

CHARLESTON COUNTY SCHOOL DISTRICT AUDIT AND FINANCE COMMITTEE CHARTER

Purpose and Authority of the Committee

The Charleston County School District ("District") Audit and Finance Committee ("Committee") is established in accordance with District Policy BDE, Board Committees. The purpose of the Committee is to provide independent advice, assistance, and recommendations to the District's Board of Trustees ("Board") in the oversight of financial reporting, the system of internal control, internal and external audit functions, and the District's process for monitoring compliance with laws and regulations.

The Committee serves solely in an advisory capacity making recommendations to the Board on financial and audit related matters. The Committee's scope of responsibility will not include oversight of transactional matters (i.e., specific operating and capital expenditures, disposals of assets, etc.) requiring Board approval. This approach will allow the Committee more capacity to focus on the responsibilities outlined below.

Committee Membership

Members of the Committee are appointed by the Chairman of the Board and affirmed by a majority of the Board. The Committee shall be comprised of at least six (6) independent voting members, to include a minimum of two (2) Board members and an individual with information technology expertise. A Board member will be appointed the committee's chair by the Chairman of the Board. The vice chair will be elected by a majority vote from among the committee members and will assume the duties of the chair in his/her absence.

Board members serving on the Committee shall be appointed annually in November. The term of service for non-Board members is two (2) years. For continuity purposes, non-Board member terms should be staggered and overlapping if possible. A member's term may be extended beyond the two-year term if recommended by the Chairman of the Board and affirmed by a vote of the Board. Voting members serve at the pleasure of the Board and are expected to attend each meeting

The Committee members collectively should possess the knowledge in accounting, auditing, information technology, financial reporting and school district finances needed to understand and evaluate the District's financial statements, external and internal audit activities, and

compliance with laws and regulations. Accordingly, the Audit and Finance Committee's members, collectively, should:

- Possess the requisite knowledge necessary to understand technical and complex financial reporting issues;
- Be knowledgeable about internal controls, financial statement audits, and management/operational audits;
- Be knowledgeable of laws and regulations pertinent to the operations of the District;
- Have the ability to communicate with auditors, public finance officers, and the Board.

Committee Meetings

Meetings shall be held monthly, or as business and requirements of the Committee dictate. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared. The Committee shall meet or communicate separately with representatives of the external auditors at least annually, and periodically with members of management or others as the Committee determines appropriate. The Board may assemble the committee to consider matters as required.

The committee charter includes the attached exhibit of recurring agenda topics to ensure the Committee meets its obligations under this Charter.

The District will provide dedicated administrative support to this committee.

Duties and Responsibilities

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

- **Finance Focus:**
 - Recommend policies that maintain and improve the financial health and integrity of the organization (i.e., balance sheet strength, use of debt, fund balance targets, maintain and improve credit ratings, revenue generation from taxation, etc.);
 - Review and recommend a long range financial plan for the organization;

- Review and recommend an annual operation budget and annual capital budget consistent with the long-range financial plan and financial policies;
 - At the Board's request, review the financial aspects of major proposed transactions, new programs and services, as well as proposals to discontinue programs or services, and make action recommendations to the Board;
 - Monitor the financial performance of the organization as a whole against approved budgets, long-term trends and any District established benchmarks;
 - Require and monitor corrective actions to bring the organization into compliance with its budget and other financial targets;
 - Review the selection of and work product of independent financial advisers, bond counsel and managers, as needed;
 - Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- **External Audit Focus:**
 - Review the performance of the external auditors, and recommend to the Board the appointment or discharge of the auditors;
 - Meet with the external auditor prior to commencement of the audit to review the engagement letter and understand the scope and approach to the audit;
 - Review and discuss with the external auditor any risk assessment of the District's fiscal operations as part of the auditor's responsibilities under governmental auditing standards;
 - 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;
 - Review significant changes in accounting principles, and any significant disagreements between management and the external auditors;
 - Make a recommendation to the Board on accepting the annual audit report;
 - Review corrective action plans developed by the District to correct deficiencies identified by the external auditor.

