

## **NYYM Handbook Page**

### **Audit Committee**

#### **First reading, Fall Sessions 2015**

Changes indicated by red font.

#### **AUDIT COMMITTEE (2015)**

##### **History**

The Audit Committee was established at Representative Meeting held December 6, 1980. Its purpose was to provide an annual review of the financial records of each Yearly Meeting committee. At Yearly Meeting sessions in 2001, a new Audit Committee was named and asked to articulate a new statement of purpose, which would reflect several changes in the Yearly Meeting's fiscal management and reporting practices. These changes included a sharp reduction in the number of Yearly Meeting committees that maintained their own accounts and records, and a decision by the Yearly Meeting that all its financial accounts and records should be professionally audited. **In 2015, further changes have been made in the Audit Committee composition and operations to support a consolidated audit covering both Trustee and Treasurer Managed Accounts, and to bring the Yearly Meeting financial procedures into conformance with Generally Accepted Accounting Principles (GAAP).**

##### **Purposes and Objectives**

Working with the Yearly Meeting treasurer and the treasurer of the Yearly Meeting's trustees, the Audit Committee will assure the Yearly Meeting that its **consolidated** financial accounts, records, procedures, controls, and reports are periodically reviewed and audited by competent outside professionals in the field of accounting, and will interpret the findings and recommendations of the resulting accountant's or auditor's report(s) to the Yearly Meeting.

##### **Functions & Activities**

1. Advise the Yearly Meeting on the recommended schedule and scope of review or audit activities.
2. Recruit and recommend an appropriate firm or individual professional to carry out the services recommended.
3. Review and advise the General Services Coordinating Committee on the appropriate engagement letter or contract.
4. Coordinate the planning and execution of the accountant's or auditor's work with the treasurers, bookkeepers, and other fiscal officers whose accounts, controls, or procedures are being examined.
5. Receive and review a draft of the professional's findings and recommendations.

6. Advise the General Services Coordinating Committee on the timing and method of reporting to the Yearly Meeting (It is anticipated that custom will be followed in reporting an auditor's findings or opinions to the full governing body—in our case the membership—and that the widest practical exposure among those affected will be given to the auditor's recommendations to management.)
7. Advise the General Services Coordinating Committee on the release of payment for professional services under the terms of the engagement.
8. Evaluate the performance of those engaged for professional accounting or auditing services and advise on their suitability for future retention.
9. Help interpret professional findings and recommendations to the treasurers, bookkeepers, other fiscal officers, and others whose work may be affected by those recommendations.

The General Services Coordinating Committee retains its authority to contract and compensate professional services as recommended by the committee or, at its own discretion, to request or act on another recommendation. It also retains its responsibility for the ongoing oversight of financial policies, plans, operations, controls, and systems within the Yearly Meeting organization and for overseeing the adoption and implementation of any recommendations arising out of a financial review or audit. **Financial initiatives, changes, or procedural matters involving the Yearly Meeting Trust Funds will require prior approval of the Yearly Meeting Trustees before action by the General Services Coordinating Committee.**

### **Organization & Method of Appointment**

The Audit Committee should consist of no fewer than three members, appointed one each year by the Yearly Meeting at the recommendation of the Nominating Committee or Trustees for rotating terms of three years. **One member of the Audit Committee will be appointed by the Yearly Meeting Trustees; this appointee may not be the Treasurer of the Trustees.** No member of the Audit Committee should concurrently serve as treasurer or assistant treasurer of the Yearly Meeting, as a member of the Financial Services Committee, or as an officer ~~or trustee~~ of any board or committee whose accounts and records are subject to a direct review or audit supervised by the Audit Committee. Members of committees whose work focuses on the allocation or distribution of funds for which management is not under their direct control are not precluded from serving, but they may want to consider the potential for conflict **of interest** before agreeing to serve.

While not a requirement for appointment, it would be helpful if members of the committee brought some previous experience working with business, nonprofit, or public-sector audits, as well as some familiarity with the Yearly Meeting's management and fiscal operations.

The Audit Committee will appoint its own clerk, as well as name a representative to the General Services Coordinating Committee.

## **Meeting Times & Places**

The committee usually meets during **Summer Sessions**. Other meetings may be held at other times during the year.

## **Finances**

The committee members may request travel expenses through the General Services Coordinating Committee budget.

The **Audit Committee** advises the GSCC on the cost of the outside auditor, which will appear in the operating budget of the Yearly Meeting. In recent years, the cost of the audit itself has been covered from annual income of the Trust Funds and included in the Trustee portion of the Yearly Meeting's operating budget income..