

**AUDIT COMMITTEE -
AN ADVISORY COMMITTEE
OF THE WASHOE COUNTY SCHOOL DISTRICT
BOARD OF TRUSTEES**

BYLAWS

Purpose

The Audit Committee shall assist the Board in fulfilling its oversight responsibilities by reviewing and submitting to the Board the results of external and internal audit risk assessments, reports, and recommendations related to the District's operations, financial and other reporting obligations, internal control processes, and compliance with laws, regulations, and ethics.

Authority

Through action of the Board of Trustees and in accordance with Board Policy 9155, Audit Committee, the Board of Trustees does hereby establish the Audit Committee as a standing advisory committee of the Board of Trustees ("Board") of the Washoe County School District ("District").

Requisite Skills

1. Members of the Audit Committee ("Committee") collectively should possess knowledge in accounting, auditing, business, financial reporting, law, and school district finances. These skills are needed to understand and evaluate the school district's financial statements, the external audit and the District's internal audit activities. Accordingly, the Committee's members, collectively, should:
 - a. Possess the requisite knowledge to understand technical and complex financial reporting issues.
 - b. Have the ability to communicate with auditors, public finance officers, and the school board.
 - c. Be knowledgeable about internal controls, financial statement audits, and management/operational audits.
2. Committee members collectively should possess general knowledge of District issues and concerns and be familiar with the policies, regulations, and laws governing the District.

Composition and Membership Provisions

1. Voting Membership
 - a. Voting membership shall consist of seven (7) voting members.
 - b. All members shall be residents of Washoe County.
 - c. An individual may not serve on the Committee if he/she:
 - i. Is employed by the District;

- ii. Is an immediate family member (spouse, spouse equivalent or dependent (whether or not related)) or close family member (parent, sibling or nondependent child) of an individual who is an employee.

2. Officers

- a. Officers of the Committee shall be a Chairperson and Vice-Chairperson.
 - b. Officer Nomination and Election
 - i. Officers shall be current voting members of the Committee and be elected by majority vote of the members of the Audit Committee.
 - ii. All nominees shall be present at the scheduled meeting to accept the nomination.
 - iii. The term of office shall be from January 1st to December 31st and shall be for one (1) year. Officers may be re-elected.
 - c. Removal of Officers
 - i. An officer may be removed for just cause at any time by a two-thirds (2/3) vote of the Committee.
 - ii. A vacancy in an officer's position, due to resignation or removal, shall be filled using the normal District's protocol for the election of officers.
3. Appointment. The procedures for appointments to the Committee shall comply with Board Policy 9100, Public Bodies, which states, in part:
- a. When an opening occurs, whether the member leaves at the end of their term or an unexpected vacancy occurs and a mid-term replacement is needed, members shall be appointed by the Board through the following process. At all times during the application and selection process, the District shall seek to be fair and consistent.
 - i. The staff liaison will post the availability of the position(s) and begin the recruitment process at the earliest possible time and for a duration of at least two weeks.
 - ii. Upon the closing of the application process, the staff liaison shall review the applications/resumes and other submitted materials for minimum qualifications. As necessary and appropriate, the expertise of individuals outside the Internal Audit Department may be sought in reviewing the applications/resumes of interested individuals;
 - 1. If the applicant pool exceeds five applicants for one position, the staff liaison with the assistance of the Office of Human Resources may vet the applications/resumes based on

- standard Human Resource practices to limit the applicant pool to five;
- 2. If the applicant pool is five or less applicants for one position, the staff liaison shall not limit the applicant pool any further;
 - iii. The staff liaison with the assistance of the Office of Human Resources shall interview the applicant pool and make a single recommendation to the Board. As necessary and appropriate, the expertise of individuals outside the Responsible Office may be sought during the interviews of interested applicants;
 - iv. At the Board's discretion, the Board may take action to ask the staff liaison to forward its ranking of candidates for the Board's consideration and deliberation of more than one applicant;
 - v. The Board will take action to approve an applicant to serve on the Committee.
- 4. Reappointment. Members in good standing may be re-appointed without the District opening the position for recruitment or being required to submit a new application or be interviewed.
 - b. Members seeking re-appointment must submit, for consideration by the Board, a letter of intent to return for an additional term on the Public Bodies.
 - c. "Good standing" refers to members that comply with their explicit obligations to the Public Bodies, including attendance at a majority of meetings over the Public Bodies' calendar year and active participation in the business of the Public Bodies during meetings. Members in good standing shall not have been subject to any form of sanction or disciplinary censure by the District during their term.
 - d. Appointment and/or re-appointment of members to Public Bodies shall require the approval of the Board.
- 5. Removal of Members from Public Bodies.
 - a. Except as otherwise limited by applicable law or ordinance, the Board may remove any of the appointed members of Public Bodies for cause based on the Board's reasonable discretion.
 - b. Members of Public Bodies found to be in violation of a District policy, regulation, or other rule may be denied the opportunity to serve and/or be removed from Public Bodies by the Board or Superintendent in exigent circumstances.

