

AAPS Audit Committee Charge

Approved by the AAPS Board of Directors November 2017

Mandate

The overall responsibility of the Audit Committee is to represent and assist the Board of Directors in discharging its fiduciary responsibilities. The committee is a board committee and maintains lines of communication with management and the independent auditor and reports regularly to the full Board regarding its committee activities.

Responsibilities

The Audit Committee's specific responsibilities include:

- Recommending annually to the full Board the engagement of an independent auditor, including the auditor's compensation, to conduct an external audit of AAPS's financial statements
- Determining the independent auditor's scope of work
- Overseeing AAPS's annual independent audit of its financial statements
- Reviewing the draft independent audit, including the management letter and auditor comments, discussing such matters with the independent auditor as appropriate, and presenting to the full Board for review and acceptance
- Reviewing published documents containing AAPS's financial statements and considering whether information contained in these documents is consistent with information contained in AAPS's financial statements
- Reviewing and approving the Form 990 and referring it to the Board for review prior to its submission to the IRS
- Considering and reviewing with AAPS management the adequacy of AAPS's risk management methodology and internal controls, assessing steps management should take to minimize such risks and periodically reviewing compliance with those steps
- Monitoring AAPS' compliance with legal requirements
- Monitoring compliance with AAPS's conflict of interest policy and code of ethics policy, and keeping Board apprised of any needed changes to those policies and their implementation
- Overseeing policies and procedures for encouraging whistleblowers to report any questionable accounting or auditing matters
- Reviewing with AAPS counsel any legal or regulatory matters that could have a significant impact on AAPS's financial statements, including the findings of any examinations by regulatory agencies
- Monitoring AAPS's compliance with regulatory reporting requirements
- Presenting an annual Audit Committee report to the full Board and otherwise reporting regularly with respect to formal committee activities

Members

The Board treasurer and at least two (2) other members of the Board shall be appointed to the Audit Committee. The committee shall also include four (4), but not more than seven (7) AAPS members in good standing who are not Board members. These committee members would be appointed by the Board. The Audit Committee chair is appointed by the Board and shall not be a current Board member. No Board director or AAPS member with a material financial interest in any entity doing business with AAPS is eligible to serve. Committee members will serve staggered two-year terms.

Individuals who are not AAPS members in good standing may be recruited and approved by the committee to serve as non-voting advisors in order to provide additional financial expertise.

The AAPS staff members assigned to support this committee are the executive director and director, finance & administration.

Meetings

The Audit Committee shall meet at least two (2) times a year, in person or telephonically, and at the call of the committee chair.

The committee chair is responsible for ensuring that the committee meets its obligations as set forth in this charter. The chair shall coordinate with AAPS staff to develop committee meeting agendas, facilitate committee meetings, foster meaningful participation of committee members, ensure that meeting minutes of the committee's formal actions are kept, and report out the committee's formal actions and recommendations to the full Board.

Reports

The Committee will receive and review the following documents and reports:

- Draft independent audit (annually);
- Draft Form 990 and, upon request, all supporting documentation (annually);
- Financial statements (quarterly);
- Risk Register update (semi-annually);
- Conflict of interest forms submitted by Board members (annually);
- Updates to risk management policies (e.g., conflict of interest, whistleblower), noting that all required changes to risk management policies should be managed through the Risk Register process; and
- Updates or changes in key internal controls policies, noting that all required changes to key internal controls should be managed through the Risk Register process.