

ALAMO COLLEGES DISTRICT AUDIT COMMITTEE CHARTER

Effective: January 26, 2021

This **Charter** applies when the Alamo Colleges Board of Trustees, acting as a Committee of the Whole, functions as the Alamo Colleges Audit Committee (“Audit Committee”).

PURPOSE

To assist the board of directors in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the audit process, and the company's process for monitoring compliance with laws and regulations and the code of conduct.

AUTHORITY

The Audit Committee, acting through its Topic Chairperson, has authority to conduct or authorize investigations into any matters within its scope of responsibility. It is empowered to:

- Appoint, compensate, and oversee the work of any registered public accounting firm employed by the organization.
- Resolve any disagreements between management and the auditor regarding financial reporting.
- Pre-approve all auditing and non-audit services performed by the external auditor.
- Retain independent counsel, accountants, or others to advise the committee or assist in the conduct of an investigation
- Retain independent counsel or other advisors as deemed necessary to carry out the Board’s audit duties.
- Seek any information it requires from employees - all of whom are directed to cooperate with the committee’s requests - or external parties.
- Meet with District Management and Staff, external auditors, or outside counsel, as necessary.

COMPOSITION

The composition of Audit Committee will be determined from time to time by the Board of Trustees. At present, the Alamo Colleges Board of Trustees, acting as a Committee of the Whole, functions as the Audit Committee The Board’s Chairperson will appoint Audit Committee Chairs and Vice-Chairs.

MEETINGS

The Committee will meet at least four times a year, with authority to convene additional meetings, as circumstances require. Committee members are expected to attend each meeting. The Committee will invite the Chancellor and District Management, Board members, auditors, and other appropriate parties to attend meetings and provide pertinent information, as necessary. In compliance with the Texas Open Meetings Act, it will hold executive sessions with auditors as deemed appropriate. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared.

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RESPONSIBILITIES

The Committee will carry out the following responsibilities:

Financial Statements

- Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand the pronouncements' impact on the financial statements.
- Review with the administration and the external auditors the results of the annual financial audit, including any difficulties encountered.
- Review the annual financial statements and consider whether they are complete, consistent with information known to Committee Members, and reflect the application of appropriate accounting principles.
- Review other sections of the annual report and related regulatory filings before release and consider the accuracy and completeness of the information.
- Review with the administration and the external auditors all matters required to be communicated to the Committee under generally accepted accounting and auditing standards.
- Understand how management develops interim financial information, and the nature and extent of external auditor involvement.
- Review interim financial reports with District Management and the auditors, and consider whether the proposed reports are complete and consistent with the information known to Committee Members.

Internal Control

- Consider the effectiveness of the District's internal control systems, including information technology security and controls.
- Consider the scope of internal and external auditors' review of internal controls over financial reporting, and obtain reports on significant findings and recommendations, together with the Chancellor's and District Management's responses.

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Internal Audit

- Approve the Internal Audit Department's charter.
- Approve the risk-based internal audit plan.
- Approve the Internal Audit Department's budget and resource plan.
- Receive communications from the Chief Audit Executive on the Internal Audit Department's performance relative to its plan and other matters.
- Approve decisions regarding the appointment and removal of the Chief Audit Executive.
- At least once per year, review the performance of the Chief Audit Executive.
- Approve the remuneration of the Chief Audit Executive.
- Review the effectiveness of the Internal Audit Department.
- Make appropriate inquiries of management and the Chief Audit Executive to determine whether there are inappropriate scope or resource limitations.

External Audit

- Review the external auditors' proposed audit scope and approach, and coordinate external audit efforts with the Vice Chancellor for Finance and Administration.
- Review the performance of the external auditors and recommend to the Board the appointment or discharge of the auditors.
- Review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the District, including non-audit services, and discussing the relationships with the auditors.
- In compliance with Texas Open Meetings Act meet on a regular basis separately with the external auditors to discuss any matters that the Committee believes can and should be discussed privately.

Compliance

- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of the Chancellor's and District Management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.
- Review the findings of any examinations by regulatory agencies and any auditors' observations.
- Review the process for communicating the code of conduct to Alamo Colleges' personnel and for monitoring compliance therewith.
- Obtain regular updates from the Chancellor, the District Ethics and Compliance Officer, and the District Office of Legal Services regarding compliance matters.

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Reporting Responsibilities

- As appropriate, the Committee will review and report to the Board of Trustees about its activities, issues, and related recommendations.
- As appropriate, provide an open avenue of communication among internal audit, the external auditors, and the Board of Trustees.
- Review any other reports the District issues that relate to Committee responsibilities, including all outside consultant reports.

Other Responsibilities

- Perform other activities related to this **Charter** as requested by the Board of Trustees.
- Institute and oversee special investigations as needed.
- 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.
- Confirm annually that all responsibilities outlined in this charter have been carried out.



Alamo Colleges District
Mr. Roberto Zárate
Topic Chairman, Audit, Budget and Finance
Committee of the Whole

January 26, 2021

Date



Alamo Colleges District
Mr. Marcelo Casillas
Board of Trustees Chair

January 26, 2021

Date



ALAMO
COLLEGES
DISTRICT