- c. Poor attendance by members of Public Bodies, missing a majority of meetings in the Public Bodies' calendar years, may result in the removal or non-reappointment of said members.

Term of Service

- 1. A term of membership shall be two (2) years, with terms commencing on July 1st and ending June 30th of the second year.

MEMBER	CATEGORY	TERM ENDS
A	Community member with a background in business, finance, auditing, or the law	June 30 of Even-Numbered Years
B	Community member with a background in business, finance, auditing, or the law	June 30 of Even-Numbered Years
C	Community member with a background in business, finance, auditing, or the law	June 30 of Odd-Numbered Years
D	Community member with a background in business, finance, auditing, or the law	June 30 of Even-Numbered Years
E	Community member with a background in business, finance, auditing, or the law	June 30 of Odd-Numbered Years
F	Community member with a background in business, finance, auditing, or the law	June 30 of Even-Numbered Years
G	Community member with a background in business, finance, auditing, or the law	June 30 of Odd-Numbered Years

- 2. Members who cannot complete their term on the Audit Committee should submit a letter of resignation to the Committee Chair. Upon acceptance of the letter of resignation, the position shall be opened using the District's application process.
 - a. A member who is appointed to fulfill the term of a member who has resigned or been removed, shall complete the term of the vacating member.
- 3. Members shall serve no more than five (5) terms without a break in service of at least one (1) year.

4. Any appointments to an initial term of less than two years shall not count towards the members' term limits.

General Membership Protocols

1. Conflict of Interest. Committee members must disclose, to the Committee Chair, any relationships related to potential conflicts of interest, to include the following, and abstain from voting, if necessary. Potential conflicts of interest shall be disclosed prior to any discussion on the topic or upon first learning that a potential conflict may exist when the member, or a relative within the third degree of consanguinity:
 - a. currently provides, or within the prior two years, has provided, goods or services to the District; or
 - b. Is the owner of or has a direct and material interest in a company providing goods or services to the District.
2. Compensation and Per Diem. Members shall serve without compensation.
3. Non-Voting Staff-Liaison. A non-voting member from the Department of Internal Audit, generally the Chief Auditor, shall serve as liaison between the committee and the Board.
 - a. The liaison shall work with the Board Services Department to:
 - i. In conjunction with the committee chair, set the meeting agendas and meeting schedule;
 - ii. Advise the committee on the goals of the Board of Trustees and Superintendent;
 - iii. Advise the committee on information in the District that concerns the Audit Committee; and
 - iv. Create minutes of each of the meetings of the Committee.
 - v. Report to the Board of Trustees and Superintendent the activities of the Audit Committee.
4. Confidentiality. During the exercise of duties and responsibilities, the Committee members may have access to confidential information. The Committee shall have an obligation to the District to maintain the confidentiality of such information.

Procedural Responsibilities

1. The Committee shall comply with state laws and regulations, and specifically Nevada's Open Meeting Law, Nevada Revised Statutes (NRS) Chapter 241, Meetings of State and Local Agencies.

2. The Committee shall comply with the policies, regulations, and procedures of the District, and specifically the District's committee operational procedures established and documented in Administrative Manual.
3. The Board of Trustees may not delegate the responsibility for final decisions to a committee, because such decisions must, by state law, rest with the Board of Trustees. Committees are not empowered to perform management functions.
4. A committee may be dissolved upon completion of its charge or by action of the Board of Trustees.

Duties and Responsibilities

1. Members of the Committee shall perform their duties in good faith, in a manner they reasonably believe to be in the best interests of the Committee and the District with such care as a generally prudent person in a similar position would use under similar circumstances.
2. External Audit Focus
 - a. Reviewing with the external auditors any risk assessment of the District's fiscal operations developed as part of the auditor's responsibilities under government auditing standards for a financial statement audit and federal single audit standards, including all critical accounting policies and practices used by the district.
 - b. Reviewing with the external auditors and the chief auditor, the audit scope and plan of the internal auditors and the external auditors. Addressing the coordination of audit efforts to assure the completeness of coverage, reduction of redundant efforts and the effective use of audit resources.
 - c. Reviewing and recommending to the Board of Trustees approval of the comprehensive annual financial report, including the external auditor's assessment of the District's system of internal controls.
 - d. Monitoring audit results and follow-up activities, including resolution of the findings of the external financial audit.
3. Internal Audit Focus
 - a. Recommending to the Board, the annual goals and objectives of the Chief Auditor.
 - b. Recommending to the Board of Trustees the appointment, replacement, or dismissal of the Chief Auditor.
 - c. Assisting in the oversight of the internal audit function, including reviewing and recommending to the Board of Trustees approval of the annual risk assessment and internal audit plan

