

## Audit Committee Charter

The Audit Committee (Committee) of the Architect of the Capitol (AOC) provides oversight for financial reporting, internal controls and auditors' activities to:

- Improve the AOC's Internal Controls and Financial Reporting Practices;
- Enhance the Office of Inspector General's Audit Function; and
- Enhance the Financial Statement Audit Process.

### Organization

The members of the Audit Committee shall be selected by the Architect of the Capitol, who shall also have the authority to remove a member or members, or discontinue its use. The Committee shall consist of at least three voting members, all independent of the AOC (i.e., not an employee of the AOC nor related to an employee of the AOC or of the Independent Public Accountant (IPA) firm), with one to be designated by the Architect as the Chair. At least two of the voting members shall not be current employees of the Federal Government. When there is some doubt about independence, the member shall recuse himself or herself from any decisions that might be influenced by the lack of independence.

The members of the Audit Committee who are not current government employees will receive an honorarium, as determined by the Architect, to include all travel and incidental expenses.

The Audit Committee shall include at least two non-voting, *ex officio* members -- the Inspector General (IG) and the Chief Financial Officer (CFO) of the Architect. The Architect may permit a representative of the Government Accountability Office to attend Audit Committee meetings as a resource.

The voting members of the Committee generally serve in staggered terms for periods not-to-exceed 3 years. The Architect will fill vacancies as they occur, selecting from at least two candidates recommended by the Chair.

All members of the Audit Committee shall have substantial financial management or audit expertise. The Audit Committee shall report to the Architect of the Capitol. The Office of Inspector General shall provide staff support as necessary to facilitate the Audit Committee's scheduling, meetings, and other administrative functions.

The Audit Committee will meet at least four times each fiscal year or more frequently if circumstances make that preferable in the opinion of AOC Management, the Inspector General, or the Chair of the Audit Committee. The Committee may ask members of management or others to attend the meeting and is authorized to receive all pertinent

information from management. The Audit Committee shall take into consideration the workload of AOC staff in making and scheduling requests for information, attendance at meetings, and other demands upon staff time. The Audit Committee will conduct Executive Sessions and invite AOC personnel, the Inspector General, the Financial Statement Audit Partner or other Audit Partners as deemed necessary by the Committee.

The Audit Committee may receive sensitive financial and other information regarding the Office of the Architect of the Capitol. All information received by the Audit Committee shall be held in strict confidence and shall not be divulged outside of the Office of the Architect of the Capitol except upon the express written approval of the Architect.

## **Responsibilities**

**The Audit Committee has numerous responsibilities. The committee will:**

A. Make Suggestions and Recommendation to improve the AOC's Internal Controls and Financial Reporting Practices.

1. Discuss with AOC Management, the Inspector General, and the IPA the AOC's internal controls and identified significant risks and exposures, and will assess Management's steps to minimize them.
2. Review legal and regulatory matters that may have a material effect on the agency's financial statements and compliance policies and make recommendations for changes to internal controls and financial reporting as appropriate.
3. Review new accounting initiatives and provide recommendations for AOC implementation.
4. Review AOC accounting policies and policy changes.
5. Review Management's assessment of major risks.
6. Review and make suggestions to the AOC on the:
  - a. Interim and annual financial statements and related footnotes;
  - b. Communications between the IPA and AOC Management such as Notices of Findings and Recommendations, Management's Representation Letter and Schedule of Unadjusted Differences, and the Auditor's Management Letter;
  - c. Internal control weaknesses that were detected during the audit; and
  - d. The status of previously identified findings and recommendations.

7. Discuss with the IPA, IG and AOC Management any items of concern in the Auditor's Statement on Auditing Standards 114 communication.

8. Prepare a letter for inclusion in the Performance and Accountability Report that describes the Committee's composition, responsibilities and how the responsibilities were fulfilled.

#### **B. Enhance the Office of Inspector General's (OIG) Audit Function**

1. Provide input to and review the Inspector General's Annual Audit Plan.
2. Review IG audit and evaluation reports including the AOC responses and resolution.
3. Review the Office of Inspector General Semiannual Reports to Congress and provide suggestions on the report content.
4. Discuss with the AOC and Inspector General any delays in providing Management Decisions or implementing corrective actions on OIG recommendations.

#### **C. Enhance the Financial Statement Audit Process**

1. Review the Statement of Work used to hire an IPA for the audit of the AOC's financial statements
2. One or more members of the Audit Committee may be asked to serve as one of the three members of contract evaluation panel.
3. With the Inspector General or the Contracting Officer's Technical Representative (COTR), evaluate the independence, qualifications, and performance, of the Independent Public Accountant and make recommendations to the Contracting Officer about exercising the contract option period.
4. Recommend to the Architect the engagement of other firms to provide additional expertise related to matters that arise during the financial statement audit process.
5. Review any published documents containing the agency's financial statements and determine whether the information in the reports is consistent with the information in the financial statements.

**D. Periodic responsibilities**

1. Annually review the Audit Committee Charter and recommend updates if needed to the Architect. Consider changes that are necessary as a result of new laws, regulations or accounting and auditing standards. The Audit Committee Charter shall be included on the Architect's website.
2. Through the Chair of the Committee, report annually to the Architect on the Committee's activities and recommendations.

**Authority and Execution**

Nothing in this Charter shall be construed as inconsistent with existing law, or is intended to restrict existing authorities and independence of the Architect's Office of Inspector General. The Audit Committee is not authorized to perform any function that is considered by the Architect to be inherently governmental in nature.

  
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Stephen T. Ayers, AIA LEED AP  
Acting Architect of the Capitol

4/21/09  
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Date