- **Internal Audit Focus:**
 - Review and recommend changes to the internal audit charter.
 - Make recommendations to the Board regarding the appointment of an external accounting or audit firm to serve as the internal audit function and to conduct periodic risk assessments.

- The Internal Audit Provider will under contract:
 - Develop flexible annual audit plans using an appropriate risk-based methodology, including any risks or control concerns identified by management, and submit plans to the Audit & Finance Committee for review and approval;
 - Supply professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this charter;
 - Ensure that high risk areas, identified by audit firms, and key control activities are periodically evaluated and tested;
 - Review significant recommendations and findings of the contracted internal auditor;
 - Monitor management's implementation of the auditors' recommendations.

- **Compliance Focus:**
 - 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;
 - Review the findings of any examinations by regulatory agencies, and any auditor observations;
 - Obtain regular updates from management and District legal counsel regarding compliance matters.

- **Other Responsibilities:**
 - Perform other activities related to the charter as requested by the Board;
 - Institute and oversee special investigations as needed;
 - Regularly report to the Board about Committee activities, issues and related recommendations;
 - Evaluate the Committee's performance on an annual basis.

Review of the Charter

The Committee shall assess and report to the Board on the adequacy of this Charter no less than an annual basis or as necessary. Charter modifications, as recommended by the Committee, should be presented to the Board in writing for their review and action.

The Board may revise or terminate this charter by a majority vote of the Board members.

Audit & Finance Committee
Recurring Agenda Topics

Month	Event/Activity
Standing Items	<p>Audit & Finance:</p> <ul style="list-style-type: none"> • Monthly Financial Report • Audit Plan Status Update • Audit Recommendations Status • Audit Reports • Regulatory Reviews (if needed and as received)
January	<p>Audit & Finance</p> <ul style="list-style-type: none"> • Update on progress toward annual budget • Audit Plan submitted for approval • Annual Review of Audit & Finance Committee Charter • Discuss multi-year budget <p>Board</p> <ul style="list-style-type: none"> • Update on budget process • Present multi-year budget
February	<p>Audit & Finance</p> <ul style="list-style-type: none"> • Update on progress toward annual budget • Business System Metrics
March	<p>Audit & Finance</p> <ul style="list-style-type: none"> • Evaluate performance of the Internal Audit function. • Discussion of 90-day enrollment count • Discuss multi-year budget • IT Steering Committee Quarterly Report
April	<p>Audit & Finance</p> <ul style="list-style-type: none"> • Update on progress toward annual budget • Update on teacher contracts due date • Approve SWMBE Utilization Plan <p>Board</p> <ul style="list-style-type: none"> • 1st Reading of Annual Budget (April or May)
May	<p>Audit & Finance</p> <ul style="list-style-type: none"> • Present second reading of annual budget • Discussion of 135-day enrollment counts • Discuss multi-year budget • Business System Metrics <p>Board</p> <ul style="list-style-type: none"> • Public Hearing of the Budget (May or June) • Second Reading of annual budget (May or June)

Audit & Finance Committee
Recurring Agenda Topics

Month	Event/Activity
August	Audit & Finance: <ul style="list-style-type: none"> • Business System Metrics • Fall Tax Anticipation Note (TAN)
September	Audit & Finance: <ul style="list-style-type: none"> • IT Steering Committee Quarterly Reports
October	Audit & Finance <ul style="list-style-type: none"> • Report annual budget calendar • Give budget assumptions • Discuss upcoming Committee membership renewals Board <ul style="list-style-type: none"> • Present Budget Calendar and Assumptions
November	Audit & Finance: <ul style="list-style-type: none"> • Business System Metrics
November	Audit & Finance <ul style="list-style-type: none"> • Update on Budget Committee and budget process • Receive Draft of External Audit Results • Discuss risk assessment & annual audit plan (A&F input in plan development) • Discussion of 45-day enrollment counts Board <ul style="list-style-type: none"> • Present External Audit
December	Audit & Finance <ul style="list-style-type: none"> • IT Steering Committee Quarterly Reports