- d. Periodically evaluating the audit plan to provide reasonable assurance that higher risk areas and key control activities are evaluated and tested and reviewing the results of internal audit activities.
- e. Requesting additional audit projects be added to the audit plan based upon the committee's evaluation.
- f. Reviewing with the Chief Auditor and management, if applicable :
 - i. Significant findings on internal audits during the year and management's responses thereto.
 - ii. Any difficulties the internal audit team encountered in the course of their audits, including any restrictions on the scope of their work or access to required information.
 - iii. Any changes required in the scope of their internal audit.
 - iv. The internal audit department budget and staffing.
 - v. Internal audit department policy.
 - vi. The internal audit department's compliance with applicable standards.
- g. Ensuring the independence of the internal audit function.
- h. Reviewing the adequacy and effectiveness of the District's internal control structure, operations, and the quality of performance in carrying out assigned responsibilities.
- i. Inquiring of management, the Chief Auditor and the independent auditors about significant risks or exposures facing the District, assess the steps management has taken to minimize such risks to the District, and periodically reviewing compliance with such steps.
- j. Evaluation of the Chief Auditor
 - i. The Audit Committee shall support the Board of Trustees in the annual evaluation of the Chief Auditor's progress toward his/her goals and objectives prior to the end of the fiscal year.
 - ii. By calendar year end, Board Policy Committee creates the evaluation tool.
 - iii. First calendar quarter:
 - 1. Last quarter of calendar year, Audit Committee reviews potential changes to policies that may affect the chief auditor's evaluation provides the information to Board Policy Committee.
 - 2. Board of Trustees review the draft evaluation tool and provide suggestions to be included in the tool.

3. Receive and review evaluation tool from Board Policy Committee, and add goals and objectives not previously included.
 4. Recommend evaluation tool be submitted to the Board for approval.
 5. Approval by the Board.
 - iv. Second calendar quarter:
 1. Audit Committee meets to discuss with each other and the chief auditor the goals and objectives as contained in the evaluation tool and the accomplishment of those goals.
 2. Audit Committee members individually complete and submit their evaluations to President of the Board of Trustees through the Board Services Department.
 3. Board Services Department combines the individual evaluations or provides all evaluations to the Board of Trustees for Board approval.
 - v. The evaluation will be forwarded to the Board President for his/her evaluation of the Chief Auditor, and then to the Board of Trustees.
4. Compliance with Laws, Regulations, and Ethics
 - a. Reviewing compliance with laws, regulations, ethics, policies, and rules regarding conflict of interest as related to financial reporting.
 - b. Periodically reviewing the District's code of conduct to ensure that it is adequate and up to date.
 - c. Reviewing case logs of "report fraud, waste, and abuse" concerns.

Meetings

1. Schedule
 - a. The Audit Committee shall meet at least quarterly. Regularly scheduled meetings shall be held from July 1st to June 30th of each year. The Chairperson shall establish a calendar of regularly scheduled meetings in conjunction with the District's staff liaison.
 - b. Additional meetings may be called at the discretion of the Chair, in conjunction with the District's staff liaison.
2. Attendance
 - a. Attendance records of all committee members shall be reviewed by the chairperson on a regular basis.

- b. The Chairperson may recommend to the Audit Committee the removal of any member having three (3) or more absences during one (1) year or for failure to participate on a committee.
- c. Recommendation to remove a member shall be by majority vote of the committee, with final action required by the Board of Trustees.

Reporting Responsibilities

1. The Committee has the duty and responsibility to regularly report its activities, issues and related recommendations to the Board of Trustees. The Committee, through its chair or designee, shall:
 - a. Report on the scope and breadth of Committee activities so that the Board of Trustees is kept informed of its work and can take appropriate action.
 - b. Provide an open avenue of communication between the internal auditors, the external auditors, and the Board.
 - c. Provide minutes or a summary of minutes of meetings that clearly record the actions and recommendations of the Committee.
 - d. Report on indications of material or significant non-compliance with laws or District policies and regulations as identified by the external or internal auditor.
 - e. Report on suspected fraud, waste or abuse, or significant internal control findings and activities as identified by the external or internal auditor.
 - f. Report on any other matters that the Committee believes should be disclosed to the Board of Trustees.
 - g. Report annually to the Board, describing the Committee's composition, responsibilities, how their responsibilities were discharged, and any other information requested by the Board.

Review and Revision

1. The Board Services Department, in conjunction with the Audit Committee, shall assess and review the adequacy of these bylaws no less than annually or as necessary. Modifications shall be presented to the Board of Trustees in writing for their review and action.

Date	Revision	Modification
1/30/2007	Original	Administrative Regulation 3116, Audit Committee
6/21/2016	1.0	Adopted
2/27/2018	2.0	Revised: removed members of the Board of Trustees as voting members of the committee; changed to bylaws instead of charter; changed format to District template

11/1/2019	3.0	Revised: By action of the Board of Trustees, the bylaws were revised to comply with Board Policy 9100, Public Bodies, particularly related to membership.
-----------	-----	---