

## **Title: Audit Committee Charter**

**Effective Date:** July 2023

**Revision:** 0

**Supersedes:** N/A

### **Purpose**

- The Audit committee is responsible for overseeing and reviewing SWE's annual financial audit and leading the selection process for a vendor to conduct the audit.

### **Background**

- The Auditing Committee was formed by SWE's Board of Directors (BOD) in 1951 to complete an audit of the FY50 books. Procedures were established in FY52.
- The committee officially changed its name from Auditing to Audit in FY69.
- Prior to SWE Headquarters (HQ) running society conferences, the scope of the audit committee also included auditing the annual convention books starting in 1970.
- In FY86 the Council of Section Representatives (predecessor to the Senate) recommended that the Society use outside auditors, and the board issued a consensus supporting that recommendation.
- In FY05, the SWE Endowment Fund Inc (SWE-EFI) was created as a separate non-profit. Beginning in FY06, SWE-EFI is audited separately by the same auditor used for the SWE HQ audit. To facilitate the extensive collaboration between SWE-EFI and SWE-HQ to ensure both audits are completed, a representative from SWE-EFI should serve on the Audit Committee.
- In FY18, the Audit Committee was documented in the Society Bylaws as one of five standing committees, with the chair-elect slated through the annual nominating committee process.

### **Scope**

- At least every 3 years, leading a review of the audit firm to determine if a Request for Proposal (RFP) should be solicited. In the case of an RFP, the Audit Committee via a RFP subteam, shall lead the selection process with input and resources provided by SWE HQ and the Treasurer. The RFP subteam will make a recommendation to the BOD for an Audit vendor. The BOD will then take up the recommendation as a formal business motion,
- Ensuring that the Auditor periodically rotates the primary auditor and management contact so as to preserve independence,
- Ensuring the appropriate information is prepared for the audit by SWE HQ staff,
- Reviewing the draft SWE and SWE-EFI audits and working with the Auditor to resolve issues,
- Reporting to the SWE BOD on the process, outcome, and any committee recommendations for the SWE audit,
- Maintaining a SWE-EFI representative on the Audit Committee who is responsible for communicating with the SWE Board of Trustees (BOT) on the process, outcome, and any committee recommendations from the SWE-EFI audit, and
- Per the SWE Whistleblower Policy, working with the Financial Ombudsperson in the event any complaints are received.

### **Resources & References**

- SWE HQ Staff
- SWE Treasurer
- External Auditor & their tracking process
- SWE Board of Trustees

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### **Authority & Limitations**

- SWE Finance Committee
- Audit Committee Procedure

- Audit Committee, via the RFP subteam, reviews RFP proposals for an Auditor in collaboration with SWE HQ staff and recommends Auditor to BOD for approval by motion.
- When an RFP is required, a subteam of the Audit Committee may be formed, made up of key stakeholders of Audit Committee including but not limited to: the Chair-Elect, SWE President, and a representative from the BOT. The SWE Treasurer and HQ staff, including the CEO (or their delegate) and the CFO, shall provide input and resources for the RFP subteam but shall not be members of the RFP subteam per SWE Bylaws (Article IX, Section 2.D.; version 10, as amended May 2023).
- Send final recommendations and motion to accept SWE audit to SWE President.
- Note: BOT is responsible for final approval of the SWE-EFI audit. The Audit Committee should review and provide comments on draft report, as well as provide a final recommendation of the SWE-EFI Audit prior to acceptance by BOT.
- The Audit Committee must collaborate with SWE HQ to distribute RFPs, review responses, and interview potential Audit firms, when required.
- SWE HQ signs all associated contracts with the selected external Auditor.

### **Deliverables**

- Selection of an Auditor when needed, on a timeline determined by the RFP subteam
- Formal Audit Kickoff in August
- Completion of Audit field work by Auditor by mid-November
- Completion of SWE EFI Audit Review by December
- Completion of SWE Audit Review by February
- Motion to BOD for approval of the audit prior to April 15
- Ensure BOD completes Review of 990 and receive confirmation of 990 Submission to IRS on or before May 1, contingent on Audit approval; the committee does not review the 990
- Audit process debrief by May 31
- Updated Audit Procedure by end of fiscal year as needed

### **Membership**

- Chair
- Chair-Elect, elected annually through the society nomination process
- Committee Members; at least one with financial expertise and at least 3 required per bylaws
- One representative from each of the following: SWE BOT, Finance Committee
- It is recommended that the Immediate Past Chair remain on the committee to provide additional continuity.
- For years where there is an RFP subteam, it is recommended that at least one Past Society Treasurer participate in the RFP subteam.

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Success**

- Support of SWE HQ to provide data and resolve issues identified by external auditor
- Access to external auditor tracking process
- Support of BOT & Finance Committee in Audit Review
- Timely responses from external auditor to resolve issues
- Timely issuance of final audit reports and 990 forms

**Report To**

- Society President

**Duration**

- Review this charter every 2 years