

# **National Association of Criminal Defense Lawyers**

## **Audit Committee Charter**

*As adopted by the Board of Directors on August 14, 2010  
in Toronto, Ontario*

### **Purpose**

The Audit Committee shall provide oversight of the Association's financial practices, internal controls, financial management and standards of fiscal conduct. It shall be responsible for (1) reviewing financial statements, (2) reporting to the Board of Directors that financial statements accurately reflect the Association's financial condition, (3) determining the adequacy of internal controls surrounding financial information systems, and (4) ensuring adherence to the Association's conflict-of-interest policy. The committee shall meet with the outside auditor at least twice each fiscal year – once pre-audit and once post-audit – and at such other times as necessary to fulfill its fiduciary obligations or as directed by the Board of Directors or its Executive Committee. The committee shall keep the Board of Directors and the Executive Committee informed of the fiscal yearly audit status.

In furtherance of these duties, the Committee should also recommend steps to prevent and deter fraud, as well as oversee an effective ethics, conflict of interest and whistle blower program. The Committee should also perform an annual risk management assessment of the Association.

### **Authority**

The Committee is granted the authority to investigate any matter or activity within the Committee's scope of responsibilities, including but not limited to, financial accounting and reporting, allegations of fraud, code of conduct, ethics or conflict of interest violations, breach of fiduciary duty by any officer, director or employee, and complaints referred to the Committee through the Association's whistleblower policy.

### **Composition**

The Audit Committee shall be comprised of no fewer than five members, the majority of whom shall be current Board members. Members of the Committee shall be Association members in good standing, and shall be free from any relationship that would interfere with the exercise of his or her independent judgment. The Treasurer of the Association shall be invited and encouraged to be in attendance at meetings of the Audit Committee and to participate in the deliberations thereof, unless the Committee determines that the Treasurer's participation on a particular matter is inappropriate.

The Audit Committee is unique among all governance committees, since by the very nature of its mission, it must be truly independent. Therefore, at the Annual Meeting in 2010, the Membership approved changing the bylaws to establish the Audit Committee as a Standing Committee. Appointments to the Audit Committee shall be made by the president with the consent of the Board of Directors at the first Board meeting following the Annual Membership Meeting. The Audit Committee will annually choose its chairperson. Members shall be appointed to renewable five-year terms. Initially the appointment of terms shall be: 1 year, 2 years, 3 years, 4 years, and 5 years. The Board of Directors must approve any expansion of the Audit Committee to include more than five members.

### **Meetings**

The Committee shall meet at least two times annually, or more frequently as circumstances dictate. The meetings should include a separate executive session with the Committee and auditors to discuss any matters that should be discussed privately. All members are expected to attend each meeting in person or via telephone or video conference. The Audit Committee shall adopt minutes of each meeting and the same shall be available for inspection by the Board.

### **Specific Duties-Annually**

- Review the charter and recommend any changes to the Board. Assess the completeness of the charter in light of new best practices and new legal or regulatory requirements.
- Oversee the independent auditors. Review the independence of the auditors and recommend to the Board the selection, retention or termination of the outside auditors. On a reasonably prudent schedule, recommend the selection of alternative independent auditors for consideration by the Board of Directors
- Perform risk assessment of potential sources of loss and how to mitigate the consequences. Review all of the insurance policies, as well as other procedures and controls. Discuss with management significant risks or exposure facing the Association in the upcoming year and assess steps taken to minimize such risks.
- Oversee the conflict of interest process.
- Review the code of conduct and ethics to ensure that it is current and up to date. Review compliance with the policy and procedures.
- Ensure any prior year recommendations or findings, which related to matters within the scope of the Committee's duties and authority, were corrected by management.

- Review the procedures for the receipt, retention and treatment of complaints received by the organization through its whistleblower policy.
- Monitor developments in the regulative, legislative and legal environment and respond to any new requirements as needed.
- Review with the executive director and external auditors the Association’s accounting and financial reporting controls and significant accounting and reporting principles, practices and procedures applied to prepare its financial statements . Approve any proposed changes to the Association’s accounting policies and procedures and standards used to calculate estimates such as depreciation or amortization.
- Review and approve the IRS Form 990, Return of Organization Exempt From Income Tax.

### **Specific Duties-Annual Audit**

- Review and approve the scope and general extent of the auditors’ annual audit.
- Review any significant changes in the audit plan.
- Confirm and assure the independence of the independent auditor.
- Review and discuss with the auditors and management any reportable or non-reportable findings, recommended adjustments, or any unadjusted audit differences. Review all material written communications between the auditors and management.
- Review the annual draft financial statements and footnotes prior to distribution. This review should include a discussion of the significant issues regarding the accounting principles, practices, and judgments used in preparing the financial statements. Review with the auditors their judgments about the quality, not just the acceptability, of the accounting principles as applied in its financial reporting.
- Discuss and resolve any disagreements between management and the independent auditors.
- Review the adequacy of internal controls and any recommendations to improve them.