



VP Draft 1/24/2022

AUDIT COMMITTEE CHARTER

Effective as of [_____], 2022

1.0 AUTHORITY

This Audit Committee (the “Audit Committee”) is a committee of the National Board of Directors (the “NBOD” or “Board” or “Directors”) established under Section 8.2.2 of the Bylaws of the Society of Hispanic Professional Engineers (“SHPE”). Capitalized terms used in this charter of the Audit Committee (the “Charter”) that are not otherwise defined herein have the meanings given to them in the Bylaws of SHPE.

2.0 PURPOSE

The Audit Committee oversees SHPE’s accounting and financial reporting processes, and systems of internal controls and risk management. The Audit Committee shall perform the following oversight functions: (i) oversee the independent audit process; (ii) ensure recommendations made by the independent auditor are implemented; (iii) review internal financial controls and risk management protocols; (iv) address complaints about financial mismanagement; (v) oversee the preparation and implementation of the governance policies referenced in the Form 990; and (vi) oversee all investigations per SHPE’s Reporting Violations Policy.

3.0 MEMBERSHIP

- Per SHPE Bylaws, Section 8.2, the NBOD Chair shall appoint the Audit Committee Chair (the “Chair”) and the members of the Audit Committee.
- The Audit Committee shall consist of at least three members. Each committee member shall be appointed to serve for one-year terms.
- The NBOD Chair may fill vacancies on the Audit Committee by appointment, as needed. The Board may remove a member from the Audit Committee at any time, with or without cause.
- The Audit Committee shall not include paid or unpaid staff of SHPE, including the Chief Executive Officer, or the NBOD Treasurer
- No members of the Audit Committee shall have any material financial interest in SHPE or in any entity doing business with SHPE.
- Members of the Finance Committee of SHPE may serve on the Audit Committee, but Finance Committee members cannot constitute fifty percent or more of the Audit Committee.
- The Audit Committee Chair may not serve on the Finance Committee
- All Audit Committee members shall be financially literate as such qualification is interpreted by the Board in its business judgment. At least one member of the Audit Committee must have accounting or related financial management expertise (e.g., MBA, CPA, accountant, or certified auditor).
- The Audit Committee members may not receive any compensation from SHPE in excess of the compensation, if any, received by the Directors for their Board services. Members of the



Audit Committee may seek reimbursement of expenses reasonably incurred on behalf of SHPE and submit to the Board for review.

4.0 MEETINGS AND OPERATIONS

- The Audit Committee shall hold four (4) meetings per year at a time and place fixed by the Audit Committee or at such other intervals as needed as determined by the Chair or a majority of the Audit Committee members.
- The Chair shall preside over all meetings of the Audit Committee. A majority of the Audit Committee members shall constitute a quorum. Audit Committee approvals shall require a vote of a majority of the Audit Committee members present at a meeting at which a quorum is present.
- Members of the Audit Committee may participate in a meeting by means of a telephone conference, electronic video screen communication, or electronic transmission.
- The Audit Committee shall report its activities to the Board on a regular basis at regularly scheduled NBOD meetings throughout the year. The Audit Committee shall also keep documented minutes of its meetings.
- The Audit Committee may invite any non-Audit Committee members to attend meetings or meet with the Audit Committee members.
- The Audit Committee shall review this Charter periodically and recommend any proposed changes to the Board for review.

5.0 RESPONSIBILITIES

In addition to any other duties as the Board may assign to the Audit Committee from time to time, the Audit Committee shall have the following responsibilities:

Internal Financial Controls and Financial Reporting

- Oversee and review periodically SHPE's internal financial controls, including management's compliance with applicable policies and procedures, risk management profile and policies, litigation matters and insurance coverage and complaints or other communications made under SHPE's Reporting Violations Policy.
- Review the annual information returns (IRS Form 990, related schedules, and forms) and recommend it for approval, signature, and submission by the appropriate officer of SHPE.
- Ensure that financial reports are received, monitored, and distributed correctly.
- Prior to publication, review SHPE's financial statements and other official financial information provided to the public with SHPE's management and independent auditor.
- Prepare an Audit Committee report for inclusion at SHPE's quarterly Board meeting.
- Comply in all respects with the requirements of the California Nonprofit Integrity Act and all other applicable laws relating to audit committees.



- Oversee the preparation and implementation of the governance policies referenced in the Form 990, such as conflict of interest, document retention, whistle-blower, review of executive compensation, etc.

Independent Auditors

- Oversee the annual independent audit process, including engaging the independent auditor and meeting with staff to discuss the audit plan, relevant new financial reporting requirements, the annual financial statements, and the completed audit.
- Review the results of the audit and determine whether to accept such audit.
- Review the independent auditor's observations, including any management letter.
- Confer with the independent auditor to satisfy the Audit Committee members that the financial affairs of SHPE are in order.
- Approve any engagement of the auditor for non-audit services and verify that such services conform to standards in the Yellow Book issued by the U.S. Comptroller General.
- Review the performance and make recommendations to the Board on the retention and, when appropriate, termination of the independent auditor, and negotiate the terms of engagement subject to Board approval. The independent auditors shall report directly to the Audit Committee.

Internal Investigations (per SHPE Reporting Violations Policy)

- All reported violations and suspected violations will be promptly investigated and will include proper documentation of such investigation per best practices for internal investigations.
- SHPE's Audit Committee Chair will lead and/or oversee the investigation of reported violations or suspected violations at the National Board Member and CEO levels.

6.0 GENERAL PROVISIONS

- The Audit Committee may establish such subcommittees of its members, as it deems appropriate to assist in its duties, provided that the Audit Committee shall retain ultimate responsibility for such matters.
- In discharging its role, the Audit Committee is empowered to inquire into any matter it considers appropriate to carry out its responsibilities, with access to all books, records, and personnel of SHPE and, subject to the direction of the Board, the Audit Committee is authorized and delegated the authority to act on behalf of the Board with respect to any matter necessary or appropriate to the accomplishment of its purposes.
- While fulfilling its duties, the Audit Committee may at any time seek advice and assistance from outside legal counsel, accounting or other subject expert advisors as the Audit Committee deems necessary to carry out its duties on such terms as the Audit Committee may determine.
- The Audit Committee shall receive appropriate funding, as it determines, from SHPE for payment of compensation to any independent auditors, outside legal counsel, or accounting



or other advisors employed by the Audit Committee, and for ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.

- The Audit Committee shall conduct an annual performance self-evaluation to ensure that the Audit Committee is fulfilling its responsibilities and report the results of such evaluation to the governance committee of the Board.