



CP#34-08 – Audit Committee

Approved: 09/13/08 | Revised: 04/06/24

- 1.0 Purpose of Council Policy:** This policy establishes the ICC Audit Committee and sets forth the objectives, procedures, organization and responsibilities of the Committee.
- 2.0 Name of Committee:** Audit Committee.
- 3.0 Objectives of Committee:**
 - 3.1** On behalf of ICC and its subsidiaries, overseeing the independence and performance of the independent auditors and staff with financial responsibilities;
 - 3.2** Overseeing the integrity of ICC and its subsidiaries' financial accounting processes, related regulatory reporting and systems of internal control regarding finance, accounting, and use of assets;
 - 3.3** Overseeing the operation of policies as defined in Section 4.7.3.
 - 3.4** Providing an avenue of communication among the independent auditors, management, staff and the Board of Directors.
- 4.0 Rules and Procedures of Committee:**
 - 4.1 Agenda:** Agenda items shall be addressed as necessary to meet the objectives of the Audit Committee.
 - 4.2 Quorum:** A majority of the voting members of the Audit Committee shall constitute a quorum at any meeting of the Audit Committee.
 - 4.3 Voting:** Each Audit Committee member shall be entitled to one vote. The Audit Committee vote for approval of any matter before the Audit Committee shall be at least a majority of those voting members present and voting.
 - 4.4 Funding:** All administrative costs shall be paid by ICC.
 - 4.5 Authority:** The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities and it has direct access to the independent auditors as well as to anyone in the organization.
 - 4.6 Meetings:**
 - 4.6.1** Meetings will be of such length and frequency as necessary to accomplish the work required. There will be no less than two meetings annually and minutes of each meeting shall be recorded by a member or approved assignee.

4.6.2 The schedule and location of meetings shall be subject to the approval of the Chair. The meeting to review the external audit with the independent auditors can be in-person or virtual.

4.6.3 Meetings or a portion of the meeting may be closed to persons not serving on the Committee by a vote of the Committee where matters that are sensitive to the purpose of the Committee are to be discussed

4.6.4 All meetings, as far as may be practical, shall be scheduled at locations which minimize costs.

4.7 Responsibilities:

4.7.1 Oversight of External Audit:

4.7.1.1 The Audit Committee shall appoint the independent auditors to be engaged by the ICC to conduct the audit of ICC and its subsidiaries, establish the audit fees of the independent auditors, and pre-approve any non-audit services provided by the independent auditors, including tax services, before the services are rendered to ICC or its subsidiaries. The Committee should consider rotating lead audit partner or audit firm at least every five years.

4.7.1.2 The Audit Committee shall review with the independent auditors, CFO, and controller the audit scope and plan for the audit. The Committee shall also address the coordination of efforts to assure the effective use of audit resources.

4.7.1.3 The Audit Committee shall meet with executive management and the independent auditors at the completion of the annual external audit and shall also meet separately in executive session with the auditors and review:

- The annual financial statements and related footnotes.
- The audit of the financial statements and the report thereon.
- All material written communications between the independent auditors and management, such as any management letter or schedule of unadjusted differences.
- The independent auditor's judgments about the quality of the organization's accounting principles as applied in its financial reporting.
- Any significant changes required in the independent auditor's audit plan.
- Any serious difficulties or disputes with management encountered during the audit.

4.7.2 Oversight of Financial Accounting Processes and Systems of Internal Controls:

4.7.2.1 Review with management, the independent auditor, or other internal or external applicable sources:

- All critical accounting policies and practices used by the organization
- The effect of any regulatory and accounting initiatives, as well as other unique transactions and financial relationships, if any.
- Any questions or concerns related to interim financial reports.
- CEO and CFO certification of financial reports.
- Applicable tax filings. CEO or CFO should sign the Organization's and Subsidiaries' Information and Tax returns.
- The adequacy of the ICC's internal controls including the control environment, risk assessment, control activities, information and communication systems, and monitoring.
- Any significant findings or recommendations related to internal control issues together with management's response.
- Legal and regulatory matters that, in the opinion of management, may have a material impact on the financial statements and/or related organization compliance policies.
- Any significant risks or exposures facing the organization and assess the plans management has taken to address/minimize these risks. Periodically review actions taken.

4.7.3 Oversight of the Operation of Policies:

4.7.3.1 The Audit Committee shall annually review the following policies on behalf of ICC and its subsidiaries to ensure that they adequately address all pertinent issues, are up-to-date in relation to any organizational changes and are being adequately monitored and enforced:

- Document Destruction Policy
- Whistleblower Protection Policy
- Conflict-of-Interest Policy
- Code of Ethics Policy (including policy for Senior Financial Executives)

4.7.3.2 The Audit Committee shall investigate all complaints received by any Committee member from the ICC Board or any subsidiary board, members or staff related to any actual or possible fraud or questionable practice pertaining to accounting controls, procedures or records. Appropriate corrective action will be recommended to the Board of Directors if warranted by the investigation. In addition, action taken must include a conclusion and/or follow-up with the complainant (if identity is known). Records of complaints, investigation, and resolution will be retained by outside legal counsel.

4.7.4 Oversight of Cyber Security:

4.7.4.1 The Audit Committee shall be provided periodic updates, at least annually, by relevant finance and technology leaders. The updates shall include technology-related risk topics, cyber threat trends, regular developments, and major threats to ICC. In addition, updates will include management's preparation for and response

to cyber risks, management initiatives and policies on cyber security.

4.7.4.2 The Committee shall provide an annual update on cyber risks, ICC's cyber security programs and management initiatives to the ICC Board of Directors.

5.0 Committee Organization and Structure:

5.1 Membership: The Audit Committee shall be comprised of at least five ICC Board members. The ICC Board Members comprising the Audit Committee shall include individuals who serve on both the ICC Board and the board of each ICC subsidiary that receives a stand-alone audit opinion. All members of the Audit Committee shall be independent non-staff directors or appointees, free from any relationship that would interfere with the exercise of his or her independent judgment.

5.1.1 Financial Expert. The Audit Committee members may also include a "financial expert" (who may be an ICC Board member) as defined below. Additionally, outside "financial experts" may be utilized by the Audit Committee as they deem appropriate.

5.1.2 Definition of "Financial Expert" – The following attributes are all deemed to be essential components of financial expertise:

- An understanding of generally accepted accounting procedures and financial statements.
- Experience in the preparation or auditing of financial statements of similar issuers.
- An understanding of internal controls and procedures for financial reporting; and
- An understanding of audit committee functions.

5.2 Term: Board members of the Audit Committee shall be appointed by the ICC Board President and shall serve for a period of one year. The number of consecutive terms shall not be limited.

5.3 Chair: The Chair shall be the elected Secretary/Treasurer of the Board of Directors and will serve for a one-year term.

5.4 In accordance with CP#7, the Audit Committee shall be considered a Standing non-technical committee.

6.0 Reports: The Audit Committee will submit a recommendation for acceptance of the annual audit report to the Board upon approval by the Committee. The Committee will also provide periodic reports of recommendation to the Board as warranted.