

ALLEGHENY COUNTY BAR ASSOCIATION

AUDIT COMMITTEE REPORT 2009-2010

The Audit Committee was established by the Board of Governors as an independent committee whose paramount responsibility is to provide independent oversight of the ACBA's accounting and financial reporting requirements. The Audit Committee's activities include, but are not limited to, review of the adequacy of internal controls involving governance and ethical considerations of the ACBA's authorization of expenditures, review of processes to ensure the maintenance of the ACBA's tax exempt status, selection of an independent audit firm and providing "whistleblower" protection for employees who raise concerns about financial irregularities. Audit Committee members cannot serve on any other financial related committee while they are members of the Audit Committee. In accordance with its mandate, the Audit Committee reviewed the audited financial statements of the ACBA, ACBA Services, Inc. and the Foundation with the independent auditors to ensure the completeness and accuracy of the financial statements as well as address any issues brought to the attention of the Audit Committee by the independent auditors. The audit review included an examination of the system of ACBA internal accounting controls, review of the letter of recommendations to management by the independent auditors and responses to the letter by management. The audited financial statements and other required reports were timely submitted to the Board of Governors. There was a dramatic change in federal tax reporting requirements for non-profit organizations during the 2009-2010 ACBA tax reporting year which significantly increased the time and attention that the independent auditors, the Audit Committee and management had to devote to these matters. The new requirements included non tax-related policy issues which involved detailed review with, and approval by, the Board of Governors.

During the 2010-2011 ACBA year, the Audit Committee will continue its primary duty of audit review as well as ethical and governance oversight. It is expected that the federal government will give much more scrutiny to non-profit organizations in areas other than tax reporting, such as grant management and governance in the coming year. The Audit Committee, in consultation with the independent auditors and management, will develop processes to address these and other challenges as they arise. In addition, the Audit Committee is committed to enhance audit information sharing with the Treasurers of the ACBA, ACBA Services Inc. and the Foundation.