

DES MOINES PUBLIC SCHOOLS

AUDIT COMMITTEE CHARTER

PURPOSE

To assist the Board of Directors (Board) in fulfilling its oversight responsibilities for the financial reporting process, the system of internal controls, the audit process and the Des Moines Independent Community School District's (District) process for monitoring compliance with applicable laws and regulations. The committee provides direct advice and assistance to the Board. The committee offers an independent perspective and review of financial decision making, reporting and control. A formal internal audit process enhances public confidence in and support for the District.

AUTHORITY

The audit committee is established by and operates under the authority of the Des Moines Public Schools Board Policy SERIES 200 - CODE 217 and Board Governance Policy 1.10b. This Charter is meant to be used as a guide to the committee in carrying out its duties.

The audit committee has the authority to conduct or authorize investigation into any matters within its scope of responsibility. It is empowered to:

- Oversee the work of the District internal audit activities and any registered public accounting firm employed by the District.
- Resolve any disagreements between management and the auditor regarding financial reporting.
- Retain independent counsel, accountants, or others to advise the committee or assist in the conduct of an investigation.
- 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, external auditors, or outside counsel, as necessary.

COMPOSITION

There shall be a committee of the Board to be known as the audit committee. The committee is organized as a permanent citizen's committee comprised of up to five members. The members will be appointed by the Board, and will be judged to be independent of the management of the District and are free of any relationship that, in the opinion of the Board, would interfere with their exercise of independent judgment as a committee member. Additionally, members of the committee shall reside or have

employment within the boundaries of the District or have children that attend District's schools. The voting members shall be comprised as follows:

- One member who is a Certified Public Accountant (CPA) in good standing with the Iowa Accountancy Examining Board, preferably a member of the Iowa Society of CPA's.
- One member who is a member of the Institute of Internal Auditors.
- One member who is a representative of the business community.
- Two members who are at-large members of the community.

The members shall serve three-year terms. New appointments and the appointment of a chairperson shall be approved by the Board between October and December with terms beginning in January, or as necessary.

An appointee of the Board of Directors will attend committee meetings as an ex-officio non-voting member.

MEETINGS

The committee will meet at least four times a year, with authority to convene additional meetings, as circumstances require. All committee members are expected to attend each meeting, in person or via tele-conference. The committee will invite members of management, auditors or others to attend the meeting and provide pertinent information, as necessary. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared [and distributed to the Board to ensure transparency](#). The committee shall comply with the open meetings and public records laws.

RESPONSIBILITIES

In carrying out its responsibilities, the audit committee believes its policies and procedures should remain flexible, in order to best react to changing conditions and to ensure to the Board that the District accounting and reporting practices of the District are in accordance with all requirements and are of the highest quality.

The audit committee will carry out the following responsibilities:

Financial Statements

- Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, recent professional and regulatory pronouncements, and understand their impact on the financial statements.

- Review the annual financial statements and other section, and consider whether they are accurate and complete, consistent with information known to committee members, and reflect appropriate accounting principles.
- Review with management and the external auditors the result of the audit, including any difficulties encountered.
- Review with management and the external auditor all matters required to be communicated to the committee under generally accepted auditing standards.
- Review any legal and compliance matters that may have a material impact on the financial statements.

Internal Controls and Risk Management

- Consider the effectiveness of the District's internal control system, including information technology security and control.
- Understand the scope of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.
- Review with management, internal audit, and the external auditor the District's risk management and mitigation process.

Internal Audit

- Exercise functional oversight of the Internal Audit department to ensure independence. This includes the final authority regarding the appointment, removal, and annual performance review of the Internal Auditor. ~~Consult with management decisions regarding the appointment and removal of the internal auditor position. Ensure there are no unjustified restrictions or limitations in the appointment, replacement, or dismissal of the internal auditor.~~
- Review and approve the risk-based annual audit plan, ensuring it addresses the District's highest priority risks. ~~Approve the annual audit plan and all major changes to the plan. Review the internal audit activity's performance relative to its plan.~~
- Review with the internal auditor the internal audit budget, resource plan, activities, and organizational structure of the internal audit function.
- Approve the internal audit charter.
- Review the effectiveness of the internal audit function, including conformance with the mandatory elements of the International Professional Practices Framework.
- ~~At least once per year, review the performance of the internal auditor.~~
- As needed, communicate with the internal auditor to discuss any matters that either party believes should be discussed privately.

External Audit

- Review with management, the performance of the external auditors, and concur with the recommendations for appointment or dismissal of the external auditor prior to the submission to the Board.
- Review the external auditors' proposed audit scope and approach, including coordination of audit effort with internal audit.
- 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 discuss the relationships with the auditors.
- As needed, communicate with the external auditor to discuss any matters that either party believes should be discussed privately.
- [Review and ensure rotation of the lead audit partner of the external accounting firm.](#)

Compliance

- Review the findings of any examinations by regulatory agencies, and any auditor observations.
- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up of any instances of noncompliance.
- Obtain regular updates from management regarding material compliance matters. As needed, communicate with the District's legal counsel any matters that either parties believe should be discussed privately.

Reporting Responsibilities

- Provide an open avenue of communication between the Board, the external auditor, the internal auditor, and management.
- Obtain regular verification from management that report filings including the independent auditor's report and accompanying financial statements, Certified Annual Report (CAR), and Certified Annual Budget are made timely and as required by regulatory agencies.
- Regularly report to the Board about committee activities, issues, and related recommendations as the committee may deem appropriate.
- Review any other reports the District issues that relate to the committee responsibilities.

Other Responsibilities

- Review and assess the adequacy of the committee charter annually, and request Board approval for proposed changes.
- Confirm annually that all responsibilities outlined in this charter have been carried out.
- Institute and oversee special investigations into any matters within the committee's scope of responsibilities.
- Perform such other activities related to this charter as requested the Board.
- Evaluate the committee's performance on a regular basis.

Confidentiality

Audit Committee members shall maintain the confidentiality of all non-public, sensitive, or privileged information obtained in the course of their service. Such information may include audit plans, draft reports, internal control matters, allegations of fraud or misconduct, personnel or student information, and legal communications.

Members shall use confidential information solely for the purpose of fulfilling Audit Committee responsibilities and shall not disclose such information except as authorized by the Board of Education or required by law. Committee members shall take reasonable steps to safeguard confidential materials and comply with all applicable laws, regulations, and district policies related to confidentiality.

The obligation to maintain confidentiality continues after a member's service on the Audit Committee concludes. Failure to comply with this requirement may result in removal from the Committee or other action as permitted by law or Board policy.