

# **BYLAWS FINANCE AND AUDIT COMMITTEE**



## **ARTICLE I. NAME AND LOCATION**

The name of this committee shall be Finance and Audit Committee, ("FAC"). The Committee's primary office and location of meetings shall be at the Educational Services Center ("ESC") or at such places within the boundaries of the Adams 12 Five Star Schools ("the District") as may from time to time be designated by the FAC.

## **ARTICLE II. PURPOSE, DUTIES AND RESPONSIBILITIES**

1. The purpose of the FAC shall be to provide fiscal oversight responsibilities with integrity and reliability. The FAC does not assume any fiscal responsibilities of the Board. The Board and Superintendent retain the responsibility for the District's financial condition and for decision-making in all matters of policy and operation. Nothing in these Bylaws should be interpreted so as to limit the Board of Education from exercising its full authority.
2. It is intended that these Bylaws incorporate best practices and guidelines developed by organizations such as the American Institute of Certified Public Accounts ("AICPA") and the Government Finance Officers Association ("GFOA"), however the bylaws must also reflect the objectives and unique qualities of the District. The AICPA and GFOA both recommend the governing body of every state and local government should formally establish an audit committee or its equivalent by charter or other appropriate legal means. These Bylaws have been drafted with reference to the guidance of the AICPA ("Audit Committee Toolkit, Government Organizations") and the GFOA ("Best Practices – Audit Committees") as of the date of adoption. It is understood that the AICPA and GFOA amend and modify their guidance over time. District staff shall periodically review the AICPA and GFOA best practices and guidance and recommend conforming amendments to these Bylaws as warranted.
3. The FAC shall fulfill its financial oversight responsibilities by reviewing:
  - A. Financial information provided by the District.
  - B. The District's financial systems and associated internal controls.
  - C. The District's auditing, accounting and financial reporting processes. Consistent with this function, the FAC shall encourage continuous improvement of, and shall foster adherence to, the District's policies, procedures and practices at all levels.
  - D. The District's budgeting process and assumptions.
  - E. The financial data provided by the District's charter schools.
4. The FAC's primary financial oversight duties and responsibilities are to:
  - A. Serve as an independent and objective party to monitor the District's financial reporting process and internal financial control systems.
  - B. Review and appraise the efforts of the independent auditors and Financial Services Department.
  - C. Compliment, and not comprise or infringe upon, the work of the Board's other committees.

5. The FAC's primary financial planning duties and responsibilities are to:
  - A. Become familiar with school finance and the District's budgeting processes and current financial positions.
  - B. Review and evaluate annual budget assumptions.
  - C. Review and evaluate draft and final budget proposals prior to presentation to the Board.
  - D. Participate in discussions with the public and the Board of Education on various budget proposals.
  - E. Make recommendations for policy changes that would eliminate budgeting barriers and reduce expenses.
6. The FAC's duties and responsibilities also include:
  - A. Review of the District's debt administration.
  - B. Periodic review of the cash management and investment practices of the District.

### **ARTICLE III. MEMBERSHIP**

1. In order to continuously improve upon the overall fiscal health of the District, all members of the FAC shall possess basic knowledge of finance and accounting practices. A minimum of three members of the FAC shall possess knowledge of school finance in Colorado, generally accepted accounting principles ("GAAP"), generally accepted auditing standards ("GAAS"), and generally accepted government auditing standards ("GAGAS").
2. It is neither the duty nor responsibility of the FAC or its members to conduct "field work" or other types of auditing, legal, or accounting reviews or procedures. The Superintendent, through his/her designees, is responsible for preparing the District's financial statements and the external auditors are responsible for auditing those financial statements. Unless a member believes to the contrary (in which case, the member will advise the FAC of such belief), each member of the Committee shall be entitled to assume and rely on the accuracy of the financial, legal, and other information provided to the FAC by such persons or organizations.
3. The FAC shall be comprised of nine members, including a maximum of two Board of Education members, as determined by the Board of Education. The initial process for membership will ensure preference is given to residents of the Adams 12 Five Star Schools boundary.
4. The members of the FAC shall be impartial observers of the District's finances. Any community member considered for the FAC shall be independent from any relationship that, in the opinion of the Board, would interfere with the exercise of one's independent judgment as a member of the Committee.
5. The Board shall ensure the FAC possesses recognized expertise and experience necessary to competently fulfill the duties and responsibilities outlined above. The members of the FAC shall be appointed by the Board of Education for staggered three year terms (July 1 to June 30) and shall be eligible for reappointment.
6. The members of the FAC shall designate a citizen member as chairperson and vice chairperson by majority vote of the full FAC membership. Any vacancy, regardless of

cause, shall be filled by the Board acting upon a nomination coming from the remaining FAC members. FAC members shall serve on a voluntary basis without any compensation.

7. Each member of the FAC is expected to participate in its meetings one regular basis. If a FAC member has more than four absences during each fiscal year ended June 30, the FAC chairperson shall meet with that FAC member to discuss his or her plans to remain a sustaining and productive member of the FAC. After the chairperson meets with this FAC member, the FAC, by majority vote, shall decide whether or not to retain the FAC member.
8. The Board shall appoint or designate members to any open positions on or before July 1 of each fiscal year and to any vacant positions as necessary.
9. The District Administration shall appoint one non-voting staff liaison to the FAC, who may be assisted by other staff designees as needed. The staff member shall provide information, advice, and guidance to the FAC.

#### **ARTICLE IV. MEETINGS**

Regular meetings of the FAC shall be held every month a Board of Education meeting is held and special meetings may be called by the chairperson or by a majority of FAC members. A meeting schedule for the fiscal year is to be established during the first annual meeting of the FAC.

Given that it is the express intent of the Board of Education to facilitate communication between the District and all concerned, all meetings of the FAC shall be open to the public with reasonable advance notice of the date, time and location of meeting to be provided.

#### **ARTICLE V. AMENDMENT**

These bylaws may be amended at any regular meeting of the FAC by a two-thirds vote of the members, provided that the amendment has been submitted in writing to FAC members at the previous regular meeting and at least 30 days' notice has been provided to the Board of Education and General Counsel for the District. Amendments passed by the FAC membership are subject to approval by the General Counsel of the District except that amendments pertaining to the role of the Board of Education shall be approved by the Board of Education prior to taking effect.

ADOPTED by the Board of Education: June 21, 2017