

AUDIT COMMITTEE

Duties and Responsibilities of an FICPA Audit Committee Member

The duties and responsibilities of the Audit Committee are governed by the Audit Committee Charter as approved by the FICPA Council.

AUDIT COMMITTEE CHARTER

STATEMENT OF POLICY

A. MEMBERSHIP

The Audit Committee of the Florida Institute of CPAs (FICPA) shall be comprised of five members each of whom shall be independent, and free from any relationship that, in the opinion of the Board, would interfere with the exercise of their independent judgment as a member of the Audit Committee. All members of the Audit Committee must be a Florida CPA and at least three members shall be active members of the Board. All members of the Audit Committee shall be financially literate and at least one member of the Audit Committee shall have expertise in financial auditing and reporting.

Members of the Audit Committee shall be appointed by the Committee on Nominations. Each member shall serve a three year term and no more than two members shall stand for appointment each year. No member shall serve for more than two consecutive terms.

B. PURPOSE

The primary purpose of the Audit Committee is to assist the FICPA Council in fulfilling its financial oversight responsibility to the Members and others. The Audit Committee shall report to the FICPA Council relating to items such as:

- the integrity of the FICPA's annual audited financial statements, financial reports and other financial information;
- independent auditor's qualifications, performance, and independence;
- Systems of internal controls;
- Ethics policies that management and the Board have established; and
- Auditing, accounting and financial reporting policies.

The Audit Committee shall, with Council approval, retain and compensate such outside legal, accounting or other advisors, as it considers necessary in discharging its oversight role.

Consistent with this function, the Audit Committee should foster adherence to, and should encourage continuous improvement of the FICPA's policies, procedures and practices. The Audit Committee's primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the FICPA's financials reporting process and internal control system,
- Review and appraise the audit efforts of the FICPA's independent auditor, and
- Provide open communication between the independent auditor, management and the FICPA Council.

In fulfilling its purpose, it is the responsibility of the Audit Committee to assure that the independent auditors are able to obtain all information which is necessary or useful in performing the audit and to assure that independent auditors and management of the FICPA are aware of their responsibilities.

C. MEETINGS

The Audit Committee shall meet at least three times each year, or more frequently as circumstances may decide. Any member of the Audit Committee who shall have been absent from two meetings during any one fiscal year unless excused by the Chair shall automatically vacate the seat on said Committee. Any vacancy shall be filled as set forth in the FICPA Bylaws, Article XIII, Section 1. The Audit Committee shall meet in separate executive sessions with management and with the independent auditors as follows:

- Prior to the audit, and
- Subsequent to the completion of field work.

D. DUTIES AND RESPONSIBILITIES

Management is responsible for the preparation, presentation, and integrity of the FICPA's financial statements, for the appropriateness of the accounting principles and reporting policies that are used by the FICPA and for implementing and maintaining internal control over financial reporting. The independent auditors are responsible for auditing the FICPA's financial statements.

The Audit Committee, in carrying out its responsibilities, believes its policies and procedures should remain flexible, in order to best react to changing conditions and circumstances. The Audit Committee will take appropriate actions to set the overall "tone" for quality financial reporting and ethical behavior.

The Audit Committee should review:

- This Charter each year and propose any changes to the FICPA Council, and
- The FICPA's annual financial statements and present the annual financial statements to the Finance & Office Advisory Subcommittee, who shall in turn distribute to the Board of Directors, the FICPA Council and the FICPA membership.

With respect to the Independent Auditor, the Audit Committee:

- Shall obtain and review a written report by the independent auditors describing:
 - any material issues raised by the most recent internal quality control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more

- independent audits carried out by the firm, and any steps taken to deal with any such issues; and
 - All relationships between the independent auditors and the FICPA (to assess the auditors' independence).
- Shall pre-approve all audit and non-audit services provided by the independent auditors and shall not engage the independent auditors to perform non-audit services where such arrangement would result in the auditors impairing independence;
- Shall discuss with the independent auditors the overall scope and plans for their respective audits, including the adequacy of staffing and budget or compensation;
- Recommend to the Board of Governors the selection of the independent auditor;
- Recommend and approve the fees of the independent auditor to the Finance & Office Advisory Subcommittee;
- Annually review the performance of the independent auditor;
- Annually consult with the independent auditor out of the presence of management about internal controls and the completeness and accuracy of the FICPA's financial statements; and
- Evaluate the auditors' qualifications, performance and independence. Such evaluation should include the review and evaluation of the lead partner of the independent auditors and take into account the opinions of FICPA management.

