



## ARCHDIOCESE OF ST. LOUIS

### **Audit Committee Charter**

#### PREAMBLE

The Audit Committee Charter (Charter) was adopted by the Archdiocese of St. Louis Finance Council (Finance Council) on October 14, 2021. The Finance Council must approve any subsequent changes to this Charter.

#### I. INTRODUCTION AND PURPOSE

The purpose of this Charter is to provide guidelines for the operation of the Audit Committee (Committee) of the Archdiocesan Finance Council to further define its role, duties, and responsibilities.

The Audit Committee plays a key role in supporting the governance responsibilities of the Archdiocese by serving in an advisory oversight capacity, providing guidance and assistance to the Finance Council and the Archbishop related to:

- A. Accounting and financial reporting practices;
- B. Internal control activities, including the control environment (accountability and ethical values);
- C. Disclosure of any known non-compliance with applicable laws and regulations;
- D. Guidance regarding the Code of Conduct and institutional management practices, as requested;
- E. Risk management processes;
- F. Oversight of external audit functions;
- G. Oversight of the Internal Audit function, including achievement of program objectives;
- H. Information and communication (financial and other reporting requirements).

## II. AUTHORITY

The Audit Committee, in fulfilling its advisory oversight role, has the authority to study or investigate any matter within the Committee's scope of responsibilities. The Committee will inform the Finance Council of such actions and the results. The Committee has the authority to ensure that:

- A. The appointment, compensation, and oversight of the work of any independent public accounting firm employed by the organization is adequate to ensure the firm's independence. The Audit Committee should pre-approve and recommend the appointment of independent auditors to perform both audit and non-audit work to the Finance Council in accordance with Section VI.B. of this Charter.
- B. The resolution of disagreements between management and external auditors are resolved fairly, professionally, and appropriately, given the circumstances of any such disagreements.
- C. Independent counsel, accountants, or others are available to advise the Committee or assist in the conduct of investigations or other matters of interest to the Committee.
- D. Any information required from employees or paid external parties, all of whom are directed to cooperate with the Committee's requests, shall be provided as requested.
- E. Meetings with officers, clergy members, internal and external auditors, the Archdiocesan General Counsel, or outside counsel, as necessary and requested by the Committee, are unimpeded.

The chairperson of the Audit Committee will report regarding the Committee's activities, and the discharge of its responsibilities to the Finance Council.

## III. EDUCATION

In selecting and appointing the members of the Audit Committee, at least one member shall be designated as a "financial expert," as defined by applicable legislation and regulation, and each Committee member will be both independent and financially literate.

The Director of Internal Audit may assist the Committee, as needed and if requested by the Committee Chair, in maintaining the ongoing literacy in the appropriate areas related to the Committee's function.

## IV. COMPOSITION OF THE COMMITTEE

The Audit Committee will consist of five or more members as determined by the Statutes of the Finance Council. Each Committee member will have no material relationship with the Archdiocese or any entity of which the Archdiocese is a Member. The members of the Committee shall be appointed by the Archbishop annually to serve until their successors are appointed.

Each Committee member will be a person other than an employee of the Archdiocese or its related entities or any other individual having a relationship that, in the opinion of the

Finance Council, would interfere with the exercise of his or her independent judgment in carrying out the responsibilities of a member of the Committee.

## V. MEETINGS

The Committee will meet concurrent with the scheduled meetings of the Finance Council or more frequently as the Finance Council dictates or as circumstances require. The Committee will meet at least four times a year, with authority to convene additional meetings, as circumstances require.

The Committee will invite members of management, auditors or others to attend meetings and provide pertinent information, as necessary. It will hold private meetings with auditors, and executive sessions, as deemed appropriate. Meeting agendas, along with appropriate briefing materials, will be provided to all attendees in advance of the meetings.

As part of its responsibility to foster open communication, the Committee will meet periodically with management, the independent auditor, and the internal auditor in separate executive session as deemed appropriate by the Committee Chair.

## VI. DUTIES AND RESPONSIBILITIES

To fulfill its responsibilities and duties, the Audit Committee will:

**A. Document Reviews:** Perform Reviews of Documents/Reports/Accounting Information including:

1. Review this Charter and the Internal Audit Charter periodically, and recommend any necessary amendments to the Finance Council.
2. Periodically review, with management and the Director of Internal Audit, summaries of the internal reports to management prepared by the Internal Audit Department, as well as management's responses.

**B. Selection of External Auditors:** Recommend/approve the appointment of an independent auditor for the purpose of preparing or issuing an audit report or related work.

1. Consider and pre-approve both audit and non-audit services to be provided by the independent audit firm, and recommend appointment of the independent auditor by the Finance Council.
2. Review the performance of the independent auditor and recommend removal of the independent auditor if circumstances warrant.
3. Consider the independent audit firm's internal quality control procedures, and, as needed, discuss any steps taken to deal with any concerns.
4. Through discussions with the independent audit firm's leaders and Archdiocesan management, and in consideration of the firm's non-audit services, determine whether the firm is independent, and obtain a letter from the firm to that effect annually.

