

## **Exhibit B**

### **District Audit Committee Charter**

Revised 5-01-19

#### **Organization**

There shall be a committee of the Board of Education (Board) to be known as the audit committee. The Audit Committee is organized as a permanent citizen's committee comprised of Board members and non-Board members (experts in finance and audit). The committee shall be comprised of no more than ten members. Audit committee members shall be comprised of the following:

1. One member of the Board of Education in a liaison capacity
2. One member who is a member of the Iowa Society of CPA's
3. Members who are representative of the business community
4. Members who are representative of the District community

Members shall be appointed by the Audit Committee and approved by the Board of Education at the first meeting in July. Audit Committee members shall serve 3-year staggered terms. The Audit committee will annually appoint a chair from currently serving members and request BOE approval of the chair at the first meeting in July

The audit committee is established by and operates under the authority of the Cedar Rapids Community School's Board policy.

The Executive Director – Business Services/Board Treasurer will facilitate the Audit Committee meetings and provide liaison support to the Board of Education on the Audit Committee activities. The Executive Director – Business Services/Board Treasurer will serve the committee in an ex-officio capacity.

District employees may be requested to provide periodic reports to the audit committee, especially the following:

1. The Executive Director of Business Services/Board Treasurer
2. The Accounting Manager
3. The Director of Technology

Additionally, the District's External Auditor will supply reports & information as requested by the Committee.

The Audit Committee shall annually appoint a committee chairperson. The chairperson shall be selected from the community members serving. The Audit Committee chairperson will recommend new members to the committee as appropriate with membership based upon a majority vote of the committee.

The Audit Committee on an annual basis can elect to appoint a committee chairperson pro tem. The chairperson pro tem will run the meeting when the chairperson is absent. The chairperson pro tem will be given first consideration to be the chairperson for the following year.

Members from the community who will serve on the Audit Committee will be comprised of individuals preferably with business expertise, who possess a basic understanding of governmental financial reporting and auditing and are preferably residents of the Cedar Rapids Community Schools, or who have children who attend the Cedar Rapids Community Schools.

#### **Role**

The Audit Committee will provide the Cedar Rapids Community District with the practical means for the Board of Education to provide independent review and oversight of the District's financial reporting processes, internal controls, the independent auditors, and the District's process for monitoring compliance with laws and regulations. The Audit Committee will also provide a forum separate from management in which auditors and other interested parties can candidly discuss concerns.

The Audit Committee will help to ensure that District management properly develops and adheres to a sound system of internal controls, that procedures are in place to objectively assess District management practices and that the independent auditors, through their own review, objectively assess the District's financial reporting processes.

### **Duration of Service**

Community members: Three-year term

Ex-officio members:

Executive Director – Business Services / Board Treasurer - Ongoing facilitator and ex-officio member

Liaisons:

Board of Education member

Accounting Manager

Director of Technology

Other District staff as appropriate

### **Authority**

The audit committee has the authority to conduct or authorize investigations into any matters within its scope of responsibility. It is empowered to:

- Recommend the appointment and work product of the independent auditing firm
- Resolve any disagreement between management and the auditor regarding financial reporting
- Pre-approve all auditing and non-auditing services to be completed by the external auditors
- Seek any information it requires from employees – all of whom are directed to cooperate with the committee's requests
- Meet with District Management, external auditors, or outside counsel as necessary

### **The Audit Committee shall**

1. Review and reassess the adequacy of this Charter periodically, but at least every three years, and recommend any proposed changes to the Board of Education for approval.
2. Review and discuss the District's annual audited financial statements with management and the independent auditors.
3. Review and discuss results of the independent auditor's special Activity Fund audits with management and the independent auditors.
4. Review with the independent auditors any major issues as to the adequacy of the District's internal controls and any special audit steps adopted in light of material control deficiencies.
5. Review with management their views on the District's major financial risk exposures, including the District's insurance selection/risk management policies, asset management procedures and information technology (IT) risks. The Audit Committee should discuss guidelines and policies that govern the process by which risk assessment and management is undertaken.

