

Conroe Independent School District

Audit Committee of the Board of Trustees Charter

Purpose

The Audit Committee (Committee) is a special committee created by the Board of Trustees (Board) pursuant to Board Policy BDB (Legal) and (Local), “Board Internal Organization”. The Committee will function consistent with this Policy and meet in compliance with the Texas Open Meetings Act. The Committee will perform an oversight and advisory role for the Board including a review and appraisal of the overall audit resources available and the objectives, scope and audit results of both the external and internal auditors.

Membership

The Committee will consist of three Board members, and as stated in the above local policy, the Board President and the Superintendent of Schools will be ex officio members of this committee. Each member of the Committee should be a member of the Board in good standing with general knowledge of financial, management and auditing matters.

Committee members will serve two-year terms, with new members appointed by the Board of Trustees as a whole. A member may be appointed to successive terms in order to promote continuity within the Committee. The Committee members will select the Chair of the Audit Committee on an annual basis.

Duties of the Chairman of the Audit Committee shall be to: call meetings of the Committee at appropriate times, preside at Committee meetings, report Committee recommendations to the Board and, along with the Superintendent, evaluate the performance of the Internal Auditor.

Meetings

The Committee will meet at least three times each year, or more often as needed. The Committee may ask members of management or others to attend the meetings and provide pertinent information as necessary. Reports of the Committee meetings should be made to the Board when appropriate at its next regularly scheduled meeting and Committee minutes should be included in the Board packets.

Duties

With respect to performing its oversight and advisory role, the Committee will:

- Annually review this charter and recommend proposed changes to the Board;
- Annually review district policies and procedures and methods used to ensure compliance;
- Review the audit scope and plans of internal and external auditors to ensure coordination of audit efforts, completeness of coverage, reduction of redundant efforts and the effective use of audit resources;

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- Annually review the District's Code of Ethics and Ethics policies to ensure they are adequate and up-to-date;
- Review the procedures for handling complaints against the District or district employees of misconduct or dishonesty regarding accounting, internal controls or auditing matters and examine the status and resolution of complaints that have been received, and;
- Annually review the effectiveness of this committee and recommend proposed changes to the Board as needed.

The Committee, in cooperation with the District's Chief Financial Officer (CFO), will advise the Board with regard to hiring an external audit firm. The external audit firm will report directly to the Board. With respect to the external audit firm, the Committee will:

- Meet with the external auditors and the CFO prior to the audit to review the planning of the audit, including audit scope;
- Review with staff and the external auditors the effect of any new regulatory or accounting initiatives on the District's financial statements;
- At least annually, inquire of management, the internal auditor and the external auditors about significant risks or exposures facing the district, assess the steps management has taken, or proposes to take, to minimize such risks and periodically review compliance with those steps;
- Advise the Board as to the fee proposal from the external auditors and the related engagement letter proposal and make recommendations to the Board as to :
 - changes in the engagement letter,
 - the fee proposal,
 - suggestions about the continued use of the current external auditors, the audit partner or the rotation to new auditors,
 - the proposed general representation letter;
- At least annually, obtain and review a report by the external auditors describing:
 - the external auditors' internal quality control procedures,
 - any material issue raised by the most recent internal quality control peer review,
 - a detail of all fees and related work paid by the District to the external auditors for the year,
 - all relationships between the external auditors and the District;
- Review the statutory requirements regarding the audit, which includes, but is not limited to, a review of Section 44.008 of the Texas Education Code to ensure that the District has met the requirements of an annual audit and report;
- Discuss with the external auditors any problems or difficulties encountered in the course of the audit;
- Review and discuss with staff and the external auditors the annual audited financial statements, as well as disclosures made in the "Management Discussion and Analysis";
- Make recommendations to the Board for improvements in internal controls as found in the auditors' management letter comments in a timely manner after receiving the external audit report, and advise the Board regarding the implementation of those recommendations;
- Review the external auditors' annual management letter together with the District's response (which should be received simultaneously), and;

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- Advise the Board as to the external audit firm's performance, taking into account the opinions of staff and the District's Internal Auditor.

Upon recommendation of the Superintendent, the Board will hire an Internal Auditor who will report administratively to the Superintendent and functionally to the Board. With respect to the Internal Auditor, the Committee will:

- Advise the Superintendent and the Board as to the Internal Auditor's priorities and job description;
- Review and concur in the appointment, replacement, reassignment or dismissal of the Internal Auditor;
- Review and approve the Internal Audit annual audit plan;
- Review the district's compliance with legal and regulatory matters that may have a material effect on the financial statements;
- Review the adequacy of the District's internal controls including computerized information system controls and security, as well as significant control weaknesses and recommendations from prior audits;
- Meet at least three times each year with the Internal Auditor and review:
 - final internal audit reports,
 - management's responses, strategies and timelines for action on the audit recommendations,
 - difficulties the Internal Auditor encountered while conducting audits including restrictions on the scope of the work;
- At least annually, review with the Internal Auditor:
 - Internal Audit department budget and staffing,
 - Internal Audit department charter,
 - Internal Audit department's compliance with the Institute of Internal Auditors' (IIA's) Standards for the Professional Practice of Internal Auditing (Standards), and;
- Annually review the performance of the Internal Auditor and the effectiveness of the internal audit function.

Adopted by the Board of Trustees on December 7, 2004
Revision adopted by the Board of Trustees on September 18, 2012