**C. Review of External Auditors' Work:** Related to audits or other engagements performed by external auditors, review with the external auditors, the Chief Financial Officer and Director of Internal Audit the following items prior to issuance of the final audit report:

1. Discuss with the independent auditor the matters required to be discussed under the Statements on Auditing Standards (SAS) in effect, as amended.
2. Review the independent auditor's management letter derived from the annual audit, and hold timely discussions with the independent auditor regarding the substance of the management letter.
3. Discuss any significant changes in and applications of generally accepted accounting principles.
4. Discuss any other related external audit work performed, including any internal audit work upon which the external auditors placed reliance.
5. Discuss the nature and results of significant non-audit work performed by the external auditors for the purpose of determining the impacts on the audited financial statements, if any.
6. After reviewing and considering the draft combined financials statements, including the St. Louis Archdiocesan Fund (SLAF) report, Single Audit report, and any applicable supplemental schedules, entertain a motion to recommend the draft reports for approval by the Finance Council.

**D. Internal Auditors:** With respect to the internal audit function, perform the procedures enumerated below.

1. Provide a forum for communication among internal auditors, management, external auditors, and the Finance Council on issues within the areas described above.
2. In consultation with the Chief Financial Officer and other Archdiocesan leaders, as deemed appropriate, offer advice regarding the selection and/or removal of the Director of Internal Audit.
3. Periodically, review and recommend changes (if any) to the Internal Audit Charter.
4. Periodically review with the Director of Internal Audit any significant difficulties, disagreements with management, or scope restrictions encountered in the course of the function's work.

**E. Review of the Operations of the Internal Audit Function**

1. Oversee the development, implementation, and execution of policies and procedures that promote accountability, ethical values, and sound control practices
2. Require the Director of Internal Audit to provide periodic updates on the Archdiocese's risk assessment and risk management processes.
3. In consultation with the Chief Financial Officer and Director of Internal Audit, review and approve the annual audit plan, as well as any changes to the plan as a result of changing risks or other circumstances.
4. Promote an atmosphere of open communication and cooperation with the external auditors, internal audit function, and Archdiocesan leadership.
  - a) In consultation with the Chief Financial Officer, provide functional oversight of the Director of Internal Audit and the internal audit function.

**F. Additional Responsibility for Reporting:** In addition to the meetings stipulated above, the Audit Committee shall conduct executive sessions with external auditors, Archdiocesan leaders, regulatory or oversight authorities, including the Archbishop, if deemed in the best interest of the Archdiocese, or others as necessary.

**G. Report Committee Actions:** The Audit Committee Chair should report actions of this Committee, to the Finance Council with any recommendations the Committee may deem appropriate.

**H. Self-Assessment:** The Audit Committee should periodically perform a self-assessment to evaluate the accomplishment of its duties enumerated in Section VI. Duties and Responsibilities of this Charter.

**I. Confidentiality Policy:** Members of the Committee may learn of information that is not publicly known regarding the Archdiocese, its offices, agencies (including Catholic Charities), and parishes. Such information is confidential and may not be disclosed to other persons, except as may be required by law. Upon appointment, each new Committee member will execute the Confidentiality Policy at *Attachment A* of this Charter.

*Revision approved by Audit Committee resolution this 27<sup>th</sup> day of July 2023.*

**ARCHDIOCESE OF ST. LOUIS**  
**AUDIT COMMITTEE**  
**Confidentiality Policy**

The Archdiocese of St. Louis (the "Archdiocese") takes seriously its confidentiality obligation to the Archdiocese, to the Archdiocese's employees ("employees"), and its clients and parishioners. The Audit Committee members share in this responsibility. The *Archdiocese of St. Louis Audit Committee Charter* addresses confidentiality as follows:

*Members of the Archdiocese of St. Louis Audit Committee (Committee) may learn of information that is not publicly known regarding the Archdiocese, its offices, agencies (including Catholic Charities), and parishes. Such information is confidential and may not be disclosed to other persons, except as may be required by law.*

In implementation of this provision, the following will govern the disclosure and use of proprietary and other confidential information acquired in the course of Archdiocesan business:

1. Committee members will refrain from:
  - a. discussing, circulating, or otherwise disclosing matters or information brought before the committee, even those matters that are not specifically designated as confidential; and
  - b. using information obtained in virtue of one's position as a Committee member, except in furtherance of the Archdiocese's interests.
2. Care shall be taken to safeguard the confidentiality of information provided to or received by a committee member, whether or not the information is specifically identified as proprietary and/or confidential. If there is any doubt as to whether information is confidential, it should be treated as such.

Unless required by law, the use of the Archdiocese's proprietary or other confidential information, including that related to employees, contrary to the above policy, may result in the offending individual's removal from the Committee.

Information about the Archdiocese that is generally known to the public or disseminated by the Archdiocese (e.g., in a newsletter, press release, etc.) is not considered proprietary or confidential information. Ordinarily, proprietary or confidential information will be designated as such.

Each committee member will execute this Confidentiality Policy annually at the first Audit Committee meeting for the fiscal year.

I understand and agree to comply with the above policy both during and after my affiliation with the Archdiocese.

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Printed Name

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Signature

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Date