

**Cincinnati CITY SCHOOL DISTRICT
ADMINISTRATIVE PROCEDURES**

Procedure Name Audit Committee	
Procedure No. 6835-00-01	Eff. Date: 12/21/2009
Implements Board Policy 6835 Audit Committee	Last Reviewed: 12/18/2017

1. Background

<p><i>Describe relevant background to the implementation of the policy.</i></p> <p>The Board of Education established an Audit Committee to assist in fulfilling its governance responsibilities for the financial reporting process, the system of internal control, the audit process, and the district's process for monitoring compliance with laws and regulations.</p> <p>The Audit Committee consists of the members of the Board Finance Committee and at least eight members who are not employees of the school district. The minimum of eight members shall be appointed by the Board of Education for a staggered three-year term to ensure all members do not come up for reappointment in the same year. At least one member will be a Certified Public Accountant and one will be designated as the "financial expert" as defined by applicable legislation and regulation. Collectively they will possess the expertise and experiences to understand and resolve concerns raised by independent auditors or the district's internal auditor.</p>

2. Responsibilities

Title: Board of Education	
Address: 2651 Burnet Avenue	
Phone:	Cell phone:
<p><i>Describe responsibilities:</i></p> <p>Oversight of the following categories: Financial Statements, Internal Control, Internal Audit, External Audit, Compliance, Reporting Responsibilities and other duties related to the charter or as requested by the Board of Education.</p> <p>The Audit Committee has authority to:</p> <ul style="list-style-type: none"> - Propose and oversee the work of the external auditors employed by the district, - Resolve any disagreements between management and the Internal Auditor, - Review all auditing and non-audit services, - Seek information it requires from employees – all of whom are directed to cooperate with the committee's requests, and 	

- Meet with district administration, external auditors, and General Counsel as necessary.

3. Action Steps

Describe the action steps relevant to the implementation of the policy.

Meeting Action Steps:

- The committee meets at least four times a year, with authority to convene additional meetings, as circumstances require.
- This committee operates as an extension of the Board of Education and as such shall operate in the same manner as the Board of Education. Therefore, it is subject to the same open meeting, open record and Sunshine laws. Further, the committee shall appoint one of its members as chairperson and shall operate under Robert's Rules of Order.
- Meeting agendas will be prepared and provided in advance, along with appropriate briefing materials. Minutes will be created and distributed via the written Audit Committee report.
- To ensure the Audit Committee is well informed of the financial dealings of the district, meeting notices for all Finance Committee meetings are e-mailed to the members.

Financial Statements Action Steps:

- Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, as well as recent professional and regulatory pronouncements, to understand their impact on the financial statements.
- Review with management and the external auditors the results of the audit.
- Review the annual financial statements, and consider whether they are accurate, complete, and consistent with information known to committee members, as well as reflective of appropriate accounting principles.
- Review other sections of the annual report and related regulatory filings before release, and consider the accuracy and completeness of the information.
- Review with management and the external auditors all matters required to be communicated to the committee under generally accepted auditing Standards.
- Understand how management develops interim financial information, as well as the nature and extent of internal and external auditor involvement.
- Review interim financial reports with management and the external auditors before filing with regulators, and consider whether they are accurate, complete and consistent with the information known to committee members.

Internal Control Action Steps:

- Consider the effectiveness of the district's internal control system, using the Committee of Sponsoring Organization (COSO) Internal Control and Enterprise Risk Management (ERM) Frameworks.
- Understand the scope of internal and external auditors' review of internal control

over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.

Internal Audit Oversight Action Steps:

- Provide comment on the internal audit charter.
- Give input on decisions regarding the appointment and removal of the Internal Auditor. Ensure there are no unjustified restrictions or limitations, and review and concur in the appointment, replacement, or dismissal of the Internal Auditor.
- Provide feedback on the annual audit plan and all major changes to the plan. Review the internal audit activity's performance relative to its plan.
- Review with the Internal Auditor the internal audit budget, resource plan, activities, and organizational structure of the internal audit function.
- At least once per year, provide feedback on the performance of the Internal Auditor.
- Review the effectiveness of the internal audit function, including conformance with The Institute of Internal Auditors' the Definition of Internal Auditing, Code of Ethics and the International Standards for Professional Practice of Internal Auditing (Standards).
- On a periodic basis, meet separately with the Internal Auditor to discuss any matters that the committee or Internal Auditor believe should be discussed confidentially in accordance with the Sunshine Laws.
- Review the Annual Risk Assessment to promote strong internal controls and financial oversight. Provide feedback on the annual internal audit plan created by the Internal Auditor and subsequently review the implementation of the internal audit plan and its results.

External Audit Oversight Action Steps:

- Work with the Ohio State Auditor's Office, the CFO and the IA in the selection of the external auditor and make recommendation to the Board of Education for their appointment. Should the State Auditor provide the external audit services, they will be treated as external auditors.
- Meet with the external auditors prior to the commencement of the annual audit examination to review their audit plans, scope, coordination efforts with internal audit and the engagement letter for the coming year.
- Meet with the internal and external auditors independent of the administration whenever necessary.
- Review with the external auditors, upon completion of their audit: contents of their report, audit cooperation, changes in accounting principles and practices, legal compliance, and recommendations for improving internal control, organizational structure, operations, etc.
- Review the performance of the external auditors, and recommend the appointment or discharge of the auditors.
- Review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the company, including non-audit services, and discussing the relationships with the auditors.
- On a regular basis, meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed confidentially in accordance with the Sunshine Laws.
- Review all audit findings and action plans along with district responses to external, internal, performance and efficiency audits as well as confirm their effective implementation.

- Prior to implementation of any supplemental contract, review the supplemental non-audit services to be performed by the independent auditing firm to ensure that the new services do not compromise the independence of the external auditors.

Action Steps to Ensure Compliance:

- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.
- Review the process for communicating the code of conduct to company personnel, and for monitoring compliance.
- Obtain regular updates from management and General Counsel about compliance matters.

Reporting Action Steps:

- Regularly report to the Board of Education about committee activities, issues and related recommendations.
- Provide an open avenue of communication between internal audit, the external auditors and the Board of Education.

Other Action Steps to Fulfill Audit Committee Responsibilities:

- Perform other activities related to the charter or as requested by the Board of Education
- Oversee special investigations as needed.
- Review and assess the adequacy of the committee charter annually, and request Board approval for proposed changes.
- Confirm annually that all responsibilities outlined in this charter have been carried out.
- Evaluate the committee's and individual members' performance on an annual basis.
- Every member is required to sign a Conflict of Interest form.
- Superintendent, Chief Fiscal Officer/Treasurer and the Internal Auditor shall serve as Staff Liaisons.

4. Equity Considerations

Describe any equity considerations relevant to the implementation of this policy.

Through the responsibilities and action steps outlined herein, the Audit Committee provides oversight to ensure the district is consistently improving and seeking greater efficiencies, which as a result, allows additional funds and resources to be allocated equitably throughout the district.

5. Related Documents / Forms

Document Title	Description	Last Reviewed
1. Audit Committee Charter	The Charter outlines the roles and responsibilities of the Audit Committee members as well as a governing body as whole.	December 18, 2017
2. Audit Committee website	https://sites.google.com/a/cpsboe.k12.oh.us/treasurer-office/audit-committee	Spring 2018
3.		

6. Additional Information

Describe any additional information relevant to the implementation of the policy.