



AUDIT/FINANCE COMMITTEE CHARTER

F02.000

Updated 06/2010

Resolution 2010-07

Purpose

The purpose of the audit/finance committee shall be to:

- Assure that the Authority Board fulfills its responsibilities for the Authority's internal & external audit, financial reporting processes, debt related activities, and system of risk management & internal controls over it's financial reporting; and
- Provide an avenue of communication between management, the independent auditors, and the Board members.

Approval of the Audit/Finance Committee Charter

The audit committee will review this Charter for it's adequacy in light of legal, regulatory accounting & auditing requirements, as needed. Any recommended revisions will be submitted to the Authority Board for approval.

Composition of Committee

The committee shall consist of at least three members (can be board members) who are independent of Authority operations, appointed by and serve at the discretion of the Authority Board.

Ideally, at least one member should possess or obtain a basic understanding of governmental financial reporting & auditing.

Appointment of members of the Audit/Finance Committee.

Whenever a new member is needed, the Authority Board will name a qualified member to fill the position.

Committee Meetings

The committee will meet upon direction from the Board, with the expectation that additional meetings may be required to adequately fulfill all obligations & duties outlined in the charter. Meeting notices

will be posted 5 days in advance. Minutes are required. Use of agendas and appropriate briefing materials is encouraged.

One of these meetings will occur upon completion of the annual audit to review & discuss the independent auditor reports & findings. The financial manager will initiate this meeting.

The committee may invite other individuals, such as members of management, auditors or other experts to attend meetings & provide pertinent information, as necessary.

Powers of the Audit Committee

- Recommend appointment, compensation, & oversight of any of the following to be employed by the Authority:
 - accounting firm/independent auditors
 - bond counsel
 - investment advisors
 - underwriting firms
- Review proposals for issuance of debt by the Authority & recommend acceptable levels & nature of debt.
- Review proposals related to repayment of debt or other long-term financing arrangements by the Authority
- Conduct or authorize investigations into any matters and make recommendations. (ie. Audit findings, Whistleblower procedures, financial policies, etc.)
- Meet with & seek any information required from Authority staff, independent auditor, outside counsel, etc. as necessary to carry out the duties of this office.
- Issues recommendations to the Authority Board for approval

Responsibilities

A. Independent Auditors

- Oversee appointment of independent auditors according to the Authority's Purchasing Policy, Section 14: Request for Proposal.
- Upon completion of the audit: Meet with the auditors, chief executive officer, financial manager, & anyone else desired by the committee to discuss findings & review financial statements, associated management letter, and to ascertain the effectiveness of the internal control structure. Develop action steps to be taken, if needed.
- Review results of audits & approve procedures for implementing accepted recommendations.

B. Special Investigations (Whistleblower)

- Review the Whistleblower procedure (procedure for receipt, retention, investigation and/or referral of complaints concerning accounting, internal controls & auditing to the appropriate body) as needed.
- Review & determine action on Whistleblower communication.

C. Review Authority's Annual Budget

- Review Authority's proposed annual operating budget & recommend it to the board for approval after incorporating any necessary adjustments.
- Monitor Authority's compliance with its adopted budget during the fiscal year.

D. Oversee Authority's Investments

- Annually review & make recommendations to the Board concerning:
 - Investment Policy and allocation of assets
 - Annual Investment Report
 - Selection of investment advisors

E. Assess Authority's Capital Requirements & Capital Plan

- Assess the financial requirements of Authority's capital plan. This assessment includes current & future capital needs, justification of the need, and funding sources for the cost.
- Review financial aspects of major proposed transactions, significant expenditures, new services, as well as proposals to discontinue services and make action recommendation to the Board.

F. Review Financial & Procurement Thresholds

- Review & recommend changes to Authority's thresholds for procuring goods/services and the procurement policy.
- Review & recommend changes to Authority's fee schedules
- Annual, review scope & terms of Authority's insurance policies & liability coverage.

Conclusion

The above reviews/recommendations may be performed by the Board as a whole or directed to the audit/finance committee at the Board of the whole's pleasure.