

## **GIRL SCOUTS HEART OF NEW JERSEY CHARGE TO AUDIT COMMITTEE**

### **Purpose and Authority**

The Audit Committee has been established by the Board of Directors of Girl Scouts Heart of New Jersey (the “Board”) to assist the Board in discharging and performing the duties and responsibilities of the Board with respect to the auditing functions of Girl Scouts Heart of New Jersey (the “Corporation” or the “Council”). In assisting the Board in fulfilling its fiduciary responsibilities related to the Council’s financial reporting standards and practices, the Audit Committee shall:

- Maintain a direct line of communication between the Board and both the Corporation’s independent public accountants (external auditors) and its internal auditors (if any). Such responsibilities encompass all operational functions, for example, IT, membership programs, delivery systems, and product sales that have a material effect on the Corporation’s operating results and financial position.
- Provide oversight of internal and external audit processes and communications, as appropriate, with management.

The Audit Committee has the right to exercise any and all power and authority of the Board with respect to matters within the scope of this Charge, subject to the ultimate power and authority of the Board. The Board shall continue to have the ultimate duty and responsibility to manage or direct the management of the business and affairs of the Corporation.

To fulfill its responsibility, the Audit Committee has the authority to provide for the conducting of any and all investigations it deems necessary or appropriate, to contact directly the independent auditors, the internal audit department and other employees and advisors and require them to provide any and all information, advice and assistance it deems necessary or appropriate, and to retain legal, accounting or other advisors it deems necessary or appropriate. The Audit Committee shall have direct access to Council staff and all information relevant to its responsibilities.

The independent auditors shall report directly to the Audit Committee, and shall be accountable to the Audit Committee and the Board, for their reviews and audits of financial statements and all other services.

As a committee of the Board of Directors, the Audit Committee shall have no authority to bind the Corporation, but shall be advisory to the Board.

### **Composition**

1. The Audit Committee shall be appointed in accordance with the bylaws.

2. The Audit Committee shall be composed of at least three, but not more than 7, independent members. An independent committee member is described as follows:
  - (a) is not and has not been employed in an executive capacity of the Council for at least five years prior to appointment to the audit committee;
  - (b) is not a significant advisor or consultant to the Council, nor affiliated with any firm that is;
  - (c) is not affiliated with a significant supplier to the Council;
  - (d) is not a spouse, parent, sibling, child or in-law of any person described in (a) through (d) or of any member of management.
3. The Audit Committee should have access to financial expertise with experience in reviewing and analyzing financial statements. This expertise may be provided by one member of the committee or collectively among committee members.
4. The Audit Committee may include members not currently serving on the Board.
5. Not more than half of the Audit Committee members shall be simultaneously serving on the Finance Committee.
6. It is the responsibility of the Chairperson to schedule all meetings of the committee and provide the committee with a written agenda for all meetings.
7. The Treasurer shall be an ex-officio member of the Audit Committee and shall not simultaneously serve as the chair of the committee.
8. The Finance Committee chair may be a member of the Audit Committee, but shall not simultaneously serve as the chair of the Audit Committee.

### **Duties**

1. Review the Audit Committee's charge annually and recommend any proposed changes to the Board.
2. The Audit Committee shall meet at least three times per year. The Audit Committee may ask Council staff or others to attend the meetings and provide pertinent information as necessary. The Audit Committee should prepare minutes for approval following meetings that document decisions and action steps. Meeting minutes should be provided to the Board.
3. Annually recommend to the Board the engagement of an independent public accounting firm to perform the audit for the ensuing year and establish the audit fee. Pre-approve any non-audit services provided by the public accounting firm before the services are rendered, including preparation of the IRS Form 990 and other tax/informational filings. Audit services are recommended to be bid out at least once every five years, which the audit committee would handle the RFP process.
4. Meet with the external auditors prior to the commencement of the annual audit examination to review their audit plans, scope and engagement letter for the coming year. The audit is to be completed within four months of the fiscal year end.
5. Review with the external auditors, upon completion of their audit:

- contents of their report
  - capability of the Council's financial personnel
  - cooperation received during the audit
  - transactions outside of normal Council business, if any, such as unrelated business income
  - changes in accounting principles and practices
  - compliance under the Council's conflict of interest policies
  - litigation that management or the Council's legal counsel believe may have a possible significant effect on the financial condition of the Council
  - recommendations for improving internal control, organizational structure, and operations including internal controls and procedures relating to computerized information systems and disaster recovery plans
6. Review management's response to the management letter and whether the agreed upon recommendations have been implemented.
  7. Inquire of management and the independent auditors about significant risks or exposures facing the Council and review the steps management has taken or proposes to take to minimize such risks to the Council.
  8. Meet with external auditors and management in separate executive sessions to discuss any matters that the Audit Committee or these groups believe should be discussed privately with the Audit Committee.
  9. Review best practices to address findings of the auditors, committee members and other consultants which fall within the scope of this Charge.
  10. Review all material written communications between the independent auditors and management, such as any management letter or schedule of unadjusted differences.
  11. Prior to publication, review all documents containing the Council's financial statements that will be published, including annual reports.
  12. Review IRS Form 990 and state filings for completeness and confirm that they are timely filed.
  13. Evaluate the performance of the external auditor.
  14. Establish a process for confidential treatment of any complaints on accounting, internal controls, and/or auditing issues.
  15. Annually review the conflict of interest and code of conduct/ethics policies and check that there are systems in place for compliance.

### **Limitations**

Notwithstanding anything contained herein to the contrary, the duties and responsibilities of the Audit Committee and each of its members is one of oversight and neither the Audit Committee nor any of its members shall have any duty or responsibility to:

- plan, conduct or provide resources for audits;

- determine that financial statements have been properly prepared or financial disclosures are full and complete;
- guarantee or provide other assurance that there are no financial risks or uncertainties or that such risks or uncertainties have been reduced or eliminated; or
- act as an expert or provide guarantees, representations, warranties, professional or other certifications or assurance with respect to, or verify, any matter within the scope of this charge.

Approved on 11/10/08