

APPENDIX D

AUDIT COMMITTEE CHARTER
Approved June 8, 2020

I. PURPOSE OF COMMITTEE

The purpose of the Audit Committee (Committee) is to assist the Board in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the audit process, the Board's process for monitoring compliance with laws and regulations and its code of ethical conduct.

II. COMMITTEE AUTHORITY AND RESOURCES

The Committee has authority to conduct or authorize an investigation on any matters within its scope of responsibility. It is empowered to:

- A. Select and retain outside counsel, accountants, or others to advise the committee or assist in the conduct of an investigation, as it deems appropriate.
- B. Seek any information it requires from Board employees, all of whom are directed to cooperate with the committee's requests or external party requests on behalf of the committee.
- C. Meet with Board management or other external parties, as necessary.

III. COMMITTEE MEMBERSHIP

The Committee will consist of at least three members of the Board. The Chair of the Board shall serve as an ex-officio member of the committee. The Board Chair will appoint committee members and the Committee Chair per Section II.12 of the Governance Manual.

IV. COMMITTEE MEETINGS

The Committee will meet at least twice a year, with authority to convene additional meetings, as circumstances require. Committee members are expected to attend each meeting in person or by alternative electronic means. It may hold private meetings with auditors. Minutes will be prepared.

The committee will invite members of management, auditors, or others to attend meetings and provide pertinent information.

V. BOARD STAFF DUTIES AND RESPONSIBILITIES

- A. In consultation with the Committee Chair, Board staff will prepare meeting agendas which will be provided in advance to committee members, along with appropriate briefing materials.
- B. Board staff will provide the Committee an updated Committee checklist at each regularly scheduled meeting.

VI. COMMITTEE DUTIES AND RESPONSIBILITIES

The following are the general duties and responsibilities of the Committee:

A. Financial Statements

- 1. Review with management and the external auditors:
 - a. the results of the audit, including any difficulties encountered;
 - b. significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas;
 - c. recent professional and regulatory pronouncements, and understand their impact on the

financial statements;

- d. the annual financial statements, and consider whether they are complete, consistent with information known to committee members, and reflect appropriate accounting principles;
- e. other sections of the annual report before release and consider the accuracy and completeness of the information; and
- f. all matters required to be communicated to the committee under generally accepted auditing standards.
- g. interim financial reports before filing with state agencies and constituent groups, and consider whether they are complete and consistent with the information known to committee members, if prepared by management.

B. Internal Control

1. Consider the effectiveness of the Board's internal control systems, including financial reporting and information technology security and control.
2. Understand the scope of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.

C. External Audits

1. Review any external auditors' proposed audit scope and approach, including coordination of audit effort with management.
2. Review the performance of the external auditors.
3. Review and confirm the independence of the external auditors.
4. Meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately.

D. Compliance

1. Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.
2. Review the findings of any examinations by regulatory agencies, and any auditor observations.
3. Review the process for communicating the code of ethics to Board personnel, and for monitoring compliance therewith.
4. Obtain regular updates from management regarding compliance matters.
5. Obtain a written report from Board staff if any audit contains findings, deficiencies or recommendations.

E. Reporting Responsibilities

1. Provide an open avenue of communication between the external auditors, and the Board.
2. Report at least annually to the Board how the committee has fully discharged all of its responsibilities for the period being reported.
3. Review any other reports the Board issues that relate to committee responsibilities.

F. Securities and Litigation Policy

1. Authorize the commencement of separate litigation or filing of motion for lead plaintiff or co-lead plaintiff status or support for another's application for lead plaintiff status.
2. Approve settlement of separate litigation or class action in which the Board is lead

- plaintiff or co-lead plaintiff.
- 3. Authorize opting out of a class settlement.
- 4. Authorize filing of objections and comments on settlements.
- 5. At least annually, receive and review staff reports on the status of matters other than passive claim filings.

G. Other Responsibilities

- 1. Review on an annual basis the custodial bank's rating from at least two nationally recognized statistical rating organizations.
- 2. Review and assess the adequacy of the committee charter annually, requesting Board approval for proposed changes.
- 3. Perform other activities related to this charter as requested by the Board.

VII. COMMITTEE REPORTS

The Committee will keep the Board informed on a timely basis on the actions taken, recommendations, and decisions made by the Committee.