

# **American Accounting Association (AAA) Audit Committee Charter**

## **Purpose**

The primary function of the Audit Committee is to assist the American Accounting Association Executive Committee in fulfilling its financial and compliance oversight responsibilities. The Audit Committee should review the financial reports and other financial information; the systems of internal controls; and the auditing, accounting, financial and compliance reporting processes of the Association.

## **Membership**

The Audit Committee shall be comprised of the V.P. of Finance, the V.P. of Practice, the V.P. of Finance—Elect and one association member with expertise in auditing and internal control to be appointed for a three year term by the President—Elect. In years when there is no VP-Finance Elect, the past VP-Finance will serve. All members should be free of any relationship that, in the judgment of the Executive Committee, would interfere with their exercise of independent judgment. The Chair of the Finance Committee shall serve as the Chair of the Audit Committee.

## **Meetings**

The Audit Committee shall meet at least two times annually, either in person or telephonically. The Audit Committee will meet annually with the AAA Executive Director and the independent auditor in separate executive sessions to discuss matters that the Audit Committee or each of these groups believe should be discussed privately. The Chair of the Audit Committee shall report regularly to the Executive Committee following the meetings of the Audit Committee. A quorum for a meeting is at least three members in attendance.

## **Responsibilities**

Audit Committee responsibilities involve reviews, interactions with the independent auditor, consideration of the financial and compliance reporting processes and examination of ethical and legal compliance. As a result, the Audit Committee should:

### *Review*

- Annually review and update this Charter.
- Review the independent auditor's audit plan prior to the commencement of the audit.
- Review and approve the AAA's annual financial statements and compliance or other reporting financial information submitted to any governmental body, or the public, including any certification, report, opinion, or review rendered by the independent auditor.

- Review the management letter, including management responses and plans to address the resulting recommendations.
- Review accounting changes or regulations proposed by bodies such as the FASB or the IRS that may affect the organization.

#### *Independent Auditor*

- Recommend to the AAA Executive Committee the selection of the independent auditor and approve the fees paid to the independent auditor. On an annual basis, the Audit Committee should review and discuss with the auditor all significant relationships the auditor has with the AAA to determine the auditor's independence.
- Review the performance of the independent auditor and approve any proposed discharge of the independent auditor by the Executive Director.
- Periodically consult with the independent auditor out of the presence of the AAA staff about the internal controls, compliance, and fullness and accuracy of the AAA's financial statements.

#### *Financial and Compliance Reporting Process*

- In consultation with the independent auditor, review the integrity of the AAA's financial and compliance reporting processes.
- Review the procedures used for evaluating the association's internal control processes.
- Elicit the independent auditor's judgments about the quality and appropriateness of the AAA's accounting principles as applied in its financial reporting.
- Consider and approve, if appropriate, major changes to the AAA's auditing and accounting principles and practices as suggested by the independent auditor, the Executive Director, or the Director of Finance and Administration.
- Review any significant disagreement among the Executive Director, Director of Finance and Administration, and/or the independent auditor regarding the preparation of the financial statements and other compliance reporting.
- Review with the Executive Director and Director of Finance and Administration the extent to which compliance, corrective actions and changes or improvements in financial or accounting practices, as approved by the Audit Committee have been implemented.

#### *Ethical and Legal Compliance*

- Periodically review the Association's Code of Ethical Conduct and the process that the Executive Director has established to achieve compliance with the Code.
- Review, with the organization's counsel, any legal matter that could have a significant impact on the organization's financial or its material compliance with laws, regulations and agreements statements.
- Perform any other activities consistent with this Charter, the AAA's by-laws, resolutions or ordinances, and governing law, as the Audit Committee or the Executive Committee deems necessary or appropriate.