

**Tucson Unified School District Governing Board**  
**Audit Committee Charter**  
**Governing Board Approved May 13, 2009**  
**Amended August 11, 2009**

**Audit Committee Authority**

The Tucson Unified School District (TUSD) Governing Board met on June 26, 2007 and voted to establish an Audit Committee for TUSD.

**Mission**

The TUSD Audit Committee was created to assist the Board with three overarching goals. These goals are:

1. To assist the Governing Board in complying with its fiduciary oversight obligations.
2. To provide advice and assistance to TUSD Staff and make recommendations to the Board regarding strengthening internal financial controls.
3. To provide greater transparency over public funds while improving public trust.

**Membership**

The Audit committee consists of five members appointed by the Governing Board. Each member's term is for four years, with no more than three members being appointed every two years. The maximum number of consecutive years a member may serve is eight. All terms of office shall end in August of the final year of the member's term regardless of when the appointment was made by the Governing Board. In the event of a vacancy on the committee before the expiration of the vacating member's term, the Governing Board shall appoint a person to serve for the remainder of the term of the vacant seat. That person may be reappointed at the end of the term at the discretion of the Governing Board.

Transition to Staggered Terms: In August of 2009, the Governing Board will appoint three members for 2-year terms. In August of 2011, the Governing Board will appoint 3 members for 4-year terms.

The members of the Audit Committee must collectively possess knowledge in accounting, auditing, financial reporting, and school district finances. **The following individuals cannot serve on the Audit Committee:**

- a) **Anyone who within the last two years has been an employee of TUSD or sold goods or services to TUSD.**
- b) Anyone who owns or has a direct and material interest in a company, or who holds a leadership position in an entity, which provides substantial goods or services to TUSD.

- c) Anyone who has participated in litigation or other legal matters against TUSD.
- d) A close or immediate family member of anyone who would be prohibited from serving under (a) – (c). The term “close or immediate family member” includes parent, sibling, nondependent child, spouse, spouse equivalent, or dependent, whether or not related.
- e) An individual who would otherwise be excluded may serve if, after full disclosure to the Governing Board, the potential conflict of interest is not material and does not appear so from the public perspective.
- f) Any member who develops a conflict of interest while on the Audit Committee must disclose such conflict. The other Committee members shall, by majority vote, make a recommendation to the Governing Board, which will decide whether to remove and replace the affected member.

## **Duties and Responsibilities**

### General

The Audit Committee elects a Chair and a Vice Chair who presides in the Chair’s absence.

The Audit Committee meets at least four times per year, and at additional times when necessary, to fulfill its responsibilities.

The Audit Committee complies with the Open Meetings Law and may conduct executive sessions as allowed by that law.

The Audit Committee may ask members of management or others to attend its meetings and provide pertinent information as necessary.

The Audit Committee, in consultation with the Governing Board, may have access to all information it deems necessary to carry out its duties, consistent with Arizona law.

The Audit Committee may request information from TUSD that the Audit Committee deems necessary to carry out its duties and responsibilities. These Requests For Information will be made only by the Audit Committee Chair. Any member wishing to request information will do so by submitting the approved committee request form to the Audit Committee Chair for approval. If the Audit Committee Chair approves the request, then the Audit Committee Chair will send the request to the Superintendent for processing. If the Audit Committee Chair does not approve the request, two members of the Audit Committee may override the request denial. In the event of an override, the Audit Committee Chair is required to submit the request to the Superintendent.

Any decision of the Audit Committee requires three affirmative votes. Members who are physically absent from a meeting can participate through audio or video connections. Proxies cannot be granted.

The Audit Committee may hire professional consultants with Governing Board approval.

The Audit Committee reports to the Governing Board, at least annually, its activities, findings, and decisions. Reported findings should include any suspected fraud or abuse or material defects in internal management controls, and any significant failure to comply with laws, district policies or regulations.

The Audit Committee agenda is set by the Chair. Any member wishing to place an item on the agenda will do so in the same manner as a Request For Information.

The Audit Committee may dismiss from the Committee any member who has had three consecutive unexcused absences or five absences in any twelve month time period. Dismissal requires a majority vote of a quorum of the committee.

### External Auditors

The Audit Committee oversees **TUSD's** engagement of any independent accountants for the purpose of preparing or issuing an independent audit report or performing other independent audit, review, or attest services. The Governing Board, acting on the recommendations of the Audit Committee, makes all final decisions concerning the appointment, compensation, and retention of such accountants. All accountants thus engaged report directly to the Audit Committee, which oversees their work and evaluates their performance.

