



College of Southern Maryland

**F O U N D A T I O N**

## **Board of Directors Audit Committee Charter**

### **Purpose**

The Committee will represent and assist the Foundation Board of Directors in fulfilling its oversight responsibility relating to the integrity of the Foundation's:

- Financial statements and financial reporting process
- Systems of internal accounting and financial controls
- Annual independent audit and IRS Form 990

### **Committee Membership**

- The Committee shall consist of no less than 4 members of the Board of Directors.
- Membership shall be solicited when a vacancy occurs by request at a regular meeting of the Board of Directors.
- All committee members shall be *financially literate*, which is defined as the ability to read and comprehend standard financial statements.
- To the extent reasonable at least one member of the Committee shall have a strong financial background capable of understanding of internal controls, financial statements and audit reports.
- The Committee Chair shall be selected by a majority vote of the total committee.
- The Committee members shall serve a term of up to three years, with the option of serving an additional term of up to three years. The Committee Chair shall be limited to one three-year term.
- Staff representation to the Committee shall be the Vice Presidents of Financial and Administrative Services and Advancement as ex officio members, or designee.

### **Committee Authority and Responsibilities**

The primary responsibility of the Committee is to oversee the Foundation's financial controls and reporting processes on behalf of the Board of Directors. The Committee bears the responsibility to establish the guidelines for quality financial reporting, sound business risk practices and ethical behavior. In exercising this responsibility, the Committee shall:

- Select, oversee and evaluate performance of the independent auditor, which shall include the scope and plan for the annual audit, approval of the audit engagement fees and the terms of the audit services. The Committee may, at its discretion, rely on information obtained in the selection process used by the College in selecting its independent auditor and choose to ratify the same auditor.

- As necessary, review and approve non-audit services requested of the independent auditors and evaluate the segregation of services between auditing and consulting.
- Review internal financial statements no less than quarterly, providing feedback to staff and the Executive Committee.
- Annually evaluate risk, performance adequacy of internal controls, policies and procedures and recommend modifications as needed.
- Review year-end financial statements prior to the independent audit; review audited financial statements and any reporting issues with staff and independent auditors, and present the audited report for acceptance to the Board of Directors.
- Review Form 990 present to the Board of Directors for approval before submitting to IRS.
- Annual review of the Charter to assess its adequacy and submit changes to the Board of Directors for approval.

### **Meeting Schedule and Annual Calendar**

The Committee shall meet as often as deemed necessary, but no less than:

- Once per quarter to review financial statements
- Prior to start of annual audit with staff and independent auditors for an audit pre-planning meeting
- In September/October with staff and independent auditors to review the draft, then final audited financial statements and any reporting issues
- Once annually to evaluate risk, internal controls and effectiveness of policies and procedures

Approved July 22, 2009  
Reaffirmed July 21, 2010  
Revised April 25, 2012  
Reaffirmed July 18, 2012  
Reaffirmed July 17, 2013  
Reaffirmed July 16, 2014  
Reaffirmed July 15, 2015  
Reaffirmed September 16, 2016