

LOUISIANA LAND BANK, ACA

AUDIT COMMITTEE CHARTER

I. PURPOSE

The Audit Committee is a committee of the Board of Directors. The primary function of the Audit Committee is to fulfill its oversight responsibilities relating to the quality of financial reporting and internal controls. Consistent with this function, the Audit Committee should encourage continuous improvement of, and should foster adherence to, the Association's policies, procedures and practices at all levels.

While the Audit Committee has the powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits, or to determine that the Association's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. This is the responsibility of management and the independent accountant. However, it is the responsibility of the Audit Committee to ensure reasonable steps are taken by management to ensure the accuracy of financial reporting and that strong, independent internal controls which are essential to safe and sound operations are in place. Internal audit, appraisal review and credit review programs are critical components of an institution's internal control environment.

The Audit Committee's primary duties and responsibilities are to:

- Evaluate the selection of the independent accountants retained to prepare an annual audit report and the selection of the firm retained to perform the internal audit function.
- Serve as an independent and objective party to review the financial information and internal controls assertion presented by management to the shareholder, regulators and the general public.
- Review and appraise the audit efforts of the Association's independent accountants and internal auditing function.
- Monitor the Association's compliance with legal and regulatory requirements.
- Monitor the activities of the internal audit function.
- Provide an open avenue of communication among the independent accountants, internal credit reviewers, appraisal reviewers, financial and senior management, the internal auditing function, and the Board of Directors.
- Oversee the Association's systems of internal control related to the preparation of financial reports, including control of the institution to ensure compliance with laws and regulations.

The Audit Committee will fulfill these responsibilities by carrying out the activities and processes enumerated in the following sections of this Charter. In doing so, the Committee has full access to all books, records, facilities, and personnel of the Association and the power to retain outside counsel or other experts considered necessary in discharging its oversight role including retaining services for training on industry best practices.

II. COMPOSITION

The Audit Committee shall be comprised of at least three directors as determined by the Board, each of whom shall be free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee. Members of the Committee should have a working familiarity with general business and/or basic finance and accounting practices, and collectively should have the accounting or related financial management expertise to fulfill their responsibility.

The Chairman and members of the Committee shall be appointed by the Chairman of the Board at the board meeting following the reorganization meeting of the Board and shall serve until their successors shall be duly selected and qualified.

III. MEETINGS

The Committee shall meet at least four times annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee shall meet as often as needed, but at least once per year, with management, the internal audit firm, internal credit reviewers, appraisal reviewers and the independent accountants in separate executive sessions to discuss any matters that the Committee or any of these groups believe should be discussed.

On a regular basis, the Audit Committee meets in executive session to discuss fraud and risk topics with management.

IV. RESPONSIBILITIES AND DUTIES

To fulfill its responsibilities and duties the Audit Committee shall, with such assistance from management as the committee deems appropriate:

Documents/Reports Review

1. Review the adequacy of this charter on an annual basis.
2. Review the Association's annual and quarterly financial statements and any reports or other significant financial information including any certification, report, opinion, or review rendered by the independent accountants.
3. Review and approve the scope of internal audit's plan for the year as well as the credit and appraisal review programs.
4. On a periodic basis, review the status of the internal audit plan and the activities of management responding to audit issues.
5. Review the interim financial information with management and the independent accountants as reported in the quarterly Stockholder Report.
6. Meet at least annually, or as needed, with the chief executive officer to discuss and provide input on the Association's system of internal controls and the quality of credit.
7. Evaluate the adequacy of the Association's internal controls by review of written reports from the internal and external auditors, and monitor management's response and action to correct any noted deficiencies.

Independent Accountants

8. The Audit Committee selects the appraisal reviewers, credit reviews, internal audit firms and other related firms as needed, considering independence and effectiveness, review the planning and staffing for the annual audit, and approve the fees and other compensation to be paid to these auditors. Since the Association is a member of the Farm Credit System, flexibility with appointment of the external auditor is extremely limited. The committee will work to ensure that the engagement of the external auditor conforms with district and national oversight expectations.

9. On an annual basis, the Committee should obtain and review a formal written statement from the independent accountants that discusses all significant relationships the accountants have with the Association to determine the accountants' independence.
10. Review the performance of the independent accountants, appraisal reviewers and credit review firms, and approve any replacement when circumstances warrant.
11. Discuss with the independent accountants the matters required to be discussed by Statement of Auditing Standards No. 114 (AU 380).
12. Periodically consult with the independent accountants and credit review firm in executive session to discuss internal controls, and the fullness and accuracy of the organization's financial statements.
13. Review with the independent accountants, appraisal reviewers and credit reviewers any problems or difficulties which they may have encountered during the annual review including any disagreement among management and the independent accountants, appraisal reviewer, credit reviewer or the internal auditing department in connection with the preparation of the financial statements credit review results.
14. Review any significant recommendations in the management letter provided by the accountants and the Association's response to the letter.
15. Review fees paid to the external auditors on a quarterly basis.

Financial Reporting Processes

16. In consultation with the independent accountants and internal audit representation, review the integrity of the Association's financial reporting processes, both internal and external.
17. Discuss with the independent accountants their judgments about the quality and appropriateness of the Association's accounting principles as applied in its financial reporting.
18. Consider and approve, if appropriate, major changes to the Association's auditing and accounting principles and practices as suggested by the independent accountants and management.
19. Review, prior to release of information, any significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting and any fraud, whether or not material, that involves management or other employees who have a significant role in internal controls.
20. Review the effect of off-balance sheet arrangements that either have, or are reasonably likely to have, a current or future effect on financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors and earnings press releases and other reports or written electronic material disclosing "pro-forma," or "adjusted" non- GAAP information.

Process Improvement

21. Following completion of the annual audit, review separately with management and the independent accountants any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
22. Review with the independent accountants, the internal auditing firm and management the extent to which changes or improvements in financial or accounting practices, as approved by the Audit Committee, have been implemented. (This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Committee.)

23. Receive periodic reports on internal controls or certain control environments (i.e. SAS 70, Section 404).
24. Review with management, at least on a quarterly basis, tracking reports of reviews to ensure that recommended improvements are implemented.

Ethical and Legal Compliant

25. Review, with the Association's General Counsel, legal compliance matters that may have a material impact on the financial statements, the Association's compliance policies, and any material reports or inquiries received from regulators or governmental agencies.
26. Perform any other activities consistent with this Charter, the Association's By-laws and governing law, as the Committee or the Board deems necessary or appropriate.

Communication and Documentation

27. Maintain records of meetings including attendance for a minimum of three fiscal years.

Approved by the Louisiana Land Bank, ACA Audit Committee at a meeting held May 23, 2019.
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