Committee Purpose:
Oversees the accounting practices, financial reporting and the external audit of the organization.

Committee Membership:
- Membership of four: Vice-Presidents of the Societies.
- Presidents cannot be members of the Audit Committee.
- The committee may recruit one non-member financial volunteer with a financial background (professional certification, education and/or prior business experience interpreting and analyzing financial statements) to sit on the committee as an advisor.

Terms of Appointments:
- The Chair of the Audit Committee will be appointed by the members of the Audit Committee.
- Society Vice-Presidents – two years

Committee Accountability/Authority:
The Audit Committee reports to the CNSF and NSFC Board of Directors. The External Auditor is accountable, and reports directly, to the Audit Committee.

Committee Responsibilities:
The Audit Committee will:
- Insure that the Secretariat has in place sound and adequate financial controls, procedures, and practices;
- Insure that the financial statements and other financial information provided to the Board and to all stakeholders by the Secretariat and by the external auditors are accurate, represent full disclosure, and are fully communicated to the Board;
- Review the budget prepared annually by the Secretariat for consistency with Board policy and prudent practice. Anticipated initiatives that have financial implications will be identified and analyzed before the budget for the next year is presented to the Board;
- Review the biannual financial statements prepared by the Secretariat, noting in particular if expenditures are consistent with the Budget;
- Review the auditor’s detailed findings annually with the external auditor and with the Chief Executive Officer prior to making recommendations to the Board concerning the auditor’s report;
- Regularly consider the need to rotate the audit partner responsible for the external audit;
- Recommend annually to the Board the appointment and compensation of the external auditor;
- Insure the status of CNSF as a “not-for-profit” organization is protected;
Meeting Frequency and Recording:

At a minimum, the Audit Committee shall meet at least twice each year. These meetings could be held by teleconference and would normally occur during the month prior to each Board meeting. The Audit Committee would meet:

- With the senior financial staff to review internally prepared financial reports; and,
- With the auditor to review the Auditors report. A portion of the meeting with the auditor will be in-camera (without staff).
- Minutes of meetings will be recorded by a member of the Committee, and submitted to the CNSF Secretariat Office within two weeks of the meeting for filing and for distribution to committee members.
- The committee will submit a written report to the CNSF Board of Directors at the June board meeting and will give interim reports at other meetings of the Board.

Appendix - Suggested Questions to ask the Auditor

(One area where audit committees have problems is knowing what to ask the auditor when some of the committee members may not have a financial background. The following questions are samples of those which could be raised with the auditor in the audit meeting. Other questions specific to the CNSF and the NSFC can be developed by the Audit Committee with the advice of the financial volunteers.)

1. How would you compare the quality of our accounting to other organizations with whom you work?
2. What was your materiality threshold?
3. Do we have any unconsolidated entities such as a foundation, taxable subsidiary, real estate holding company, or joint venture, and why were they not consolidated?
4. Are we up-to-date on all of our filings and remittances?
5. Do our investments conform to our investment policy?
6. Are our receivables recorded in compliance with our receivables recognition policy?
7. Are there any significant receivable amounts of which collection is uncertain?
8. Are our reserves adequate?
9. Are we vulnerable on revenues because we are overly dependent on one revenue source?
10. Are we in compliance with lines of credit and other banking requirements?
11. Are all movements of resources in or out of designated funds properly authorized and accounted for?
12. Does the association have adequate internal controls, and is there any concern that improprieties are taking place?
13. Are there any aspects of the audit report that you have been asked to change from what you initially recommended, and do you support the change?
14. Are our Board and annual minutes in a format and stored as required by statute, and by our policies?