6. Receive Metro Interagency Insurance Program (MIIP) updates at a minimum twice a year.
7. Review with management and the independent auditors Board policies and procedures with respect to fiscal management of District resources.
8. Review with management and independent auditors the financial health of the District including controls over budget development and key budget trend information as well as the financial status of the District in relation to its adopted budget.
9. Review and provide guidance in revising the Audit Request for Proposal, (RFP) at least every five years. The Audit Committee shall receive a recommendation from District management regarding the selection of the independent auditing firm but will retain the ultimate authority for selection and recommendation to the Board of Education for approval.
10. Annually meet with the independent auditors to review and approve the scope of the audit.
11. Meet with the district attorney twice a year.
12. Retain the authority to approve in advance all audit services, including engagement fees, scope and terms.
13. Discuss with management and the independent auditors the effects of local, state and federal regulatory requirements and accounting initiatives.
14. Review the experience and qualifications of the independent auditor's senior members as well as members of the team assigned to the District audit.
15. Review and consider once every five years, a rotation of the audit partner responsible for the District independent audit, in coordination with the five-year audit RFP award.
16. Obtain and review reports from the independent auditors on an annual basis describing,
  - a. the auditor's internal quality control procedures,
  - b. any material issues raised by the most recent quality control review or peer review of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm,
  - c. any steps taken to deal with any such issues and
  - d. all relationships between the independent auditors and the District.
17. Review with the independent auditors, any significant problems or difficulties the auditors may have encountered in the course of the annual audit work and any management letter provided by the auditors and the District's response to that letter. Such review should include:
  - a. any significant difficulties encountered in the course of the audit work,
  - b. any restrictions on the scope of the independent auditor's activities or access to required information,
  - c. significant changes to the audit plan and
  - d. any disagreement with management, which if not satisfactorily responded would have affected the auditor's opinion.
18. Meet 8 times each year, or more if necessary. These meetings will allow Audit Committee members to meet with the independent auditor based upon need. Other District Management personnel, liaisons, will be asked to present as needed. The Audit Committee may ask other members of management or anyone else as desired by the committee to attend meetings.
19. Review the procedures for the receipt, retention, and treatment of complaints received by the District regarding accounting, internal accounting controls, auditing matters, or suspected fraud that may be submitted by any party internal or external to the District. Review any complaints that have been received, current status, and resolution if one has been reached.
20. Annually review its own performance.

21. Provide annually to the Board of Education a written report of how it has discharged its duties and met its responsibilities. This report should include among other items, any material issues that arise with respect to:
  - a. the quality or integrity of the District's financial statements,
  - b. the District's compliance with legal or regulatory requirements,
  - c. the qualifications, performance and independence of the independent auditors and
  - d. the qualifications, performance and effectiveness of District financial management staff.

It is further understood that this report will be made public according to Iowa Law governing school Districts and be accompanied by the Audit Committee Charter or other documentation establishing the functions and role of the Audit Committee. Members of the Audit Committee may be requested by the Board of Education to represent the committee at additional Board meetings upon request.

22. Create a tentative agenda for all committee meetings for the ensuing year.
23. Annually appoint a committee chairperson and fill committee vacancies at the expiration of existing members three-year terms or as needed.

**Duration of the Audit Committee**

The Audit Committee shall remain in effect until repealed or amended by the Board of Education.

**Exhibit C**  
**Cedar Rapids Community School District**  
**Audit Committee Charter Matrix**

Revised 5-01-19

<b>Audit Committee Charter</b>	<b>Steps to Accomplish the Objective</b>	<b>Deliverable</b>	<b>Committee Agenda Frequency</b>
1. Review and reassess the adequacy of this Charter periodically, but at least every three years, and recommend any proposed changes to the Board of Education for approval.	Assess the appropriateness of each point in the charter in light of ongoing developments. Assess the completeness of the charter in light of new best practices and accounting requirements.	Report to the Board of Education any revisions to the Audit Committee Charter.  Board approval of Charter revisions.	Place on the Audit Committee agenda at least once every three years at the <i>May meeting</i> .  <i>(Last revised September 30, 2015)</i>
2. Review and discuss the District's annual audited financial statements with management and the independent auditors.	Annually review a copy of the most recent audited Comprehensive Annual Financial Report.	Committee provides feedback to management and independent auditors.  Committee reports findings to the Board of Education.	Review CAFR annually at the <i>January</i> committee meeting.  Management, Independent Auditor and representatives of the Audit Committee report at the appropriate Board meeting.
3. <b>Review</b> and discuss results of the independent auditor's special Activity Fund audits with management and the independent auditors.	Receive and review a copy of all special Activity Fund audits.	Committee provides feedback to management and independent auditors. Committee reports findings to the Board of Education.	Annually review special Activity Fund audits at the <i>January and June</i> committee meetings.
4. Review with the independent auditors any major issues as to the adequacy of the District's internal controls and any special audit steps adopted in light of material control deficiencies.	Committee meets independently with independent auditors and reviews District's internal control strengths and weaknesses.	Committee provides feedback to management and independent auditors.	Review of internal control strengths and weaknesses at the <i>January</i> committee meeting and other committee meetings as appropriate.
5. Review with management their views on the District's major financial risk exposures, including the District's insurance selection/risk management policies, asset management	District insurance representative to review the material insurable risks that the District faces. District management to review IT and asset management policies and procedures. Other	Committee provides feedback to District insurance, IT and asset management representatives in identifying ways of mitigating risks and when possible acquiring insurance to cover such	Review annually at the <i>September</i> November and December meeting, or more frequently if needed.

