

## **Audit Committee**

### **Purpose**

Per the ARL Bylaws Article VI, Section 3, the Audit Committee oversees matters related to the Association's annual financial audit.

### **Charge**

The Audit Committee is a Board Committee tasked with the oversight of the annual financial audit process and the timely filing of all compliance reports. The Committee functions as the ombuds for the confidentially and anonymously submitted concerns of ARL staff regarding the association's accounting, compliance, and/or auditing matters.

### **Membership**

- The Committee is composed of three board members. Members of the Committee shall not include the Board President or Treasurer.
- The Executive Committee appoints the chair.
- The Executive Director may serve as staff lead or delegate as appropriate.

### **Terms**

A Board member of the Committee serves a three-year term unless elected as an officer of the association.

### **Meetings**

The Committee meets as needed to conduct the work of its charge but not less than twice annually.

### **Areas of Responsibility**

- Recommends to the Board the retention and termination of the Association's independent, external auditor.
- Functions as the ombud for ARL staff concerns regarding the Association's accounting, compliance, and/or auditing matters. In this capacity, the Audit Committee will receive,

investigate, and respond to such reports as well as establish written procedures outlining how these processes will be carried out. Such procedures should allow for reports to be submitted confidentially or anonymously.

- Provides oversight of the annual financial audit process, which includes such duties as the negotiation of the annual auditor engagement agreement, determination of the audit's scope, and determination of a desired audit schedule. Day to day management of the audit process (e.g. responding to auditor information requests, ensuring that the process stays on schedule, etc.) remains exclusively the duty of ARL staff.
- Reviews and recommends to the Board whether to accept the management letter and audited financial statements prepared and submitted by the independent auditor.
- Via consultation with the independent auditor, stays abreast of changes in regulations and Generally Accepted Accounting Principles (GAAP) that may have a significant impact on the Association's financial statements and accounting practices, and ensures ARL's compliance with these changes.
- Ensures the timely completion of all required municipal and federal compliance reporting, such as IRS Form 990.

## **Decision-Making**

- The Committee makes recommendations to the Executive Committee and Board of Directors.
- The actions of the Committee are subject to subsequent ratification by the Board of Directors.

## **Code of Conduct**

The committee adheres to the ARL Code of Conduct in all of its deliberations and activities.

Approved by the Board of Directors December 20, 2019

Approved by the Board of Directors July 21, 2021

Approved by the Board of Directors, February 23, 2022