Submitted By:
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Question 1
Please list your Committee, Commission, or Task Force Objective and Responsibilities as stated in your Group's charge:
Represent the AAA Executive Board in overseeing the establishment and implementation of appropriate accounting policies and internal controls, with focus on assuring that proper stewardship is placed over the AAA's assets and protection of its reputation through fiscal transparency. To assess the business risks and determine whether there is adequate planning for those risks. To monitor the roles of the board, management and internal and external auditors in order to ensure that good financial governance practices are followed. To review and recommend the acceptance of the external audit report to the AAA Executive Board.

● Review the adequacy of the AAA's internal financial control structure;
● Monitor compliance with the AAA's code of conduct and conflict-of-interest policy;
● Review the policies and procedures in effect for the review of executive compensation and benefits;
● Review, with the organization's counsel, any legal matters that could have a significant effect on AAA's financial statements;
● Work with the independent auditor on such matters as:
  ● appointment or reappointment of the auditor;
  ● review of independent auditor’s fee arrangements;
  ● review the scope and approach of the audit proposed by the independent auditor;
  ● conduct a post-audit review of the financial statements and audit findings, including any significant suggestions for improvements provided to management by the independent auditor;
● Review and recommend the acceptance of the external audit report to the AAA Executive Board;
● Ensure the appropriateness of financial statement presentation and the adequacy of footnote disclosures;
● review the overall performance of the independent auditor;
● Review or approve the contracting for any non-audit services provided by the external auditors;
● Review the Form 990 that is filed with the Internal Revenue Service.
● Annually present the results of the audit to the Finance Committee;
● Perform other oversight functions as requested by the AAA Executive Board.

Question 2
Please identify one or more of the AAA Long Range Plan (LRP) 12 main objectives, that your Group is organized to support.
Describe your Group's activities and accomplishments/products for the designated period, and how they support the achievement of LRP objectives. Account for any ways in which your Group has fallen short of supporting the achievement of these objectives. Activities of your Group that do not relate to the LRP objectives should also be mentioned and indicated as such.
6. The AAA will strengthen internal working relationships among its Sections and Committees and the Association Office by effectively communicating its organizational structure, its Long-Range Plan, and its financial and programmatic activities.

12. The AAA will develop and periodically revise its long-term financial plans and goals, including but not limited to its investment policy, its targets for annual fundraising, and the growth and size of the endowment. Financial goals and funding decisions will be based upon articulated objectives and priorities of the Association, the size and diversity of our membership, and costs to members and others consumers of AAA's services.

The audit committee consisted of Hugh Gusterson (as chair), Alan Smart (who also serves on the Finance Committee), and Steve Darr (an independent auditor who is not an AAA member). We had two conference calls with Stephanie Gerard and Eric Glantz of the consulting firm Raffa, the external auditors for AAA. The calls took place on January 30 and April 6. Also present for those calls were Suzanne Mattingly and Elaine Lynch of the AAA staff.

Raffa is responsible for auditing AAA’s accounts. They made a report on their audit of the 2011 accounts. The bottom line conclusion of the audit is that Raffa issued an unqualified opinion that AAA’s accounts are “clean” (their word), that they present fairly the financial position of the Association, and that they are in conformity with generally accepted accounting practices. They did not identify any deficiencies in internal control and had no recommendations for areas needing improvement with regard to controls. Sometimes audit firms issue a “management letter” – a letter to alert management to any issues uncovered by the audit. In this case, there will be no management letter. Raffa reported a good working relationship with AAA staff.

In sum, the audit committee oversaw an external review of AAA’s finances that showed them to be in good order.

**Question 3**

Provide plans for the coming year in relation to existing or recommended new goals/activities and relationship to the Objective in the committee, commission, or task force Charge and Long-Range Plan (if not self-evident). Identify if they represent significant changes or elaborations on existing goals, objective activities, charge etc.

The audit committee does not plan any new activities or the achievement of new goals. The committee will repeat its customary oversight activities.

**Question 4**

Identify and upcoming requirements for additional resources and explain how these funds would be used if approved. (Please note that formal requests for funding must be included in the annual budget proposal, to be considered with all other requests.)

No need for additional resources.

**Question 5**

Do you propose any changes to the Charge (Objective, Responsibilities, or Products/Outcomes) of your Committee, Commission or Task Force? If so, list the proposed changes, the rationale for the change, and additional funding that may be needed.
No changes proposed.

**Question 6**

*Are there issues you would like raised or recommendations you would like to make to the AAA Executive Board related to the work of your Committee, Commission, or Task Force?*

I chaired this committee one time before rotating off the EB. I would recommend that the next chair of the Audit Committee chair it for two years or more so that the Association does not have to keep bringing a new chair up to speed and so that the chair develops a better sense of the issues in play before the committee. Beyond that, I have no suggestions. The really important work is done by the outside auditors, and they seemed to do an excellent job. As long as that continues to be the case, the audit committee will function smoothly.