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procedures and information technology (IT) risks. The Audit Committee should discuss guidelines and policies that govern the process by which risk assessment and management is undertaken.	risks that may be identified by management and/or Committee members may be included for review as well. Review annually or as events occur.	risks.	
6. Receive Metro Interagency Insurance Program (MIIP) updates at least 2 times a year.	The District representative on the MIIP board or the MIIP consultants will provide the updates.	The Committee will see the District progress to improve its financial position within MIIP.	Place on the September and March Audit Committee agenda.
7. Review with management and the independent auditors Board policies, regulations and procedures with respect to fiscal management of District resources.	<p>A: Each year the Committee will review policies, regulations and procedures for awareness and understanding. (During this annual review, suggested revisions/changes are always welcomed)</p> <p>B: The Committee will coordinate their review and suggestions for changes &amp; revisions to policies, regulations and procedures with the District's Policy Review Committee (PRC). The PRC reviews all Board policies, regulations and procedures on a five year rotating cycle.</p>	<p>The Committee's improved understanding of Board policies, regulations and procedures with respect to fiscal management of District resources</p> <p>Committee recommended revisions to fiscal management Board Policies, Procedures and Regulations are submitted to the Board of Education for approval.</p>	<p>Place on the Audit Committee agenda each year. Review at the April meeting.</p> <p>Place on the Audit Committee agenda to review in coordination with the PRC. Next anticipated date for PRC review January 2019.</p>
8. Review with management and	Management and independent auditors	Committee provides feedback to	Review annually at the <i>December</i> committee

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independent auditors the financial health of the District including controls over budget development and key budget trend information as well as the financial status of the District in relation to its adopted budget.	will provide all necessary reports for the committee to review including the LEA-CAR, and key budgetary and financial trends indicating financial condition.	management and independent auditors.	meeting.
9. Review and provide guidance in revising the Audit Request for Proposal, (RFP) at least every five years. The Audit Committee shall receive a recommendation from District management regarding the selection of the independent auditing firm but will retain the ultimate authority for selection and recommendation to the Board of Education for approval.	Management will present to the committee a draft audit RFP for feedback and improvement. The committee will review the required audit scope and how it is tailored to cover the material risks as identified by management and the independent auditors. Management will make requested revisions and submit RFP to prospective auditing firms.	Evaluation and scoring of the RFP will be conducted by management and will include two Committee members who are interested in participating in the evaluation process as required within the Audit RFP.  Committee will receive and review a summary of responses to the audit RFP provided by management. Committee members will consider management's recommendation then select the firm to be recommended for Board of Education approval.	Place on the Audit Committee agenda once every five years, or more often if necessary.  <i>November</i> committee meeting to review RFP.  <i>March</i> committee meeting to approve selection of independent auditing firm.  <b>(Next 5 year cycle: November 2021 and March 2022)</b>
10. Annually meet with the independent auditors to review and approve the scope of the audit.	Independent auditors will review the scope of both the annual and special audits and Agreed Upon Procedures to be conducted.	Committee will provide feedback and help determine if revisions are warranted.	Review annually at the <i>March</i> meeting.  (This review will also be part of the Audit RFP process.)
11. Annually meet with the district attorney.	The district attorney will review the attorney letter that was submitted to the auditor	Committee will provide management with feedback.	Attorney will attend the <b>November</b> and <b>March</b> committee meetings.

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	and any other pertinent legal issues.		
12. Retain the authority to approve in advance all audit services, including engagement fees, scope and terms.	Management to provide committee information related to any proposed changes in audit services.	Committee will provide management with feedback.	Place on the Audit Committee agenda as necessary.
13. Discuss with management and the independent auditors the effects of local, state and federal regulatory requirements and accounting initiatives.	Management and independent auditors will provide committee information updates and recommended District direction/response regarding the impact of local, state and federal regulatory requirements and accounting initiatives.	Committee will provide management with feedback.	Review at the April meeting to provide sufficient time to be included in the audit scope.
14. Review the experience and qualifications of the independent auditor's senior members as well as members of the team assigned to the District audit.	Annually, the independent auditor will submit to the committee a list of senior members, and members of the District assigned audit team including their experience and qualifications.	Committee will review list submitted and provide management and independent auditor with feedback.	Review annually at the <b>March</b> meeting to provide sufficient time to make changes in auditing staff if needed.
15. Review and consider at least once every five years, a rotation of the audit partner responsible for the District independent audit, in coordination with the five -year audit RFP award.	The Audit Committee has the right to request a change in audit partner in coordination with the Audit RFP process. (The committee recognizes the difficulties inherent in rotating the audit partner.)	Committee will review recommended audit partner assigned and provide management and independent auditor with feedback.	Place on the Audit Committee agenda once every five years (or more frequently as appropriate) <i>at the March meeting</i> in coordination with the Audit RFP process. <b>(Next review at the March 2022 meeting)</b>
16. Obtain and review reports from the independent auditors on an annual basis describing, a. the auditor's internal quality control procedures,	On an annual basis, the independent auditor will prepare a report providing all necessary information to be presented to the audit committee.	Committee will review report prepared by the independent auditor and provide feedback to management and the independent auditor.	Review annually at the <b>March</b> meeting.

