



TENNESSEE FINANCIAL LITERACY COMMISSION
DEPARTMENT OF THE TREASURY
STATE CAPITOL
NASHVILLE, TENNESSEE 37243-0225

Resolution

03-2011

DESIGNATION OF AUDIT COMMITTEE

WHEREAS the Bylaws of the Tennessee Financial Literacy Commission (TNFLC or "the Commission") permit the Board of Directors to create committees of its members and delegate specified authority to those committees; and

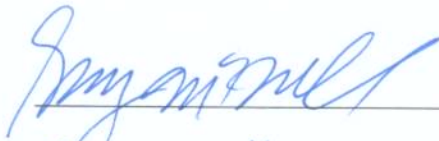
WHEREAS best governance of nonprofit and tax-exempt organizations advocates the creation and maintenance of an Audit Committee of the Board;

IT IS THEREFORE RESOLVED that the Board of Directors of the Tennessee Financial Literacy Commission does hereby create an Audit Committee of the Board ("the Committee") to be governed in the following fashion:

- 1) The Committee will consist of no less than three and no more than five members, each of whom shall be a properly-appointed Director or designee authorized under the Bylaws;
- 2) Members of the Committee will be elected to a two-year term by majority vote of the Board of Directors at a regularly-scheduled meeting of the Board where a quorum is present;
- 3) The purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities with respect to: the financial reporting process; internal and external audit processes; and standards of professional conduct;
- 4) Responsibilities of the Committee include:
 - Receiving and reviewing financial statements and annual financial reports;
 - Reviewing with Commission staff internal controls regarding budget, expenditures, and relations with outside vendors;
 - Understanding the scope of internal and external auditors' reviews of the Commission;
 - Receiving and reviewing reports issued by internal and external auditors;
 - Inquiring that staff have taken appropriate action on audit recommendations made by internal or external auditors;
 - Discussing the results of audits with representatives of the Comptroller of the Treasury;
 - Encouraging internal or external auditors to discuss any issues of concern with the audit committee;
- 5) Specifically, members of the Committee will:
 - Immediately report any fraud to the Office of the Comptroller of the Treasury;
 - Recommend an independent audit to Board if deemed necessary;
 - Review communications from Commission staff or the Treasurer to personnel concerning their obligation to prevent, detect, and report fraud, waste or abuse, and to report any instances of fraud, waste or abuse to the Audit Committee and the Comptroller of the Treasury;

- Ensure that Commission staff maintain procedures for the receipt, retention, and treatment of complaints about accounting, internal controls, or auditing matters;
- Ensure the Commission maintains a comprehensive conflict of interest policy, which includes documenting potential conflicts and resolutions;
- Regularly update the board about Committee activities and make appropriate recommendations; and
- Ensure a confidential mechanism is in place for staff to report any suspected fraud, abuse or other complaints related to operations to the Audit Committee.

I, Garry McNabb, Secretary of the Tennessee Financial Literacy Commission, certify that the above is a true and correct copy of a resolution adopted at the meeting of the Board of Directors on December 6, 2010, at which a quorum was present and voted.



Garry McNabb, Secretary
(print name)

December 6, 2010
Date