

# **USMS Audit Committee Charter**

## **Mission Statement**

The Audit Committee (Committee) shall assist the Board of Directors (Board) with its financial oversight responsibilities. The Committee shall monitor the reliability and integrity of the financial statements of United States Masters Swimming, Inc. (USMS), monitor compliance with legal and regulatory requirements, monitor and evaluate the effectiveness of the organization's operating systems, and monitor the independence and performance of USMS's external auditors. In performing its duties, the Committee shall confer directly with USMS management and external auditors and shall report its findings to the Board.

## **Organization**

The President shall appoint the Committee Chair and other members of the Committee. The Committee members shall be independent and familiar with finance and accounting practices needed to fulfill the Committee's responsibilities. At least two members shall be financial professionals. The Committee shall consist of at least five individuals of which a majority shall be non-Board members.

## **Roles and Responsibilities**

### **A. General**

1. All Committee members are expected to obtain a general understanding of the financial aspects of USMS's operations and how they are presented in its audited financial statements.
2. The Committee shall review its Charter in odd numbered years and modify as warranted.
3. The Committee shall review and authorize the scope of the external auditors' procedures related to the organization's financial statements. The usual practice shall be to authorize a full audit each year but the Committee on an exception basis may authorize only a review be conducted.
4. The Committee shall report to the Board within 60 days of the external auditors' final report.

### **B. External Auditors**

1. The Committee shall interview and recommend to the Board for its approval the selection of an independent CPA firm (auditors) for an annual audit, including related fees.
2. The Committee shall review and approve the engagement letter negotiated by management and ensure it has been reviewed and approved by legal counsel prior to signing by the Treasurer, CFO or CEO, if the Board has granted such authority.
3. The Committee shall evaluate the performance of the auditors and management with respect to the conduct of the audit.
4. All non-audit services and related fees shall be reviewed by the Committee prior to recommendation for approval by the Board.
5. The Committee shall function as the communication conduit between the Board and auditors.

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### C. Conduct of Annual Audit or Review

1. The Committee shall meet with management and the auditors no less than annually to discuss audit findings with respect to:
  - a. the reliability and integrity of the audited financial statements;
  - b. the presentation of the organization's finances in the audited financial statements;
  - c. the adequacy of internal controls, including computerized information system controls and security;
  - d. the comments and recommendations of the auditors; and
  - e. the matters required to be discussed by the PCAOB's Auditing Standard No. 16, Communications with Audit Committees, relating to the conduct of the audit.
2. The Committee shall meet with the Treasurer and Chief Financial Officer to:
  - a. review the annual audited financial statements including major issues regarding accounting and auditing principles and practices as well as the adequacy of internal controls that could significantly affect the organization's financial statements;
  - b. review major changes to USMS's accounting principles and reporting practices as suggested by the auditors or management;
  - c. review findings and recommendations of the auditors and management's responses thereto;
  - d. evaluate the performance of the auditors; and
  - e. review legal matters that may have a material impact on the financial statements, USMS's compliance policies, and any material reports or inquiries received from governmental agencies.
3. The Committee shall recommend approval of the audit report and audit findings, and communicate management's response to the Board.

### D. Tax Returns

1. The Committee shall review and approve the scope of tax services to be provided by the auditors.
2. The Committee shall ensure Board or Board Committee review of tax returns and approval of tax returns prior to filing.
3. The Committee shall ensure an authorized officer signs tax returns.

### E. Other Responsibilities of the Committee

1. Monitor the integrity, reliability and efficiency of accounting processes and systems of internal controls and use of assets.
2. Best practices and ethics
  - a. The Committee shall monitor and advise the Board on its responses to potentially illegal or unethical practices with respect to financial matters and internal controls.
  - b. The Committee shall assist the Board in developing and maintaining a code of ethical standards with respect to financial matters and internal controls.
3. Recommend policies and procedures for handling reporting and investigations of accounting and/or financial improprieties.
4. Inquire of management and the independent auditors about significant risks or exposures facing the organization; assess the steps management has taken or proposes to take to minimize such risks to the organization; and periodically review compliance with such steps.
5. Conduct any investigation necessary to fulfillment of the Audit Committee Charter. The Committee shall have access to any and all information required to conduct its investigations.

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### **Committee Meetings**

The Committee shall meet at least twice annually as necessary to discharge its responsibilities. Meetings may be conducted via conferences calls if deemed adequate to accomplishing its responsibilities. The Committee shall meet during the USMS annual meeting.

The Committee shall meet at least annually with the Chief Executive Officer, Treasurer, and Chief Financial Officer in separate or individual sessions with the auditors. At each meeting when a representative from the CPA firm is present, the Committee shall meet in Executive Session with the auditors.

The presence of a majority of the Committee members shall constitute a quorum at any meeting.

### **Other**

As necessary, the Committee shall review and approve the presentation of the organization's finances in USMS's publications.

The Committee shall assume any other role and responsibility assigned to it by the Board or deemed by the Committee to be appropriate to the discharge of the Committee's mission.

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits to determine that the organization's financial statements fairly present USMS's financial position in accordance with generally accepted accounting principles. Nor is it the duty of the Committee to resolve disagreements, if any, between management and the independent auditors or to assure compliance with laws and regulations and USMS's Conflict of Interest policy. The auditors' responsibility is to report whether the organization's financial statements are fairly presented in accordance with generally accepted accounting principles based on their audit. The financial statements are the responsibility of USMS's management.

Approved by the USMS Board of Directors on October 23, 2017.