With respect to the financial reporting process, and after reviewing the independent auditor's report, the Audit Committee shall:

- In consultation with the independent auditor, review the integrity of the FICPA's financial reporting process;
- Consider the independent auditor's judgments about the quality and appropriateness of the FICPA's accounting principles as applied in its financial reporting process;
- Consider and approve major changes to the FICPA accounting policies;
- Review any significant adjustments proposed by the auditor, including those adjustments that were recorded and those adjustments that were waived;
- Review separately with management and with the independent auditor any significant difficulties encountered in the conduct of the audit, including any restrictions on scope or access to required information;
- Review any correspondence required by generally accepted auditing standards;
- Review the President/CEO's recommendation for appointment, dismissal, or replacement of the CFO/Controller;
- Review any significant disagreement among management and the independent auditor in connection with the preparation of the financial statements; and
- Review and discuss the annual audited financial statements with management and the independent auditors prior to the issuance of the FICPA's audited financial statements. The Audit Committee's review of the financial statements shall include:
 - major issues regarding accounting principles and financial statement presentations, including any significant changes in the FICPA's selection or

application of accounting principles, and major issues as to the adequacy of the FICPA's internal controls and any specific remedial actions adopted in light of material control deficiencies;

- discussions with management and the independent auditors regarding significant financial reporting issues and judgments made in connection with the preparation of the financial statements and the reasonableness of those judgments;
- consideration of the effect of regulatory accounting initiatives, as well as off-balance sheet structures on the financial statements;
- consideration of the judgment of both management and the independent auditors about the quality, not just the acceptability of accounting principles; and
- the clarity of the disclosures in the financial statements. Also, the Audit Committee shall discuss the results of the annual audit and any other matters required to be communicated to the Audit Committee by the independent auditors under professional standards.

E. ETHICAL AND LEGAL COMPLIANCE

The Audit Committee shall:

- Establish procedures for the receipt and treatment of whistleblower complaints received by the FICPA regarding accounting, internal accounting controls, or auditing matters, and the confidential, anonymous submission by employees of the FICPA of concerns regarding questionable accounting or auditing matters. Complaints received shall be directed to the Audit Committee Chair;
- Shall be notified prior to the hiring of employees or former employees of the audit firm;
- Perform an evaluation of its performance at least annually to determine whether it is functioning effectively;
- Establish, review and periodically update a Code of Ethical Conduct;
- Oversee CEO and senior management in the management and enforcement of this code;
- Review with the FICPA's counsel, any legal matter that could have a significant impact on the FICPA's financial statements, and
- Perform any other activities consistent with this Charter, the FICPA Articles of Incorporation and Bylaws, as the Audit Committee or FICPA Council deems necessary or appropriate.

Approved: February 4, 2009 – Audit Committee

Approved: February 19, 2009 – F & OA Committee

Approved: February 20, 2009 – Executive Committee

Approved: June 19, 2009 – Board of Governors

Approved February 16, 2012 – Board of Governors – Status: Current

AUDIT COMMITTEE

Composition-Terms-Eligibility-Attendance

A. COMPOSITION AND TERMS:

- Five (5) Committee Members
- Members serve a three (3) year term.
- No more than two (2) members may stand for appointment each year.
- Cannot serve more than two (2) consecutive, multiple year terms, or in excess of ten (10) consecutive years.

B. ELIGIBILITY:

- Must be a Voting member as define by the Bylaws of the Corporation. - (*Members who are licensed Certified Public Accountants of any state or territory of the United States or the District of Columbia who work or reside in the State of Florida.*)
- Must be a Florida Licensed CPA
- Cannot be currently serving on the Committee on Nominations.
- No more than one (1) member from the same entity may serve concurrently on the Audit Committee.

C. ATTENDANCE:

- Any member of the Audit Committee, excluding the Chair of the Committee, who shall have been absent from two (2) meetings during any one (1) fiscal year unless excused by the Chair of the Committee shall automatically vacate the seat on said Committee.
- If the Chair of the Committee is absent from two (2) meetings during any one (1) fiscal year unless excused by the Chair of the Corporation shall automatically vacate the seat on said Committee.

Estimation of Time Commitment:

Audit Committee

July

1-hour conference call prior to annual audit

August

1-hour conference call during annual audit if needed

September

1-hour conference call to accept audit report

Additional

As charged in the Audit Charter, the committee shall annually review its charter to determine if any changes should be forwarded to the Board of Governors for consideration