

## **PSEA AUDIT COMMITTEE CHARGE AND SOP**

**Scope:** The PSEA Audit Committee is a special committee that acts as liaison between the auditor and the PSEA Board of Directors (Board). The committee is also responsible for procedures relating to whistle-blowing under Sarbanes-Oxley as specified in the Policy and Procedures Manual.

Committee members must maintain confidentiality of information obtained during their service except within the committee and the Board.

**Term:** The committee's work commences on July 1 with installation of the new PSEA officers and directors and ends on June 30 of each year. Work related to the audit, income tax and Form 990 filing occurs in the fall and winter months.

**Members:** Chairperson and no less than 2 members

### **Charges & Responsibilities:**

- Facilitate the examination of the books and records of the PSEA to determine any irregularities. If an audit is required, the committee selects an auditor to conduct the PSEA annual audit; reviews the management representation letter and audit prepared by the outside CPA firm for PSEA; and reports the results to the Board. Review strategies to address any materially deficient conditions recognized by the audit firm.
- Ensure the Form 990 and other pertinent tax filings are reviewed by the Board before timely filing.
- In accordance with Sarbanes-Oxley Act, maintain procedures regarding the receipt, retention and treatment of complaints regarding PSEA's accounting, internal controls and auditing. Appropriate complaints, as determined by the President, will be forwarded to the Audit Committee for consideration and action.
- Report all proposed committee recommendations to the PSEA Board for approval prior to implementation.
- Collaborate with any PSEA committees as appropriate to fulfill these charges.
- Refer to the Audit Committee SOP for more information on the process.

## **PSEA AUDIT COMMITTEE SOP**

### **Composition of the Audit Committee**

The Audit Committee members are appointed by the President and include the Treasurer who acts as an ex officio member. Members should be experienced in auditing, nonprofit accounting and internal controls. Generally, two of the members are also members of the Board. Due to the importance of this work, at least one committee member is usually carried over from the previous year to maintain continuity.

The PSEA Board of Directors (Board) continually seeks to identify members with strong leadership abilities. Participation in this committee is an excellent opportunity for the chair and PSEA members of the Board to evaluate members who demonstrate the requisite skills necessary to serve PSEA in the future in this or another capacity. Please keep this in mind and if a committee member exhibits extraordinary skills, please discuss with the PSEA President.

### **Duties of the Audit Committee**

The Committee has oversight of the annual examination of the books and records. If an audit is required, the Committee has oversight of the audit performed by the outside Certified Public Accountant (CPA) firm. The Committee also has oversight of the association's income tax and Form 990 reporting. The Committee also is responsible for procedures relating to whistleblowing as mandated under Sarbanes-Oxley.

Under Sarbanes-Oxley Act, the Committee maintains procedures related to questions about accounting, internal controls, auditing matters or violations of a nature that would adversely impact PSEA's corporate status or governance guidelines as discussed in the PSEA, *Policy and Procedures, Part V – Finance*, sections 5.9 – 5.10.

### **Timeline**

The committee's work commences at the start of the new PSEA governance year on July 1. This marks the effective start of the committee's charge, which generally ends when the next committee's charge is effective, approximately one year later.

Shortly after the start of the fiscal year, the committee should convene to discuss its overall charge and specific strategies to achieve its initiatives. Priority is generally given to unfinished projects from the previous year, but that may change depending upon PSEA's financial environment and the President's specific charge.

The chair will schedule committee meetings as needed to accomplish its objectives for the fiscal year. The meeting schedule for the committee's work should allow the committee to meet its specific charges in a timely fashion and also be sensitive to the needs of its members. The chair should confirm that the meeting schedule is agreeable to the committee members and will

modify it as appropriate. The committee should remain cognizant of any Board plans and intentions in its work. The chair will provide all members of the committee with a schedule of committee meetings and distribute agendas for each meeting.

The committee's work related to whistle-blowing as described in Part V of the Policy and Procedures Manual commences at the beginning of the governance year on July 1. The committee's charge is effective and extends until the next Committee's charge is effective.

The committee's work related to the examination or audit and Form 990 commences at the beginning of the governance year on July 1. The work culminates with presentation of the examination or audit to the Board, and with filing of the Form 990.

The chair or a committee member may prepare a draft report of its recommendations for proposed action. Generally, the completed committee report will be distributed to the full committee for comments / revisions before distribution to the Board. The final committee report is then submitted to the Board for approval.

Upon completion, the committee will present the report of the examination or audit, if required, to the Board. When Form 990 filing is complete, it will also be presented to the Board for approval in sufficient time to allow for it to be timely filed.

An invitation to the chair is extended when the chair's presence at the Board meeting is required by the President. If the President requests the chair attend a meeting, his / her travel expenses will be reimbursed according to the established reimbursement policies found within the PSEA Policy and Procedures Manual.