AUDIT COMMITTEE CHARTER

Mission

The Audit Committee (the Committee) assists the ISACA Board of Directors (the Board) in fulfilling its responsibility for oversight of the quality and integrity of the accounting, auditing and financial reporting practices of ISACA (the Company), and such other duties as directed by the Board.

The Committee’s purpose is to oversee:

- Accounting and financial reporting processes of the Company (e.g. internal control over financial reporting)
- Audit(s) of the Company’s financial statements and operations
- Qualifications of the public accounting firm engaged as the Company’s independent auditor to prepare or issue an audit report on the financial statements of the Company
- The effectiveness and adequacy of the systems and processes of the internal control environment, and to obtain assurance thereof
- The performance of the Company’s internal audit function and independent auditor, including reviewing and approving the respective annual audit plans and subsequent changes if any
- The Company’s ethics and compliance programs.

The Committee is directly responsible for the appointment (with ratification by the Board, compensation, retention and oversight of the Company’s independent auditor.

The Committee also reviews and assesses the Company’s internal processes to manage and control risk, inclusive of risk areas assigned to other committees of the Board or external resources retained by the Board.
AUDIT COMMITTEE CHARTER

Membership
The Committee shall be comprised solely of members of the Board (Directors) who are not employees of the Company and shall have at least three members. Each member of the Committee shall meet the independence standards as provided in the Governance Principles of the Board.

Committee members are appointed by the Board at the at the first Board Meeting after the Annual General Meeting and serve one-year terms or until the new Committee is appointed. The Board will also select the Chair and Vice Chair of the Committee. The Committee may form and delegate authority to subcommittees and may delegate authority to one or more designated members of the Committee. The Board may appoint additional members to the Committee at its discretion or remove any member from the Committee at any time with or without cause.

In addition, Committee members shall have:

- Knowledge of the primary activities of the organization
- The ability to read and understand fundamental nonprofit financial statements including a statement of financial position, statement of activities and statement of changes in net assets, statement of cash flows, and key performance indicators
- The ability to understand key strategic, operational and financial risk and related controls and control processes.
- Knowledge of globally accepted audit standards, principles and frameworks

At least one member, preferably the Chair, should be literate in nonprofit financial reporting and control, including knowledge of audit, tax and regulatory requirements, and should have past or current employment experience in audit, finance or accounting or other comparable experience or background.

Meetings
The Committee shall meet as often as it determines is appropriate, but not less frequently than four times per annum. Meetings may be in person or by conference call. There must be at least three members of the Committee present to conduct a meeting. The Chair of the Committee or the Vice Chair (if the Chair is not available)
shall preside at all meetings of the Committee and shall set the agenda. The Committee shall request members of the Company’s management, counsel, and internal and external auditors, as applicable, to participate in Committee meetings as necessary to carry out the Committee’s responsibilities. The Committee shall meet in private sessions with only the Committee members annually at a minimum. It shall be understood that meetings between the Committee and/or the Committee Chair with either internal or external auditors or counsel may, at any time, be deemed necessary, with or without the Company’s executives or staff attendance. In any case, the Committee shall meet in executive sessions separately with internal and external auditors, annually at a minimum. The Committee shall report regularly to and review with the Board any issues that arise with respect to the Company’s compliance with legal or regulatory requirements or any other matter the Committee determines is necessary or advisable to report to the Board. The Committee will keep adequate minutes of its proceedings and shall report on actions taken and significant matters reviewed by the Committee to the Board at the next regularly scheduled Board meeting following a Committee meeting. In addition, summarized minutes from Committee meetings separately identifying monitoring activities from approvals shall be available to each Board member at least one week prior to the subsequent Board meeting. Committee members will be furnished with copies of the minutes of each meeting and may take any action by a majority vote of the members present for the meeting or by unanimous written consent, including by e-mail or other electronic means, of all members of the Committee.

Education

The Company is responsible for providing new members of the Committee with appropriate orientation briefings and educational opportunities and the full Committee with educational resources related to audit standards, principles and frameworks, accounting principles and procedures, current accounting topics pertinent to the Company, and other matters as may be requested by the Committee. The Company will assist the Committee in maintaining appropriate audit and financial literacy.
AUDIT COMMITTEE CHARTER

Authority

The Committee has the authority and responsibility to appoint, retain, compensate, evaluate and, where appropriate, replace the independent registered public accounting firm retained by the Company. Appointment and retention of such firm by the Committee is subject to ratification by the Board.

The Committee has the authority to engage advisers when it deems appropriate, including approval of fees and terms of retention, with the prior permission of the Board, and shall be provided the necessary resources for such purposes. The Committee may ask for and obtain assistance from ISACA’s legal counsel without prior approval from the Board or CEO.

Any communications between the Committee and legal counsel while obtaining legal advice will be privileged communications of the Company and the Committee will take all necessary steps to preserve the privileged nature of those communications.

Duties and Responsibilities

The Committee relies on the ability and knowledge of the Company’s management, the internal auditors and the independent auditor in carrying out its oversight responsibilities. The Company’s management is responsible for determining that the Company’s internal control environment is effective, financial statements are complete, accurate and in accordance with generally accepted accounting principles, and for establishing satisfactory internal controls. The Company’s independent auditor is responsible for auditing the Company’s financial statements and the effectiveness of the Company’s internal control over financial reporting.