The Audit Committee's oversight responsibility includes:

- a) Periodically rebidding the contract for the provision of the annual audit and reviewing the independence of the audit.
- b) Meeting with the independent auditors prior to commencement of the annual audit to review the engagement letter.
- c) Receiving and reviewing the draft annual audit report and draft management letter.
- d) Reviewing all significant written communications between the independent auditors and management, such as any schedule of unadjusted differences.
- e) Making a recommendation to the Board concerning acceptance of the annual audit report.
- f) Reviewing with management and the independent auditors:
  - TUSD's annual financial statements, related footnotes, and management's discussion and analysis.
  - The independent auditor's audit of the financial statements and their report thereon, including any management letter or schedule of unadjusted differences.
  - The independent auditor's judgments about the quality, not just the acceptability, of TUSD's accounting principles as applied in its financial reporting.
  - The independent auditor's single audit of the federal awards administered by TUSD and their reports thereon.
  - Any significant changes required in the independent auditor's audit plan.

- Restrictions on the auditor's activities or access to information, and any significant difficulties or disputes with management encountered during the audit.
- Matters required to be discussed by applicable government and professional literature and standards.
- All critical accounting policies and practices used by TUSD, any significant changes in these policies and practices, and the degree of aggressiveness or conservatism in applying these policies and practices.
- Recent and proposed professional and regulatory pronouncements, especially those having a material impact on the financial statements.
- All alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, the ramifications of each alternative, and the treatment preferred by TUSD.
- Any corrective action plans developed by TUSD.

The Audit Committee considers, with management, the rationale for employing audit firms other than the principal independent auditors for services that TUSD or the independent auditors determine would not be appropriate for the principal independent auditors to perform.

### Internal Control

The Audit Committee monitors the fiscal health of TUSD and the relationship between its spending and adopted budget. To carry out this duty, the Audit Committee:

- a) Reviews the effectiveness of TUSD accounting organizational structure, operations, and personnel.
- b) Oversees TUSD's internal controls, reviews the adequacy of such controls, and recommends changes to management and the Governing Board.
- c) Reviews with the Superintendent and other management personnel the adequacy of systems and procedures for protecting information.
- d) Inquires of the Superintendent and other management personnel about significant financial risks or exposures facing TUSD; assesses the steps TUSD has taken or proposes to take to minimize such risks to TUSD; and periodically reviews compliance with such steps.
- e) Reviews with the Superintendent and other management personnel:
  - Significant findings with respect to any management financial review, including that of the Audit Committee, during the year and responses thereto.
  - Any difficulties review teams or personnel encountered in the course of their review, including any restrictions on the scope of their work or access to required information.
  - Any changes required in the scope of the review.
- f) Reviews with the independent auditors, the superintendent and financial management personnel:
  - The adequacy of TUSD's internal controls including computerized information system controls and security.
  - Any related significant finding and recommendations of the independent auditors together with management's responses thereto.

- The clarity and transparency of financial information and disclosures.

The Audit Committee reviews TUSD's procedures for monitoring compliance with the code of conduct.

The Audit Committee establishes procedures for the confidential, anonymous submission to the Audit Committee of concerns about questionable accounting or auditing matters, or suspected fraud. It reviews any submissions that are received, the current status, and the resolution, if any.

Self-Assessment

The Audit Committee reviews its charter annually, reassesses the adequacy of the charter, and recommends any proposed changes to the Governing Board. The Committee considers changes that are necessary as a result of new laws, regulations, or accounting and auditing standards.

The Audit Committee conducts an annual self-assessment and describes to the Governing Board, in a written report, how it has discharged its duties.

Adoptions and amendments to this charter shall be by affirmative vote of three members and by passage of the Governing Board.

Submitted \_\_\_\_\_ day of \_\_\_\_\_, 2009 by

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Mary Matiella  
Appointed 2/10/09; term expires 8/31/13

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Clifford B. Altfeld, Chair  
Appointed 8/14/07, reappointed 8/11/09; term expires 8/31/11

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Robert O'Toole  
Appointed 2/10/09; term expires 8/31/13

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Sandra Parker, Co-Chair  
Appointed 8/14/07, reappointed 8/11/09; term expires 8/31/11

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Vacancy for term expiring 8/31/13