



**THE SURPLUS LINE ASSOCIATION
OF CALIFORNIA**
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Audit Committee

Mandate

The Executive Committee (via the Audit Committee) shall employ a public accountant to audit the accounts of the Association prior to each annual meeting of Members, and in its discretion, at any other time. A summary report of such annual audit shall be presented at the annual meeting. A copy of the full Audit report will be made available to any member upon written request to the Secretary-Treasurer or Executive Director (**SLA Constitution, Article XIII, 4**).

Function

The Audit Committee shall consist of three members. The chairman of the Audit Committee shall be the chairman of the SLA. The other two members shall be the Vice Chairman and the immediate past chairman of the SLA.

The Audit Committee shall review with the Executive Committee, management and the independent auditors (i) the SLA's annual financial statements and related footnotes, and (ii) the independent auditors' audit of the financial statements.

The Audit Committee shall maintain independence from the management of the SLA or any other persons with a direct financial interest in the SLA.

The Audit Committee shall have access to SLA financial records.

The Audit Committee shall periodically review the adequacy of this charter, and recommend any proposed changes to the Executive Committee.

The Audit Committee shall meet as needed to address matters relating to the SLA independent audit but not less frequently than twice a year.

The Audit Committee shall conduct executive sessions with the outside auditors, the Executive Director, the Director of the Stamping Office, and the Controller when circumstances dictate a need.

The Audit Committee shall prepare an engagement letter for each engagement of an independent auditor.

The Audit Committee may call to the attention of the Executive Committee financial matters involving employees of the Association that may justify dismissal or other disciplinary action.

The Audit Committee shall review the policies and procedures with respect to officers, key employees, expense accounts and perks, including excess benefit transactions, and consider review of these areas by the internal auditor or the independent auditor.

The Audit Committee shall inquire of management and the Controller, any significant risks or exposures facing the Association, and shall assess the steps management has taken or proposes to take to minimize such risks to the Association.