

Audit Committee Roles & Responsibilities

The Community Foundation for the Twin Tiers (CFTT) raises funds from individuals, families, not-for-profit organizations and businesses through gifts of cash or appreciated assets, bequests through a will, designation of retirement assets, insurance policies to trusts, Charitable Remainder Trusts, charitable gift annuities or deferred pledge agreements and has established an active and functioning audit committee to provide accountability and help instill public confidence in the organization.

The Audit Committee will review the financial reporting process, the system of internal control, the financial review process, and the CFTT's process for monitoring compliance with laws and regulations and with the Conflict of Interest Policy, which addresses ethical conduct. In performing its duties, the Committee will maintain effective working relationships with management and the external auditors. To effectively perform his or her role, each Committee member will obtain an understanding of the detailed responsibilities of the CFTT's business, operations and risks.

Committee Organization

- The Committee will be composed of three to five independent members who are not Board members.
- The Committee will meet at least two times per year. Additional meetings may be convened at the request of the Committee Chair or by a majority of the Committee members.
- The Committee Chair will direct the meetings, prioritize topics, and determine that all important topics are addressed. The Committee Chair will prepare the meeting agendas and provide these to Committee members in advance of the meetings.
- Minutes of Committee meetings will be prepared and approved by the Committee prior to being presented to the full Board.

The Audit Committee will perform the following to fulfill its oversight responsibilities:

Internal Control

- Review the adequacy of the Foundation's internal control structure.
- Gain an understanding from auditors and management as to whether internal control recommendations identified by external auditors have been implemented by management if appropriate.
- Ask that the external auditors keep the Committee informed about fraud, illegal acts, deficiencies in internal control, and certain other matters.

Financial Reporting

- Inquire of external auditors as to significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- Ask management and the external auditors about significant risks and exposures and the plans to minimize such risks.
- Meet with the external auditor to review the annual financial statements and the results of the financial review.
- Consider the disposition of proposed audit adjustments identified by the external auditors.
- Focus on judgmental areas such as those involving valuations of assets and liabilities and commitments and contingencies.

Compliance with Laws & Regulations

- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up on fraudulent acts or accounting irregularities.
- Be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements.
- Review the findings of any examinations by regulatory agencies.

Compliance with Policies & Procedures

- Monitor compliance with the Foundation's Conflict of Interest Policy.
- Review the policies and procedures in effect for the review of executive compensation and benefits.

External Audit

- Recommend the appointment (or reappointment) of the external auditor.
- Approve estimated annual financial review and tax service fees.
- Review the scope and approach of the financial review proposed by the external auditor.
- Review the overall performance of the external auditor.

Other Responsibilities

- Meet with the external auditors and/or management in separate executive sessions to discuss any matters that the Committee or these groups believe should be discussed privately.
- Review, with the Foundation's counsel, any legal matters that could have a significant impact on the Foundation's financial statements.
- If applicable, review the activities, organizational structure and qualifications of the internal audit function.
- Perform other oversight functions as requested by the full board.