Philadelphia Chapter – IIA
Audit Committee Charter

PURPOSE
The Audit Committee’s goal is to assist the Board of Governors in fulfilling their oversight responsibilities as the local servicing unit of The IIA, established by The IIA and its membership, to provide services within the geographic area assigned to the Chapter by The IIA. As such, the officers and board members have an obligation to provide appropriate services within its assigned geographic area to its designated members along with upholding the integrity of the profession, properly representing the IIA and adequately safeguarding entrusted assets.

AUTHORITY
The Audit Committee has authority to conduct or authorize reviews, compilations, agreed upon procedures, studies, projects, and investigations into any matters that could impact the reputation of The IIA and the Philadelphia Chapter of the IIA. It is empowered to:

• Independently appoint and oversee the work of counsel, accountants, consultants, or others to advise the committee or assist in the conduct of services.

• Resolve any disagreements between the Board of Governors and the internal or external auditor regarding reporting and controls.

• Review and approve the scope of work and reports for all reviews, compilations, studies, projects, internal and external audits, investigations, tax preparation and other services deemed necessary to protect the integrity and reputation of the Chapter.

• Request information, as needed, and meet with Chapter officers, other Board members, internal auditors, external auditors, or outside counsel, as necessary.

• Investigate and/or help ensure compliance with the IIA Chapter Compact.

COMPOSITION
The Audit Committee will consist of at least three and no more than five members of the Board of Governors who are not officers of the Chapter. The board will appoint the Audit Committee members based on recommendations from the nominating committee. The Audit Committee will select the chair on an annual basis. Each Audit Committee member will be both independent, i.e., not an officer of the Chapter, and financially literate. At least one member shall have an active CPA license and be designated as the "financial expert," as defined by applicable legislation and regulation. Each Audit Committee member will not serve more than three years.

MEETINGS
The Audit Committee will meet at least four times a year (once in person) with authority to convene additional meetings as circumstances require. All Audit Committee members are expected to attend each meeting, in person or via telephone or video-conference. The Audit Committee will invite officers, auditors, consultants, members or others to attend meetings and provide pertinent information, as necessary. It will hold private meetings with auditors (see below) and executive sessions. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared and memorialized.
RESPONSIBILITIES
The Audit Committee will carry out the following responsibilities:

Financial Statements
- Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas such as estimates. Review with management and the external auditors the results of the audit, review, compilation, or agreed upon procedures, including any difficulties encountered.
- Review the annual financial statements, and consider whether they are complete, consistent with information known to Audit Committee members, and reflect appropriate accounting principles.
- Review other sections of the annual report and related Chapter 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.
- Review interim financial information including budgets.
- Review any internal and external auditor project scope and reports.

Internal Control
- Consider the effectiveness of the Chapter's internal control system, including information technology security and control.
- 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
- Approve an internal audit charter, if needed.
- Approve decisions regarding the appointment of the Chapter internal auditor. Ensure there are no unjustified restrictions or limitations, and review and concur in the appointment, replacement, or dismissal of the internal auditor.
- Approve the risk based annual internal audit plan, if needed, and significant changes to the plan. Review the internal audit activity's performance relative to its plan.
- Review with the Chapter internal auditor any projected expenses, resource plan and activities.
- Review the effectiveness of the internal audit function, including conformance with The Institute of Internal Auditors' Definition of Internal Auditing, Code of Ethics and the International Standards for Professional Practice of Internal Auditing.
- On a regular basis, meet separately with the Chapter internal auditor to discuss any matters that the Audit Committee or internal audit believes should be discussed privately.
External Audit
- Review the external auditors’ proposed audit, compilation, review or agreed upon procedures scope and approach, including coordination of audit effort with internal audit.
- Review the performance of the external auditors, and exercise final approval on 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 IIA and the Philadelphia Chapter of the IIA 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 privately.

Compliance
- Review the effectiveness of the system for monitoring compliance with the IIA Chapter Compact and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.
- Obtain updates as needed from Chapter officers, Board of Governors, and/or third parties regarding compliance matters.

Reporting Responsibilities
- Regularly report to the Board of Governors about committee activities, issues, and related recommendations.
- Provide an open avenue of communication between internal audit, the external auditors, other stakeholders as necessary and the Board of Governors.
- Review any other reports the Chapter issues.

Other Responsibilities
- Perform other activities related to this Charter as requested by the Board of Governors.
- Review and assess the adequacy of the Audit Committee charter annually, requesting board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.
- Confirm annually that all responsibilities outlined in this Charter have been carried out.
- Evaluate the Audit Committee's and individual members' performance on a regular basis.