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## **AUDIT COMMITTEE CHARTER**

### **PURPOSE**

The Audit Committee will assist the DIA Board of Directors (“Board”) with oversight of the following:

1. Assessing the integrity of DIA’s annual financial reports to the Board and the DIA membership;
2. Assessing DIA’s compliance with legal and regulatory requirements;
3. Reviewing the registered independent audit firm’s (“Auditors”) qualifications and independence, and engage the Auditors;
4. Assessing performance of the Auditors and their opinion letters and other reviews and management letters.

### **DUTIES AND RESPONSIBILITIES**

1. Select the Auditors to conduct an annual audit of DIA’s financial results in accordance with United States Generally Accepted Accounting Principles (“U.S. G.A.A.P.”), internal control procedures, and any material internal control issues (see Appendix A);
  - a. Facilitate and oversee the annual financial audit performed by the Auditors.
  - b. Review, with input from the Finance Committee of the Board, the final audit report submitted by the Auditors.
2. Discuss, as circumstances warrant, the annual financial and the quarterly financial reports, with management and the Auditor and provide a report to the Board;
3. When deemed necessary retain an independent auditor to conduct a review of policies and procedures related to human resources, risk assessment and risk management. Ensure that DIA has policies and procedures that allow any employee to voice concerns about any issue related to the activities of DIA, without fear of repercussion for voicing such concerns. Assure that these policies and procedures are implemented, maintained and that its employees are informed;
4. Periodically meet separately with management and with any independent auditors;
5. Review with management the internal control environment and related policies and procedures;
6. Provide a written report (executive summary of Audit Committee meeting minutes) for the Board of Directors after each Audit Committee meeting;
7. Conduct an annual independent Audit Committee Self-Evaluation;
8. If necessary or requested, review any reported irregularities in election procedures to ensure proper election processes.

### **AUTHORITY**

Subject to Board approval, the Audit Committee is given authority to investigate any matter or DIA activity, as well as DIA internal controls and procedures. In that regard, the Committee will have access to external professionals to render advice and counsel in such matters. If any contracts are required, Board approval will be required.

### **MEMBERSHIP**

The Audit Committee shall consist of at least two Board members appointed by the President and approved by the Board and two non-DIA members with extensive financial management experience (optional). Members of the Audit Committee are not eligible to serve on the Finance Committee. Additional committee members may be Board members or DIA members.

## **MEETINGS**

The Audit Committee shall meet as many times as necessary to accomplish its objectives and will conduct face-to-face meetings or teleconferences as appropriate to fulfill its obligations. The Audit Committee is to meet in separate executive sessions with the outside auditors at least annually and at other times when considered appropriate. The Chair will assign and ensure that there will be an accurate recording of minutes of each meeting that are available to the Board. A majority of member attendance, whether face to face or by teleconference for these meetings will constitute a quorum.

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## **APPENDIX A**

### **INTERNAL CONTROL DEFINITION AND FRAMEWORK**

Internal Controls are systems of policies and procedures that protect the assets of an organization, create reliable financial reporting, promote compliance with laws and regulations and achieve effective and efficient operations (See Appendix B). These systems are not only related to accounting and reporting but also relate to the organization's communication processes, internally and externally, and include procedures for:

1. Handling funds received and expended by the organization;
2. Preparing appropriate and timely financial reporting to board members and officers;
3. Supporting the annual audit of the organization's financial statements;
4. Evaluating staff and programs;
5. Providing custodial control of assets of the organization;
6. Creating and having in place personnel and conflict of interest policies.

Organizations will utilize Internal Audits (Full time employees or external consultants) as one area of Internal Control. DIA's size does not warrant a full time internal audit department—hence item 2 below describes how it will utilize external specialists as needed, but this does not relegate the responsibility away from DIA's management for maintaining the integrity of the DIA's internal control environment.

### **ACTIVITIES BY THE AUDIT COMMITTEE IN SUPPORT OF THE SYSTEM OF INTERNAL CONTROLS**

1. Review with the Auditors the current internal control environment.
  - a. Review findings from the annual management report issued by the Auditors;
  - b. Discuss findings with Auditors during audit closing conference;
  - c. Discuss with Auditors whether controls at DIA are consistent with U.S. GAAP.
2. Consider areas for need of internal audit review.
  - a. Consider outside specialists for selected internal audits as warranted.
3. Review risk assessment on an annual basis.
4. Review annually whether procedures and processes are updated and current.
  - a. Inquire with senior management as to current controls;
  - b. Inquire with senior management which controls are being updated;
  - c. Inquire with senior management new controls implemented or concerns with any control areas.

Approved by DIA Board of Directors, June 17, 2006  
Revised and approved, December 11, 2008  
Revised per new bylaws, April 2010  
Revised by Audit Committee, April 2011  
Revised by Audit Committee, April 2013

*This Charter was reviewed by the Governance & Leadership Committee and approved by the DIA Board of Directors on June 22, 2013.*