

# HOUSTON COMMUNITY COLLEGE FOUNDATION

## AUDIT COMMITTEE CHARTER

This Charter sets forth the responsibilities of the Houston Community College Foundation's Audit Committee (Committee).

### **I. Purpose**

The Committee of the Houston Community College Foundation's Board of Directors (Board) primary function is to assist the Board in fulfilling its oversight responsibilities relating to (a) the annual independent audit and the evaluation of the independent auditor's qualifications, independence and performance; (b) the compliance by the Foundation with legal and regulatory requirements, including disclosure, controls and procedures; and (c) the fulfillment of the other responsibilities set forth herein.

In discharging its oversight role, the Committee has the authority to investigate any matter within its area of responsibilities that is brought to its attention, with full access to all of the books, records, facilities, and staff of the Foundation, and the power to retain outside counsel, auditors, or other experts, as it deems appropriate.

### **II. Responsibilities**

- i. Nominate, for approval by the Board, the firm of independent auditors to be retained. Recommend to the Board the retention and evaluation of the performance of the auditors selected to examine the annual financial statements of the Foundation. In this process, the Committee will discuss and consider the auditors' independence, the nature, rigor, and proposed scope of the audit process, including oversight of fees, receive and review all reports, and provide to the auditors full access to the Committee and to the Board to report on any and all appropriate matters. The Committee shall also pre-approve the nature and scope of audit and limited non-audit work performed by the auditors.
- ii. Maintain free and open communication (including private executive sessions) at least annually with the independent auditors and with the management of the Foundation.
- iii. Meet with the auditors and management at least annually to review the annual financial statements and footnotes, including a discussion of the suitability of accounting principles, review of judgmental areas, and consideration of audit adjustments whether recorded or not.
- iv. Review and approve the Foundation's audited financial statements, associated management letter, report on internal controls and all other auditor communications. Present the audited financial statements annually by the Committee, to the Board.

*Adopted by the HCC Foundation Board of Directors on May 21, 2020.*

*Last Reviewed by the Committee on August 16, 2022.*

*Amended and approved by the HCC Foundation Board of Directors on November 21, 2024.*

- v. Receive and review the auditors' comments and suggestions; discuss with management and the auditors the adequacy and quality of the Foundation's internal controls, adequacy of staff, and policies, procedures and systems; and make recommendations to the Board.
- vi. Review communications, comments, or complaints made by employees regarding illegal or unethical behavior pursuant to the Foundation's whistleblower policy and procedures.
- vii. Obtain reports and information from officers, employees, and other as the Committee deems necessary. Investigate any matter brought to its attention with the power to retain counsel and/or experts for this purpose.
- viii. Report to the Board on Committee activities.
- ix. Review annually the Audit Committee Charter and recommend any changes to the Board.
- x. Understand and review the Foundation's policies and procedures relating to compliance with laws and regulations, its Code of Ethics, and its Conflicts of Interest policy to ensure it is adequate and up to date.

### **III. Membership**

The membership of the Committee shall consist of at least (4) four voting members, all of whom shall be members of the Board. Of these one member is the Audit committee chair and one member is the Scholarships and Grants Committee chair. The committee chair of the Finance and Investment Committee may not serve as the Audit Committee Chair. The Board Chair serves as an additional voting Audit Committee member. All committee members shall be independent directors free from any relationship that, in the opinion of the Board, would interfere with his or her exercise of independent judgment as a member of the Committee. Additional committee members (who are also voting members of this Committee) can be community volunteers who are not Foundation Board members and have skills and expertise needed to support the purpose of the committee. Members of the Committee shall be appointed to, and removed from, the Committee, by the Board. At least one member of the Committee shall have experience in finance or accounting, or other comparable experience or background that demonstrates an understanding of financial statements, generally acceptable accounting principles, internal controls, and procedures for financial reporting, and shall have experience in preparing, auditing, or evaluating financial statements. Members are appointed for one-year terms, commencing September 1. The Chair of the Committee may not serve longer than three (3) consecutive one-year terms. The Foundation President shall also serve on the Committee in a non-voting ex-officio capacity.

No member of the Committee may in the current fiscal year or in the previous fiscal year have been associated in the capacity of a full-time employee or of compensated officer of Houston Community College or the HCC Foundation. Nor may any member of the Committee accept, either directly or indirectly, any consulting, advisory, or other compensatory fee from the Foundation.

**IV. Authority**

The Committee, with approval from the Executive Committee, shall have the resources and authority it deems appropriate to discharge its duties and responsibilities; including, the selection, retention, termination and approval of fees and other retention terms of special or independent counsel, or other experts or consultants.

**V. Meetings**

The Committee shall hold a regular yearly meeting pursuant to the Foundation's governing documents. Special meetings of the Committee may be held upon the call of the Committee Chair or Chairman of the Board, at any time that the attendance or consent of at least a majority of the committee can be obtained. Meetings may be in person or virtual.