



**Denver School of Science and Technology Public Schools
Audit Committee Charter**

Role

The audit committee will assist the DSST Public Schools board of directors in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the audit process, and the DSST Public Schools' process for monitoring compliance with laws and regulations and the code of conduct. The audit committee's role includes a particular focus on the qualitative aspects of financial reporting, organization processes for the management of risk, and compliance with significant, applicable legal, ethical, and regulatory requirements.

Authority

The audit committee is empowered to:

1. Appoint, approve compensation, and oversee the work of any registered public accounting firm employed by the DSST Public Schools.
2. Resolve any disagreements between management and the auditor regarding financial reporting.
3. Seek any information it requires from employees-all of whom are directed to cooperate with the audit committee's requests-or external parties.
4. Meet with DSST Public Schools officers, external auditors, or outside counsel, as necessary.
5. Investigate any matters brought to the audit committees' attention that is within the scope of its responsibilities. Subject to the approval of the board of directors, the audit committee may retain external professionals for this purpose if, in its judgment, that is appropriate.

Membership

The audit committee will consist of at least three members of the board of directors. The board will appoint audit committee members and the audit committee chair. Each audit committee member will be both independent and financially literate. Financial expertise necessary to understand and evaluate the financial transactions and the internal control procedures of DSST Public Schools will be sufficient amongst the audit committee members to fulfill the audit committee responsibilities.

Operational Principles

The audit committee will operate under the following principles:

1. The audit committee will meet at least once a year, with authority to convene additional meetings as circumstances require.
2. All audit committee members are expected to attend each meeting in person or via telephone-or videoconference.
3. The audit committee will invite members of management, auditors or others to attend meetings and provide pertinent information, as necessary.
4. Audit committee meeting agendas will be prepared by the chair with input from audit committee members.
5. The audit committee will hold executive sessions as it deems necessary.

6. Members of the audit committee will be provided appropriate briefing materials in a timely manner, and the chair will ensure that minutes are prepared.
7. The audit committee chair will report at regularly scheduled board of directors meetings about audit committee activities, issues and any related recommendations.
8. A brief annual report will be prepared and submitted to the board of directors which includes the audit committee's evaluation of its performance and confirmation that all responsibilities outlined in this charter have been carried out.
9. The audit committee will annually review and assess the adequacy of the charter and request board approval for proposed changes.

Responsibilities

Financial Reporting

1. Approve annual audited financial statements prior to submission to external entities or regulators. Review them with management and, as applicable, with external auditors to consider whether they are complete, consistent with information known to audit committee members and reflect appropriate accounting principles.
2. Provide audited financial statements to the board and prepare resolution for board consideration based on audit committee recommendation(s).
3. Review the Internal Revenue Service Form 990 and other sections of the annual report for accuracy and completeness.
4. Inform management and the external auditors that they are expected to provide a timely analysis of significant current financial reporting issues and practices.
5. Review and understand the impact of significant accounting and reporting issues including: complex or unusual transactions; judgmental and high risk areas; and recent professional and regulatory pronouncements. Evaluate management plans to address such matters, auditor's views, and the basis for conclusions.
6. Approve significant changes in important accounting principles and the application thereof in both interim and annual financial reports.

Audit

7. Review with management and the external auditors the results of the audit, including any difficulties encountered and or changes in the scope of the audit.
8. Review with management and the external auditors all matters required to be communicated to the audit committee.
 1. Understand the scope of external auditors' review of internal controls over financial reporting.
 2. Obtain reports of auditor's findings, recommendations, and comments regarding pertinent issues and monitor management's responses.
 3. Review the external auditors' proposed audit scope and approach to ensure completeness of coverage, reduction of redundant efforts, and the effective use of audit resources.
 4. Review the performance of the external auditors, and exercise final approval on the appointment or discharge of the auditors.
 5. Review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the DSST Public Schools, including non-audit services and by discussing the relationships with the auditors. The external auditors should

confirm to the audit committee that no limitations have been placed on the scope or nature of their audit procedures.

6. On a regular basis, meet separately with the external auditors to discuss any matters that the audit committee or auditors believe should be discussed privately.
7. Provide an open avenue of communication between the external auditors and the board of directors.
8. Review the findings of any examinations by regulatory agencies and any auditor observations.

Compliance and Control

1. Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up of any instances of noncompliance.
2. Consider the effectiveness of the DSST Public Schools' internal control system, including information technology security and control.
3. Review the process for communicating the code of conduct to DSST Public Schools personnel and for monitoring compliance therewith.
4. Obtain updates from management and DSST Public Schools legal counsel regarding any critical compliance matters.
5. Review any other reports the DSST Public Schools issues that relate to audit committee responsibilities.
6. Perform other activities related to this charter as requested by the board of directors.

Members 2014-2015

Norwood Robb, Chair
Teresa Berryman, Member
Steve Halstedt, Member
Don Kirkpatrick, Member
Coreen Miller, DSST Liaison

Audit Committee Goals 2014-2015

In conjunction with DSST leadership accomplish the following:

1. Update charter
2. Expand membership and fill the vacancy for the committee chair that is term limited and will be leaving the Board in June 2015.
3. Monitor reporting catch-up efforts
4. Track compliance initiatives

Schedule 2014-2015

<u>Date</u>	<u>Agenda Items</u>	<u>Format</u>
Feb. XX, 2015	Discuss engaging auditors	Phone Call
Apr. XX, 2015	Audit entrance conference	Meeting
Sept. XX, 2015	Audit exit conference and approval of audited financial statements	Meeting
Nov. XX, 2015	Review the IRS Form 990 and track goals	TBD