight role. By working collaboratively with stakeholders and upholding best practices, the committee strives to enhance organizational effectiveness and trust.

Approval



Audrey Momanaee

School Board President



Janette Garza Lindner

Audit Committee Chair

June 14, 2024
Date