1. **Purposes.**

The purposes of the American Accounting Association (AAA) Audit Committee (“Audit Committee”) are to:

a) assist the Board in its oversight of the accounting and financial reporting policies and practices, and its internal controls over financial reporting;

b) assist the Board in its oversight of the quality and objectivity of the AAA’s financial statements and the independent audit thereof;

c) assist the Board in its oversight of its financial, ethical and legal compliance (as described in Section 4(h), and

d) select, oversee and set compensation of the AAA independent auditor (the “Auditor”) and to act as a liaison between the Auditor, the full Board.

The function of the Audit Committee is oversight. AAA management’s responsibility is to maintain appropriate systems for accounting and internal control including internal control over financial reporting. The Auditor’s responsibility is to plan and carry out the audit in accordance with auditing standards generally accepted in the United States. The Auditor is ultimately responsible to the Board of Directors and the Audit Committee, as representatives of AAA’s stakeholders.

2. **Audit Committee Membership.**

The Audit Committee shall be comprised of the Vice President-Finance, the Vice President-Finance-Elect, the Director Focusing on Academic/Practitioner Interaction who will serve as chair and two other members of the Association to be appointed for a three-year term. In years when no Vice President-Finance Elect is serving, the past Vice President-Finance will serve. All members shall be free of any relationship that, in the judgment of the Board of Directors, would interfere with their exercise of independent judgment.

3. **Meetings.**

The Audit Committee shall meet at least two times annually, either in person, telephonically, or webinar. The Audit Committee will meet annually with the AAA Chief Executive Officer and the independent audit firm in separate executive sessions to discuss matters that the Audit Committee or each of these parties believes should be discussed privately. The Audit Committee shall report to the AAA Board of Directors following each Audit Committee meeting. Such report may, at the discretion of the Audit Committee Chair be made in executive session to the Board of Directors. A quorum for a meeting is at least four members in attendance. The Audit Committee is empowered to hold special meetings as circumstances require.

4. **Duties and Powers.**
To carry out its purposes, the Audit Committee shall have the following duties and powers:

(a) **Selection of Auditor.**

(i) The Audit Committee shall pre-approve the selection of the Auditor and shall recommend the selection, retention or dismissal of the Auditor to the Board and, in connection therewith, evaluate the Auditor’s independence, including whether the Auditor provides any non-audit services to the AAA.

(ii) The Audit Committee shall review the Auditor’s specific representations as to its independence and periodically review the quality of the Auditor’s services.

(iii) The Audit Committee shall review and approve the fees charged by the Auditor for audit and non-audit services in accordance with the pre-approval requirements set forth in (d) below. The AAA shall provide for appropriate funding, as determined by the Audit Committee, to compensate the Auditor for any authorized service provided to the AAA.

(b) **Meetings with the Auditor.**

The Audit Committee shall meet with the Auditor, including private meetings as the Audit Committee shall determine necessary, to:

(i) review the arrangements for and scope of the annual audit and any special audits prior to the commencement of the annual audit;

(ii) provide the Auditor the opportunity to report to the Audit Committee, on a timely basis, the appropriateness of all critical accounting policies and practices to be used;

(iii) discuss the Auditor’s assessments of the fair presentation of the AAA’s overall financial statements and any matters of concern relating to the AAA’s financial statements, including any adjustments to such statements the Auditors recommends, or other results of said audit(s); and all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, the ramifications of the use of such alternative disclosures and treatments, and the Auditor’s preferred treatment;

(iv) discuss the Auditor’s evaluations of AAA’s internal accounting controls, internal controls over financial reporting and compliance systems, insofar as such came under the Auditor’s observation, analysis, or test for purposes of the audit;

(v) provide the Auditor the opportunity to report to the Audit Committee, any material written communication between the Auditor and management such as any management letter or schedule of unadjusted differences, and/or other matters required by auditing standards generally accepted in the United States.

(vi) provide the Auditor the opportunity to discuss any significant disagreements among the Chief Executive Officer, Chief Financial Officer, and/or the Auditor regarding
the preparation of the financial statements, compliance reporting or other relevant matters.

(v) provide the Auditor the opportunity to report all non-audit services provided to the AAA that were performed pursuant to the de minimus exception;

(vi) consider and discuss the Auditor’s comments with respect to the AAA’s financial policies, procedures and internal accounting controls and responses thereto by the AAA’s officers, in accordance with generally accepting auditing standards in the United States;

(vii) review the form of written opinion the Auditor proposes to render to the AAA Board on the AAA’s annual financial statements; and

(viii) provide the Auditor the opportunity to report on any other matter that the Auditor deems necessary or appropriate to discuss with the Audit Committee.

(c) Changes in Accounting Principles.