The Committee shall have the following duties and responsibilities:

Committee Governance

- Prepare, led by the Committee Chair (with input from the Committee members), the agenda for Committee meetings in consultation with the Company’s Chief Financial Officer (CFO), the senior internal audit employee designated by the Committee to act as its direct liaison (the Head of Internal Audit) and the independent auditor.
AUDIT COMMITTEE CHARTER

• Advise the Board annually about the Committee’s determination of whether all members of the Committee are audit and financially literate and that at least one member has audit, accounting or related financial management expertise.

• Review policies and procedures with respect to transactions between the Company and officers and directors, or affiliates of officers or directors, and any such transactions that are not a normal part of the Company’s business, and review and approve related-party transactions annually and as needed.

**Independent Auditor Oversight**

• Evaluate the Company’s independent auditor’s qualifications, performance and independence, including that of the lead partner, annually at a minimum.

• Instruct the external auditors that they are responsible to the Board and the Committee as representatives of the Company. In that regard, confirm that the external auditors will report all relevant issues to the Committee in response to agreed-upon expectations.

• Appoint or replace, subject to ratification by the Board, the independent auditor annually and approve the terms on which the independent auditor is engaged for the ensuing fiscal year.

• Resolve any disagreements as needed between Company management and the independent auditor about financial reporting.

• Establish and oversee a policy designating permissible services that the independent auditor and its affiliates may perform annually for the Company.

• Ensure receipt annually and as needed from the independent auditor of a formal written statement delineating all relationships between the auditor and the Company.

• Obtain a formal written statement from the external auditors as to their independence. Additionally, discuss with the auditors any relationships or non-audit services that may affect their objectivity or independence.

• Set clear hiring policies as needed for the Company’s hiring of employees or former employees of the independent auditor who were engaged in the Company’s account and ensure that the policies comply with any regulations applicable to the Company.
**AUDIT COMMITTEE CHARTER**

- Provide a medium for external auditors to discuss with the audit committee their judgments about the quality, not just the acceptability, of accounting principles and financial disclosure practices used or proposed to be adopted by the Company.
- Review with the external auditors the audit firm’s quality control policies and procedures and any material issues raised by the most recent internal quality control review of the Company.

**Internal Audit Oversight**

- Review the responsibilities, resources, functions and performance of the Company’s internal audit function annually.
- Review and approve the appointment or change in Internal Audit personnel as needed.
- Review and approve the annual internal audit plan annually.
- Review with the Company’s CFO, independent auditor, and Head of Internal Audit:
  - Significant findings by the Head of Internal Audit during the year and management’s responses
  - Any difficulties encountered in the course of the audit work of internal audit including any restrictions on the scope of their work or access to required information
  - Any changes required in planned scope of the audit plans of internal audit

**Financial Reporting Oversight**

- Review with the Company’s management, CFO and the independent auditor at the completion of the annual audit:
  - The Company’s annual financial statements and related footnotes
  - The independent auditor’s audit of the financial statements and its report thereon, including any matters to be communicated by the independent auditor
  - Any significant changes required in the independent auditor’s audit plan
  - Any serious difficulties or disputes with management encountered during the course of the audit and management’s response.
AUDIT COMMITTEE CHARTER

- Other matters related to the conduct of the audit, which are to be communicated to the Committee under generally accepted auditing standards

- Review quarterly with the Company’s CFO, independent auditor, and Head of Internal Audit:
  - The Company’s annual assessment of the effectiveness of its internal controls and the independent auditor’s attestation
  - The adequacy of the Company’s internal controls including computerized information system controls and security
  - Any "material weakness" or "significant deficiency" in the design or operation of internal control over financial reporting, and any steps taken to resolve the issues
  - Any related significant findings and recommendations of the independent auditor and internal audit together with management’s responses

- Review as needed with the Company’s CFO any significant changes to Generally Accepted Accounting Principles (GAAP) policies or standards and any other applicable financial or accounting standards.

- Review and recommend annually to the Board for acceptance and inclusion of the annual audited financial statements in the Company’s Annual Report.

Risks and Controls

- Review and assess the Company’s strategic, operational and financial risk management process, including the adequacy of the overall control environment and controls in selected areas representing significant risk.

- Review and assess the Company’s system of internal controls for detecting accounting and financial reporting errors, fraud and defalcations, legal and tax code violations, and noncompliance with the organization’s code of conduct. In this regard, review the related findings and recommendations of the external and internal auditors, together with management’s responses.

- Review, with or without the Risk and Technology Committee, audit results prepared by Internal Audit assessing the effectiveness of the risk governance framework. The Committee may also meet with the Risk and Technology Committee on such other topics of common interest or other matters as required by law, regulation, Company bylaws or agreement.
AUDIT COMMITTEE CHARTER

Executive Sessions
- Meet with the independent auditor in executive session quarterly to discuss any matters the Committee or the independent auditor believes should be discussed privately with the Committee.
- Meet with the Company management, CFO, and/or Head of Internal Audit in executive session quarterly to discuss any matters the Committee Company staff believes should be discussed privately with the Committee.

Charter Review
The Committee will review, annually at a minimum, the Committee’s Charter and recommend any proposed changes to the Nominating and Governance Committee for Board approval. The Committee will not act in violation of the applicable laws, regulations, or the Company’s bylaws. If a situation arises where the Committee’s Charter is in conflict with the applicable laws, regulations, or the Company’s bylaws, the Committee will recommend a change to bring the Committee Charter into compliance. The Committee shall prepare and report to the Board the results of an annual performance evaluation of the Committee, which shall compare the performance of the Committee with the requirements of this Charter.

Reviewed and endorsed by the Nominating and Governance Committee on 10 Feb 2020. The Audit Committee Charter was approved by the ISACA Board on 14 Feb 2020.