

# Audit Committee (Ad Hoc)

## Committee Charter

The purpose of the Audit Committee (the "Committee") is to assist the Board of Directors (the "Board") in fulfilling its oversight responsibilities concerning the financial reporting process, the system of internal controls, the audit process, and NANOG's processes for monitoring compliance with laws and regulations. The Audit Committee appoints the independent auditor.

- The Committee consists of at least three NANOG members in good standing, one of which must be a NANOG Board member, but may not be the Treasurer or Executive Director. The NANOG Board appoints the Committee. All members of the Committee should be financially literate. At least one member should have an accounting background or related financial management experience. No member of the Committee, during its current fiscal year, or in the previous fiscal year, can have been a NANOG employee or have been compensated financially by NANOG.
- The Committee must meet at least twice a year. Once for audit preparation, and again for audit review. A third meeting may be required to determine if any action is necessary in response to the outside auditor's management letter. Board members who are not members of the Committee can not attend meetings of the Committee, unless invited by the Committee.
- A majority of the Committee constitutes a quorum at any given meeting. The action of that quorum, at a given session, will be the action of the Committee.

## Roles and Responsibilities

The Committee provides oversight to ensure that NANOG has an adequate system of internal controls to safeguard assets, and for the preparation of financial statements. To meet its responsibilities, the Committee will do the following:

- Be directly responsible for the appointment, compensation, retention, and oversight including evaluation of the work of the outside auditor preparing or issuing an audit or any related work (including resolution of disagreements between management and the outside auditor regarding financial reporting) and the outside auditor reports directly to the Committee.

- Review the outside auditor's qualifications, independence, and performance.
- Review the scope, approach, and cost of the audit.
- Review significant accounting and reporting developments and issues.
- Review the annual financial statements audited by the outside auditors.
- Review auditor's suggestions for improvements.
- Review and monitor NANOG's internal controls and exercise oversight of management's handling of NANOG's significant financial exposures.
- Review with the outside auditor any audit problems or difficulties and management's response.
- Establish procedures for the acceptance, retention, and treatment of complaints or concerns received by NANOG regarding accounting, internal accounting controls, or auditing matters, including confidential and anonymous submissions from employees.

In addition, the Committee will exercise oversight of NANOG 's processes for compliance with legal and regulatory requirements. Review and make recommendations to the Board with regards to retention of the independent auditor and the audit functions. Periodically review and assess the adequacy of the Committee's charter. The Committee will attend to any other financial matters as directed by the Board.

### **Expected Timelines:**

- End of February to March - Receive draft of audited financial report for review.
- Within 30 days of receipt of draft - The committee has 30 days to review the draft, settle any concerns with the auditors, if needed to approve the audit report. After 30 days, it will be pushed to the Board of Directors for approval.
- Within 30 days of approval - Expect final Audited Financial Report and Management Letter from auditors. Review auditor's recommendations and determine action to take if necessary.
- Early August - Send RFPs if a change in outside auditor is desired.
- Early October - Appoint the outside auditor.