The Audit Committee shall consider the effect upon the AAA financial statements of any changes in accounting principles or practices proposed by the Auditor or the AAA’s officers, and if appropriate, approve such changes. The Audit Committee shall also review the nature and requirements of applicable accounting principles changes or regulations proposed or adopted by bodies such as the FASB or the IRS that may affect the organization’s financial reporting.

(d) Pre-Approval.

(i) Requirements. Before the AAA engages the Auditor to render audit and non-audit services, either:

(A) The Audit Committee shall pre-approve all auditing services and permissible non-audit services (e.g., tax services) provided to the AAA. The Audit Committee may delegate to one or more of its members the authority to grant pre-approvals. The decisions of any member(s) to whom authority is delegated under this section shall be presented to the full Audit Committee at its next scheduled meeting; or

(B) The engagement to render the audit service or permissible non-audit service is entered into pursuant to pre-approval policies and procedures established by the Audit Committee. Any such policies and procedures must (1) be detailed as to the particular service and (2) not involve any delegation of the Audit Committee’s responsibilities to the Advisers. The Audit Committee must be informed of each service entered into pursuant to the policies and procedures. A copy of any such policies and procedures shall be attached as an exhibit to the Audit Committee Charter;

(ii) De Minimus Exceptions to Pre-Approval Requirements. Pre-Approval for a service provided to the AAA other than audit, review or attest services is not
required if: (1) the aggregate amount of all such non-audit services provided to the
AAA constitutes not more than 5 percent of the total amount of fees paid by the
AAA to the Auditor for audit, review, or attest services during the fiscal year in
which the non-audit services are provided; (2) such services were not recognized
by the AAA at the time of the engagement to be non-audit services; and (3) such
services are promptly brought to the attention of the Audit Committee and are
approved by the Audit Committee or by one or more members of the Audit
Committee to whom authority to grant such approvals has been delegated by the
Audit Committee prior to the completion of the audit;

(e) Prohibited Activities of the Audit Firm.

An audit firm that is performing an audit for the AAA may not perform contemporaneously
(during the audit and professional engagement period) the following non-audit services for
the AAA:

(i) bookkeeping or other services related to the accounting records or financial
    statements of the AAA;
(ii) financial information systems design and implementation;
(iii) appraisal or valuation services, fairness opinions, or contribution-in-kind reports;
    (iv) actuarial services;
(v) internal audit outsourcing services;
(vi) management functions or human resources;
(vii) broker or dealer, Investment Advisers, or investment banking services;
(viii) legal services and expert services unrelated to the audit; and
(ix) any other service that the Audit Committee determines is impermissible.

The Auditor is responsible for informing the Audit Committee of whether it believes
that a particular non-audit service may compromised the firm’s independence.

(f) Management Letter.

The Audit Committee shall review the management letter, including management’s
responses and plans to address the audit firm’s recommendations.

(g) Reviews of the AAA’s Financial and Compliance Review Process.

The Audit Committee shall do the following relating to matters associated with the AAA’s
Financial and Compliance Review Process:

(i) Review procedures used for evaluating the association’s internal control
    processes.
(ii) Review, consider and approve, if appropriate, major changes to the AAA’s
    auditing and accounting principles and practices as recommended by the
    independent auditor, the Chief Executive Officer, or other employees serving in
    a Financial Reporting Oversight Role.
(iii) Review with the Chief Executive Officer and other employees serving in a
    Financial Reporting Oversight Role 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.

(h) **Review of the AAA’s Ethical and Legal Compliance Processes.**

The Audit Committee shall do the following relating to matters associated with the AAA’s Ethical and Legal Compliance Review Process:

(i) Periodically review the Association’s Code of Ethical Conduct, Conflict of Interest Policy, and Contracting Policy, and monitor the process that the Chief Executive Officer has established to achieve compliance with the Code of Ethical Conduct.

(ii) Review, with the organization’s counsel, any legal matters that could have a significant impact on the organization’s financial statements or material compliance with laws, regulations and agreements.

(i) **Board Reports.**

The Audit Committee will report its activities to the full Board on a regular basis and will make such recommendations with respect to the above and other matters as the Audit Committee may deem necessary or appropriate.

(j) **Administration of Whistleblower Policy.**

The Audit Committee shall investigate improprieties or suspected improprieties in AAA’s operations that are reported to the Audit Committee Chair or any other member of the Audit Committee pursuant to the AAA’s whistleblower policy.

(k) **Annual Charter Review.**

The Audit Committee shall review the Audit Committee Charter at least annually and recommend any changes to the Board.

5. **Meetings with Personnel.**

The Audit Committee, in its discretion, may meet with the AAA Staff privately as it deems necessary in the circumstances.

6. **Authority to Retain Counsel.**

The Audit Committee shall have the resources and authority appropriate to discharge its responsibilities, including the authority to retain special counsel and other experts or consultants at the expense of the AAA.

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