

Tucson Unified School District No. 1 Governing Board Audit Committee

Charter

Mission

The Governing Board of Tucson Unified School District No. 1 (“the District”) has established an Audit Committee as an advisory panel to provide independent advice, assistance, and recommendations to the Governing Board in the oversight of the internal and external audit functions of the District.

Composition and Requisite Skills

The Audit Committee shall be comprised of no more than seven and no fewer than three members of the public, appointed by the Governing Board, in addition to the two ex-officio members described below. Each member’s term is for four years. The maximum number of consecutive years a voting member may serve is eight. All terms of office shall end in August of the final year of the member’s term regardless of when the appointment was made by the Governing Board. In the event of a vacancy on the Committee before the expiration of the vacating member’s term, the Governing Board shall appoint a person to serve for the remainder of the term of the vacant seat. That person may be reappointed at the end of the term at the discretion of the Governing Board.

Public members of the Audit Committee shall reside within the boundaries of the District and shall, through education or experience, possess the knowledge in accounting, auditing, financial reporting, and school district finances needed to understand and evaluate the District’s financial statements, external audit, and the District’s internal compliance and implementation activities.

The following shall serve as non-voting (ex-officio) members of the Committee:

- The District’s Chief Financial Officer; and
- A designated member of the Governing Board, who shall be appointed annually.

The Committee may select its own Chair by majority vote.

Duties and Responsibilities

The duties and responsibilities of the Audit Committee include the following:

A. External Audit

1. Provide advice to District staff and/or the Governing Board regarding the process for selection of the external auditor. Such advice may include review of the Request for Proposal for Auditing Services, and designation of one or more representatives to the selection committee for the procurement of auditing services.
2. Meet with the external auditor prior to commencement of the audit to, among other things, review the engagement letter.

3. Review and discuss with the external auditor any risk assessment of the District's fiscal operations developed as part of the auditor's responsibilities under governmental auditing standards for a financial statement audit and federal single audit standards, if applicable.
4. Receive and review the draft annual audit report and accompanying draft management letter, including the external auditor's assessment of the District's system of internal controls, and assist the Governing Board in interpreting such documents.
5. Make a recommendation to the Governing Board on accepting the annual audit report.
6. Review plans developed by the School District and assist the Governing Board monitoring the implementation of any corrective actions needed to address adverse audit findings.

B. Internal Compliance Focus

1. Assist in the oversight of internal compliance functions, including plans and processes to ensure that high risk areas and key control activities are periodically evaluated and tested.
2. Make recommendations to District staff and the Governing Board as to personnel and systems designed to enhance internal controls.

C. Administrative Matters

1. Hold regularly scheduled meetings
2. Review and revise the Audit Committee Charter, as necessary.

Membership Duties

Members may be removed from the Audit Committee at the discretion of the Governing Board for cause, including inadequate meeting attendance. The membership duties of the Audit Committee include the following:

A. Good Faith

Members of the Committee shall perform their duties in good faith, in a manner they reasonably believe to be in the best interests of the Committee and the District with such care as a generally prudent person in a similar position would use under similar circumstances.

B. Independence

An individual, other than those ex-officio members noted above, may not serve on the Audit Committee if he/she:

1. Is an employee or an independent contractor of Tucson Unified School District (TUSD);
2. Owns, or has a direct and material interest, or holds a leadership position in a company which provides substantial goods or services to TUSD;

3. Is an immediate family member or close family member of someone who is defined under Paragraph B(2) of the “Membership Duties” section of the Charter. An “immediate family member” is defined as a spouse, spouse equivalent or dependent, whether or not related. A “close family member” is defined as a parent, sibling or nondependent child.
4. Is an immediate family member or close family member (as defined above under Paragraph B(3) of the “Membership Duties” section of the Charter) of a person who serves in a leadership capacity within the District. For the purposes of this section, “leadership capacity” is defined as school principal or any District administrator who directs or manages a school or department, including directors and any member of the Superintendent’s leadership team. These are individuals who are generally individually appointed by the Governing Board.

C. Confidentiality

During the exercise of duties and responsibilities, the Committee members may have access to confidential information. The Committee shall have an obligation to the District to maintain the confidentiality of such information.

D. Conflict of Interest

Whenever a Committee member, with the exception of the ex-officio members, has a pecuniary or proprietary interest, either direct or indirect, other than a remote interest in any matter coming before the Audit Committee, the affected member shall:

1. Fully disclose the nature of the interest; and
2. Withdraw from any discussion or voting on the matter.

Any transaction or vote involving a potential conflict of interest shall be approved only when a majority of the disinterested Committee members determines that it is in the best interest of the District to do so. The Minutes of meetings at which such votes are taken shall record such disclosure, abstentions and rationale for approval.

Meetings and Notification

The Audit Committee shall meet a minimum of six times each year. An agenda of each meeting should be clearly determined in advance and the Audit Committee should receive supporting documents in advance for reasonable review and consideration. As an advisory committee to the Governing Board, the Audit Committee is subject to the requirements of the Arizona Open Meeting Law.

The Audit Committee may ask members of management or others to attend its meetings and provide pertinent information as necessary.

The Audit Committee shall give notice and prepare Minutes of each meeting. At a minimum, the Minutes will include the following:

- The meeting agenda
- Date, attendance and location of the meeting
- Except as otherwise provided by law in connection with executive sessions, summaries of the topics discussed, and all motions, proposals, resolutions and any other matter formally voted upon and the vote taken thereon, including recommendations agreed to by the Committee; and
- As appropriate, copies of materials discussed or presented at the meeting.

Decision-Making Process

All decisions shall be reached by vote of a simple majority of the members in attendance. A quorum constitutes a simple majority of the total membership eligible to vote. Meetings will not be conducted unless a quorum is present. Members who are physically absent from a meeting can participate through audio or video connections. Proxies cannot be granted.

Reporting Requirements

The Audit Committee has the duty and responsibility to report its activities to the Governing Board as needed, but not less than annually in June. Periodic written reports of Audit Committee activities are an important communication link between the Audit Committee and the Governing Board on key decisions and responsibilities. The Chair of the Audit Committee, or their designee, shall be required to report the activities of the Committee to the Governing Board. The Audit Committee shall:

- Report on the scope and breadth of Committee activities so that the Governing Board is kept informed of its work;
- Provide Minutes or a summary of Minutes of meetings which clearly record the actions and recommendations of the Committee;
- Report on their review of the District's annual audit report and accompanying management letter and their recommendations regarding significant findings;
- Report on suspected fraud, waste or abuse, or internal control findings and activities of the internal control function;
- Report on indications of material or significant non-compliance with laws or District policies and regulations.
- Report on any other matters that the Committee believes should be disclosed to the Governing Board to assist it in governance.

Review of the Charter

The Audit Committee shall assess and report to the Governing Board on the adequacy of this Charter as necessary. Charter modifications, as recommended by the Audit Committee, should be presented to the Governing Board in writing for review and action.

APPROVED BY THE GOVERNING BOARD, TUCSON UNIFIED SCHOOL DISTRICT, on February 9, 2016.