



## **Procedures for the Audit Committee**

Pursuant to Board Policy C.2.3.a

### **Background:**

The Board conducts audits, reviews, and other investigations as a way to independently verify operational results. Generally, the Board authorizes the Audit Committee to conduct the auditor/investigator search, act as the primary point of contact, and coordinate the Board interactions with the auditor/investigator. Once the Board accepts the final audit (and/or other investigative findings) the Audit Committee is dissolved. The following procedures are intended to guide, but not strictly limit, the Audit Committee:

### **Formation and Active Periods:**

The Board should form the Audit Committee each year at the spring Board meeting following officer elections to allow for continuity among the outgoing and incoming corporate treasurers. One or two committee meetings are anticipated in the spring, with a final meeting in September or October to receive and review the results to prepare them for presentation to the Board. In certain (hopefully rare) serious situations, the auditor or investigator may contract the Audit Committee chair and additional committee or Board work may be required.

### **Meeting Schedules and Tasks:**

The **first** meeting should take place within two weeks of committee formation.

#### Audit Committee Chair meeting preparation (30 minutes)

- Obtain a copy of the previous year audit, review, and/or investigation results
- Consult with ICC staff and consultants to get list of prospective auditors/investigators
- Consult with ICC staff regarding the contractual or operational need for a full audit versus a financial review
- Contact auditor from previous year to get input on the need for additional investigation, e.g. fraud examiner, tax specialist, etc.
- Schedule Audit Committee meeting (provide committee members with the above research in advance)
- *Optional:* Schedule teleconference with auditor from previous year to provide additional context and information for committee members

#### First Meeting Agenda (1 hour):

- Discuss and decide on whether or not ICC will get a full audit or financial review
- Discuss and decide on the need for any additional investigative services
- Consider the performance of the previous auditor work and decide if there is a need to use a different auditor/investigator (note that it is good practice to use a different auditor, or different audit team within an audit firm, every five or six years)

- If the previous auditor is acceptable, vote to recommend the auditor to the Board, request engagement letter from auditors, and schedule vote on auditor selection for the April or May Board meeting

#### Audit Committee Chair meeting follow-up (10 minutes)

- If using previous auditor, request engagement letter and schedule vote on auditor selection for the April or May Board meeting.

*The **second** meeting should take place within two weeks of the first meeting only if a new auditor and/or additional investigation services are needed. This second meeting will in most cases not be necessary.*

#### Audit Committee Chair meeting preparation (30 minutes to 2 hours)

- If new auditor(s) or additional investigative consultants will be considered, contact other auditors/investigators to get bids and gauge interest

#### Second Meeting Agenda (1 hour)

- Discuss the auditor and/or investigator options and vote on a recommendation to the Board

#### Audit Committee Chair meeting follow-up (10 minutes)

- Request engagement letter(s) and schedule vote on auditor/investigator selection for the May Board meeting

#### Optional In-Person Auditor Meeting – formal or informal session

- At or just prior to commencement of the audit and/or investigation, the Audit Committee and other members may want to meet in person with the consultants to learn about the process. A dinner meeting was successful in the past.

The **third** meeting should take place some reasonable time after the final audit draft is received.

#### Audit Committee Chair meeting preparation (20 minutes)

- Receive and email out the draft audit/investigation report to the committee
- Schedule the Audit Committee meeting
- Set up teleconference with auditors to discuss draft findings at the committee meeting – *optional*

#### Third Meeting Agenda (2 hours)

- Discuss findings, ask auditor/investigator questions, and prepare for audit presentation
- Vote to recommend final audit, review, and/or report to Board

#### Audit Committee Chair meeting follow-up (1 hour)

- Prepare mentally for audit presentation to Board
- Ensure auditor/investigator attendance or conference call at Board meeting
- Schedule vote for Board to consider and possibly accept the audit, review and/or findings