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<p>b. any material issues raised by the most recent quality control review or peer review of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm,</p> <p>c. any steps taken to deal with any such issues and</p> <p>d. all relationships between the independent auditors and the District.</p>			
<p>17. Review with the independent auditors, any significant problems or difficulties the auditors may have encountered in the course of the annual audit work and any management letter provided by the auditors and the District's response to that letter. Such review should include:</p> <p>a. any significant difficulties encountered in the course of the audit work,</p> <p>b. any restrictions on the scope of the independent</p>	<p>Committee to meet with independent auditors without management present to review any and all significant problems or difficulties related to the annual audit, and management responses to the annual audit report.</p>	<p>Committee provides feedback to management regarding findings and if warranted, committee reports findings directly to the Board of Education.</p>	<p>Review annually at the <b>November</b> committee meeting.</p>

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<p>auditor’s activities or access to required information,</p> <p>c. significant changes to the audit plan and</p> <p>d. any disagreement with management, which if not satisfactorily responded would have affected the auditor’s opinion.</p>			
<p>18. Meet 8 times each year, or more if necessary. These meetings will allow Audit Committee members to meet with the independent auditor based upon need. Other District Management personnel, liaisons, will be asked to present as needed. The Audit Committee may ask other members of management or anyone else as desired by the committee to attend meetings.</p>	<p>All members should be expected to attend.</p> <p>Prepare agendas for meetings and provide to members in advance, along with appropriate briefing materials.</p>	<p>Prepare minutes that document decisions made and action steps and approve them</p>	<p>Minutes should be distributed as soon as possible but no later than before the next meeting.</p>
<p>19. Review the procedures for the receipt, retention, and treatment of complaints received by the District regarding accounting, internal accounting controls, auditing matters, or suspected fraud that may be submitted by any party internal or external to the District. Review any complaints that</p>	<p>Review procedures with management.</p> <p>Review all complaints that have been received and the status of resolution.</p> <p>Ensure that proper steps are taken to investigate complaints and resolve them in a timely manner.</p>	<p>Review a cumulative list of complaints submitted to date for common patterns or other observations.</p>	<p>Review at each meeting</p>

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have been received, current status, and resolution if one has been reached.			
20. Annually review its own performance and effectiveness.	The Audit committee should conduct a self-assessment evaluation of all members.	Discuss recommendations for improving the effectiveness of the audit committee with the Board of Education	Annually: review process at the <b>May</b> meeting and review results at the <b>June</b> meeting.
<p>21. Provide annually to the Board of Education a written report of how the committee has discharged its duties and met its responsibilities. This report should include among other items, any material issues that arise with respect to:</p> <ul style="list-style-type: none"> <li>a. the quality or integrity of the District's financial statements,</li> <li>b. the District's compliance with legal or regulatory requirements,</li> <li>c. the qualifications, performance and independence of the independent auditors and</li> <li>d. the qualifications, performance and effectiveness of District financial management staff.</li> </ul> <p>It is further understood that this report will be made public according to Iowa Law governing school Districts and be accompanied by the Audit Committee</p>	Committee members will determine the format and substance of the report with management and independent auditors providing resources as needed.	A written summary report will be available for the Board of Education and community at large.	Review annually at both <b>May</b> and <b>June</b> meetings in preparation for the annual report to the Board of Education.

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Charter or other documentation establishing the functions and role of the Audit Committee. Members of the Audit Committee may be requested by the Board of Education to represent the committee at additional Board meetings upon request.			
22. Create a tentative agenda for all committee meetings for the ensuing year.	Management will use the Audit Committee Charter Matrix tool as a guide to structure and organize committee agenda.	Committee will review tentative agenda for all committee meetings for the ensuing year and provide feedback to Management for revisions and improvements.	Review annually at the <i>April</i> meeting in preparation for the upcoming fiscal year.
23. Annually appoint a committee chairperson and fill committee vacancies at the expiration of existing members three-year terms or as needed.	Annually, the committee shall determine within its membership, who will serve as the committee chair. The chairperson will recommend new committee members.	New committee members may rotate every three years and the Chairperson every year.	Committee to discuss appointment of committee chair and new committee member(s) at the <i>April</i> meeting with appointment at the <i>May</i> meeting in preparation for the upcoming fiscal year.