

Audit Committee Charter

San Antonio Independent School District

The Audit Committee Charter defines the important role the Audit Committee plays in assisting the Board to fulfill its oversight responsibilities with integrity and reliability. The committee provides the Board with advice and guidance regarding the adequacy and effectiveness of management's practices and potential improvements to those practices.

Purpose: The purpose of the Audit Committee is to:

- Assist the Board in fulfilling its oversight responsibilities for the District's:
 - Financial reporting processes
 - System of internal controls
 - Internal and external audit processes
 - Risk management programs
 - Activities for monitoring compliance with laws, regulations, and the District's code of ethics
- Provide added protection to the Board in discharging its responsibility for the overall stewardship of District affairs.
- Provide public support for the District's audit programs and assurances that the levels of audit coverage is both reasonable and appropriate to protect the District from undue risks.
- Assist in obtaining effective corrective action and implementation of recommendations based on audit findings from external and internal auditors.
- Provide the Board and the public with additional assurances that the systems of internal controls are functioning as intended.

Authority: The Audit Committee is empowered by the Board of Trustees to:

- Accept internal audit reports presented to the committee and at its discretion bring matters to the Board for review and possible action.
- Recommend audits or investigations into any matters in accordance with Board policy and within its scope of responsibility, as outlined in the Internal Audit Charter and annual audit plan, and to review the results of same.
- Recommend to the Board approval of any external audits and non-audit services.
- Review and recommend for approval to the Board the Internal Audit Charter, audit function's strategic plan, audit plan, performance objectives and quality assessments.
- Recommend to the Board proposed resolution of any disagreements between management and the Chief Internal Auditor.
- Recommend to the Board the retention of third-party firms to advise the committee or assist in the conduct of an audit or investigation.
- Meet with the Board, Superintendent and/or his designee, the Chief Internal Auditor, external auditors, and Board's Legal Counsel, as necessary.
- Set the annual budget and resource plan for the Internal Audit Department and recommend to the Board the inclusion of the annual budget in the district's fiscal year budget adopted annually by the Board of Trustees. Due to the department's reporting structure, the committee at its discretion may or may not consider any budget constraints proposed by the Superintendent when setting the department's budget.

- Recommend to the Board, as necessary, the appointment of community members to the Audit Committee.

The Board of Trustees shall have the sole authority to employ, evaluate, terminate, and determine the compensation and working conditions for the District's Chief Internal Auditor, as a body corporate and as delegated herein to the Audit Committee.

Composition: The Audit Committee will consist of:

- Three (3) Board members appointed by the Board President for a 2-year term.
 - The Board President will designate the Chair of the Audit Committee.
 - The term of service may be extended but no member shall serve more than three (3) consecutive terms.
 - The terms shall be staggered to minimize the impact of member turnover on the committee.
 - The members shall be both independent and financially literate.
- Not more than three (3) community members as appointed by the Board.
 - Members of the Board of Trustees will invite individuals from the community to serve. Trustees are not limited as to the number of community nominees invited.
 - Each nominee shall complete an application providing information about professional background, community involvement, and the nature of any current or past relationship(s) with SAISD.
 - Community nominees must disclose any conflicts of interest as part of the application process.
 - Trustee committee members will review all applications and recommend prospective community committee members to the Board of Trustees that meet the prerequisite conditions set forth in this section.
 - Community members should have collective expertise in financial, accounting, auditing, management, and regulatory matters.
 - At least one community member must be a Certified Public Accountant or Certified Internal Auditor.
 - Community members will abide by the District's Ethics Policy.
 - Community members will serve for 2-year staggered terms.
 - A community member's term may be extended but no member shall serve more than three (3) consecutive terms.

The Superintendent or their designee and the Chief Internal Auditor are ex-officio (non-voting) members of the committee.

Meetings: The Audit Committee will:

- Meet at least four times during a fiscal year and will convene additional meetings, as necessary.
- Will attend all meetings in person or via video conference in accordance with state law.
- May not miss more than 2 consecutive meetings without good cause.

- May invite members of management, auditors or others to attend meetings and provide pertinent information, as necessary.

Meeting Protocols: The Committee will conduct meetings as follows:

- For the committee to conduct business, a quorum of the Board of Trustee members (2) must be present either in person or virtually.
- If a quorum of the committee is present and a vote is taken, then the majority of the voting members in attendance will determine the outcome.
- Meetings shall be posted and are open to the public.
- Trustee committee members may convene in closed session during committee meetings.
- The Chairperson will establish the agenda in consultation with the Audit Committee members, Chief Internal Auditor and senior management.
- Meeting agendas will be provided in advance to members along with briefing materials.
- Minutes will be prepared and submitted to the Audit Committee for review and approval at the next committee meeting. The minutes will be available to the Board of Trustees upon request.
- New committee members will be provided with an orientation session coordinated by the Chief Internal Auditor.

Limitations of the Audit Committee's role: The Audit Committee relies on information, provided by management and the District's internal and external auditors, based on their expertise and knowledge of the Board's fiduciary duty in performance of its oversight responsibilities.

