

# Audit And Finance Committee Charter

## **Purpose**

The Audit and Finance Committee (Committee) is a standing committee whose purpose is to assist International Council (IC) and the Facilities Management Company (FMC) Board of Managers (BOM) in:

- Fulfilling their responsibilities with respect to the oversight of accounting, finance, audit, tax, investment, financial reporting and internal control practices.
- Providing oversight of the use and development of their financial resources, including each entity's financial structure, investment policies and objectives and other matters of a financial and investment nature.

The Committee's role is one of oversight. Gamma Phi Beta professional staff is responsible for preparing actuals, budgets, forecasts and other information for presentation to the Committee.

## **Objectives and Responsibilities**

### Audit and tax-related objectives and responsibilities

- Review the work of the independent auditor of Gamma Phi Beta Sorority (Sorority). This includes:
  - Annually reviewing the qualifications and performance of the independent auditor and making recommendations to IC on the retention or discharge of the independent auditor.
  - Reviewing terms of the engagement of the independent auditor and making recommendations to IC on those terms.
  - Meeting with the auditor to discuss the audit plan, the annual financial statements and the completed audit and making recommendations to IC regarding these items.
  - Reviewing the auditor's observations and comments, including any management letter or other documents provided by the auditor and making recommendations to IC regarding these items.
- Review the engagement of the independent auditor for any non-audit services and verify that such services conform to applicable standards.
- Review the annual IRS Form 990 as well as any other significant tax forms or tax matters reported by the Sorority or FMC professional staff and the independent auditor.

### Investment management-related objectives and responsibilities

- Work with the investment manager(s) to provide continuous education to IC and the BOM on financial and investment items.
- Review and monitor the investment policies of IC and the BOM at least annually and suggest revisions when appropriate.
- Monitor the investment manager(s)' execution against the investment policies of IC and the BOM and the engagement letter of the investment manager(s).

- Evaluate the performance of the investment manager(s) annually and make a recommendation to IC and the BOM regarding the retention or discharge of the investment manager(s).

#### Financial review and other objectives and responsibilities

- Review periodically operating cash flows, liquidity position, debt covenants (including compliance with and forecast of) and operating performance against budget.
- Review and make recommendations to IC and the BOM regarding each entity's approval authority matrix for expenditures, purchases, contractual obligations and financial commitments.
- Review, evaluate and make recommendations to IC regarding any mergers or acquisitions.
- Develop a process with the extension committee to make recommendations to IC and the BOM regarding the financial implications of any extension activities.
- Work with Gamma Phi Beta's chief financial officer to develop a plan to transition the following review responsibilities to the Committee.
  - Review and make recommendations to IC and the BOM regarding the establishment and termination of banking and similar relationships.
  - Review and make recommendations to IC and the BOM regarding their budget, including the process used in developing the budget.
  - Review, evaluate and make recommendations to IC and the BOM regarding each entity's plans for allocation and disbursements for capital expenditures.

Perform such other duties and responsibilities as may be assigned to the Committee.

#### **Committee Composition**

The Committee shall consist of:

- One member of IC appointed by IC.
- One member of the BOM appointed by the BOM.
- The International President as an ex-officio member or her designee.
- The Sorority's chief financial officer as an ex-officio member.
- Two to four volunteers appointed by IC. These members should possess applicable experience in auditing, accounting, financial reporting, tax or financial or investment management.

Members are appointed for a two-year term and may serve no more than three consecutive terms.

A vice chair may be selected by the Committee from among the Committee members. The vice chair may assist the chair with project management, preside over meetings in the absence of the chair and assume other duties, as needed.

All volunteer appointments to the Committee shall be made in accordance with the Sorority's process for volunteer leader appointments. All volunteers of the Committee shall be appointed by IC considering the recommendations of the Committee chair and/or Governance and Personnel Committee (GPC).

International Council and committee chairs will work in partnership to address any committee member's failure to meet expectations, with IC having the authority to remove a committee member.

#### The Committee Chair

At the start of each biennium, IC will appoint a chair of the Committee (chair). It is preferred that IC appoint someone from IC as chair. If IC deems none of its board members qualified or available to serve in the role of chair, the BOM representative will then be considered. If IC deems the BOM representative is not qualified or available to serve in the role of chair, members of the Sorority may apply for the position of chair in accordance with the Sorority's process for volunteer leader appointments. A chair will then be selected by IC from the applicants. The designation of a chair by IC shall include a vote of affirmation by the Committee. The chair may serve no more than three consecutive terms.

#### **Operations**

- The Committee will meet as often as it deems necessary to carry out its objectives and responsibilities, but in any event not less than four times per year. The Committee must have a majority of its members present to conduct a meeting.
- The chair shall preside over the meetings of the Committee.
- Meetings shall occur via conference or video call. When deemed appropriate by IC, the Committee may meet in person.
- The Committee will report to IC and the BOM on the activities of the Committee as often as it deems necessary to carry out its objectives and responsibilities, but in any event not less than four times per year.
- The Committee may form and delegate to one or more working groups all or any portion of the Committee's responsibilities, provided that no working group shall consist of fewer than two members.
- The Committee shall review and assess its performance annually. The GPC will determine the form and nature of the annual self-evaluation. The GPC will review the results of the annual self-evaluation and share them with the chair.
- The Committee shall review and assess annually whether this charter appropriately addresses the matters that are or should be within its scope, and, if appropriate, recommend changes to the charter to IC for approval.

#### **Date of Adoption**

This charter was adopted by IC effective June 19, 2023.