SAISD's management is responsible for the completeness and accuracy of all information, including financial statements* consistent with appropriate accounting principles, provided to the Audit Committee, Chief Internal Auditor, and External Auditor. Management is also responsible for establishing and implementing acceptable internal controls.

External auditors are responsible for auditing the District's financial statements and conducting reviews of the effectiveness of internal controls regarding financial reporting.

*Financial statements may include but are not limited to Statements of Net Position, Statement of Activities, Statement of Cash Flows and other reports presented on the Comprehensive Annual Financial Report.

Responsibilities: The Audit Committee will carry out the following responsibilities:

Financial Reporting

- Review significant accounting and reporting issues, including complex or unusual transactions in highly judgmental areas and recent professional and regulatory pronouncements and understand their impact on the financial statements.
- Review with management, external auditors, and the chief internal auditor the results of the audit, including any difficulties encountered.
- Review the annual financial statements, audit reports and any related management letters, including but not limited to, the comprehensive annual financial report and the single audit report for completeness, accuracy and consistency with information provided to the Audit Committee.

- Review with management, external auditors, and the chief internal auditor all matters required to be communicated to the committee under Generally Accepted Auditing Standards.
- Understand the strategies, assumptions and estimates that management has made in preparing financial statements, budgets, and investment plans.
- Understand how management develops interim financial information, and the nature and extent of internal and external auditor involvement.
- Review interim financial reports with management and external auditors before filing with regulators and consider whether they are complete and consistent with the information known to the committee members.

System of Internal Control

- Consider the effectiveness of the District's internal control systems, including information technology security and control.
- Review the scope of internal and external auditors' review of internal controls and obtain reports on significant findings and recommendations together with management's responses.
- Receive reports on all matters of significance arising from work performed by others who provide financial and internal control assurance to management and the Board of Trustees.
- Review and make recommendations to the Board on matters affecting the adequacy of internal controls, accounting procedures, technology systems and financial reporting in accordance with laws and regulations.

Compliance

- Review the effectiveness of the system for monitoring compliance with laws regulations and Board policies and procedures.
- Review findings by state and federal agencies, and any auditor observations to determine the school district's action on recommendations.
- Review the process for communicating the district's code of ethics to personnel, and for monitoring compliance therewith.
- Obtain regular updates from management and the district's legal counsel regarding compliance matters.

Internal Audit

- Review the internal audit charter at least annually, and if necessary, recommend any changes to the Board
- Review and discuss periodic risk assessments and make recommendations to the Board concerning the annual audit plan and all major changes to the plan.
- Ensure the internal auditors have unrestricted access to school district personnel, records, data, facilities, and vendors.
- Safeguard against any possible restrictions or limitations placed on the scope of internal audits and investigations.
- Review at least annually, with the CIA, the internal audit budget, resource plan, staff expertise, and staffing levels of the function. Recommend the budget for inclusion in the district's annual operating budget approved by the Board.
- Accept internal audit reports presented to the committee and at its discretion bring matters to the board for review and possible action.

- Receive other communications deemed necessary by the Chief Internal Auditor and make recommendations to the Board as needed.
- Monitor the implementation of audit recommendations, corrective action plans by management and follow-up audits to ensure corrective action is taken.
- Review the procedures for monitoring the District Hotline and any actions taken as a result of any allegations made.
- Ensure that the internal audit activity has a quality assurance and improvement program and that the results of periodic assessments are presented to the committee. The CIA will conduct a self-assessment of the audit function at least every other year.
- Review the results of the independent external quality assurance review and monitor the implementation of the action plans to address any recommendations.
- Review and recommend to the Board the appointment, replacement, or dismissal of the Chief Internal Auditor.
- Ensure the annual evaluation of the Chief Internal Auditor is performed in accordance with the *Guide for Evaluating the Chief Internal Auditor* as approved by the Board.
- Review the effectiveness of the internal audit function, including compliance with The Institute of Internal Auditors' International Professional Practices Framework which includes the Global Internal Audit Standards (Standards) and Topical Requirements.
- Meet with the Board to discuss any matters the Audit Committee or chief internal auditor request to be discussed subject to requirements of the Texas Open Meeting Act.

External Audit

- Review external auditor's proposed audit scope and approach, including, where appropriate, coordination of audit procedures with the Internal Audit Department.
- Review the performance of the external auditors and provide feedback to the Board.
- Review and confirm the independence of external auditors by requiring written statements from auditors regarding any relationship between external auditors and the San Antonio Independence School District, including non-audit services. The Audit Committee will discuss any relationships with external auditors.
- Monitor management's progress on correction action plans related to audit findings.

Risk Management

- Annually review SAISD risk profile.
- Provide oversight on significant risk exposures and control issues, including fraud risk, governance issues and other matters needed.
- Review and provide advice on the risk management and procedures in place to ensure they are operating as intended.

Other responsibilities

- The Chair, after each committee meeting, may report Audit Committee meeting highlights and recommendations at board meetings.
- Submit at least annually a report to the Board of Trustees summarizing the Audit Committee's activities, issues, and recommendations.
- Perform other activities related to this charter as requested by the board of directors.

- Review and assess the adequacy of the committee charter annually, requesting board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.