



AUDIT AND FINANCE COMMITTEE CHARTER POLICY

ADOPTED BY THE GOVERNING BOARD

OF THE SOUTH FLORIDA WATER MANAGEMENT DISTRICT: ~~09/13/2007~~ / ~~2009~~

RESOLUTION # ~~2007-918~~2009-

DISTRICT CLERK'S OFFICE

Chapter 101 AGENCY ADMINISTRATION

Article VII. Audits

Division 3. Audit and Finance Committee Charter

Sec. 101-221. Statements of Policy.

The District's Governing Board has the responsibility to District residents and taxpayers to properly account for public funds. In keeping with the adopted principles of sound financial management, the Governing Board establishes an Audit and Finance Committee to assist in its oversight responsibilities.

Sec. 101-222. Authority.

The primary responsibility for the District's financial reporting and internal operating controls is vested in senior management, as overseen by the Governing Board through its Audit and Finance Committee. The Audit and Finance Committee is a standing committee of the Governing Board. Its principal responsibilities are to see that appropriate accounting policies and internal controls are established that promote accountability and that the District issues financial statements and reports on time and in accordance with its legal obligations. The Audit and Finance Committee appointed by the Governing Board Chair will be composed of at least ~~five~~four Board members. The Governing Board Chair shall appoint the Chair and Vice Chair of the Audit and Finance Committee. The duties and responsibilities of a member of the Audit and Finance Committee are in addition to those duties set out for a member of the Governing Board.

The Board authorizes the Audit and Finance Committee to adopt reasonable rules of procedure to govern the conduct of its business, the scheduling of meetings, the establishment of a quorum, and other administrative matters. The Audit and Finance Committee shall furnish a copy of any adopted rules to the Board. The Audit and Finance Committee will be given adequate support to discharge its responsibilities. The Audit and Finance Committee shall ensure that the independent certified public accountants and the Inspector General will have unrestricted access to District personnel and public documents. The Audit and Finance Committee will meet on a quarterly basis, or more frequently as circumstances require and report its actions to the Governing Board with such recommendations as the Committee may deem appropriate.

Sec. 101-223. Audit Responsibilities.

(a) *Financial Reporting* The responsibility of the Audit and Finance Committee in the area of financial reporting is to provide assurance that financial disclosures made by management reasonably portray the District's financial condition, the results of operations and plans, and long-term commitments. To accomplish this, the Audit and Finance Committee will

1. Nominate the independent certified public accountants to the Governing Board.

2. Review and approve the scope and plan for the annual audit and any non-audit services to be performed by the independent accountant.
 3. Provide an open avenue of communications between the Inspector General, the independent certified public accountants, and the Governing Board.
 4. Review with management and the independent certified public accountants at the completion of their annual examination:
 - a. The District's annual financial statements and management letters, including management responses and plans to address the resulting recommendations.
 - b. Any significant changes required in the independent accountants' audit plan.
 - c. Any serious difficulties or disputes with management encountered during the course of the audit.
 - d. Any matters related to the conduct of the audit, which are to be communicated to the Committee under generally accepted auditing standards.
 5. Review independent certified public accountants' performance.
 6. Recommend, when appropriate, the discharge of the independent certified accountants to the Governing Board.
- (b) *District Governance.* The Audit and Finance Committee will provide assurance to the Governing Board that District management is conducting District affairs ethically and is maintaining effective controls against employee conflict of interest, errors, and fraud. To accomplish this, the Audit and Finance Committee will:
1. Review policies and management decisions related to accounting and recommend policy changes to the Governing Board, particularly those that result in any significant accounting accruals, reserves or estimates that had or may have a material impact on the financial statements.
 2. Review accounting changes or regulations proposed or adopted by bodies such as the Financial Accounting Standards Board, the Government Accounting Standards Board, and the Securities Exchange Commission that may materially affect the District.
 3. Review District policies relating to compliance with laws and regulations, ethics, conflict of interest, and the investigation of misconduct or fraud and review significant cases of employee conflict of interest, errors, or fraud.
 4. Review the Inspector General's annual work plan to determine that audit objectives and goals, the staffing plan, the budget, and audit schedules provide for adequate support of the Audit and Finance Committee's responsibilities. Apart from the annual work plan, the Committee will direct the Inspector General to study any particular areas of interest or concern that may occasionally arise.
 5. Direct the Inspector General to conduct investigations into any matters within the Committee's scope of responsibilities.
 6. Review and approve the audit reports issued in conjunction with the Inspector General's work plan and special audit work, including management responses and plans to address those areas identified during the audits.
 7. Discuss with the Inspector General and the independent certified public accountants the adequacy of the District's electronic data processing internal controls and procedures and

inquire about the existence and adequacy of specific security programs to protect against computer fraud or misuse from within and outside the District.

8. Require the Inspector General to report in writing annually on the activities of the office. Such report shall include, but need not be limited to:
 - a. A description of activities relating to the development, assessment, and validation of performance measures.
 - b. A description of significant abuses and deficiencies relating to the administration of programs and operations of the District disclosed by investigations, audits, reviews, or other activities during the reporting period.
 - c. A summary of each audit and investigation completed during the reporting period.
9. Review and monitor implementation of management's response to independent certified public accountants and the Inspector General's recommendations. The Inspector General will follow up on actions taken by management to implement audit recommendations. The Inspector General shall report at least annually the results of follow-up activity. Such report shall include, but need not be limited to:
 - a. A description of the recommendations for corrective action made by the Inspector General with respect to significant problems, abuses, or deficiencies identified.
 - b. An identification of the responsible District Department and the status of implementation.
10. Review consultant reports such as cost allocation plans and fee studies.
11. Assure necessary assistance is provided to other governmental agency auditors, including:
 - a. Access to District personnel and documents as appropriate,
 - b. The timing of the auditors' visits, and
 - c. Coordination with the Inspector General.
12. Periodically review and recommend changes to the Internal Audit Charter to the Governing Board that explain the functional and organizational framework for providing services to management and to the Audit and Finance Committee, including the purpose, responsibility, authority, and reporting relationships of the Office of Inspector General.
- ~~12-13.~~ 13. **Review and approve the annual budget for the Office of Inspector General.**
- ~~13-14.~~ 14. Recommend appointment and termination of the Inspector General to the Governing Board. The Audit and Finance Committee will be responsible for the evaluation of the Inspector General's performance and related compensation. The percentage weight of the evaluation panel's review will be as follows:

Audit and Finance Committee Chair . . . 25%
Audit and Finance Committee Vice Chair . . . 25%
Remaining 50% divided equally among all other Audit and Finance Committee Members . . . 50%
Total . . . 100%

Sec. 101-224. Finance Responsibilities.

The responsibility of the Audit and Finance Committee in the area of finance is to review District financial strategies, policies, and programs and make recommendations to the Governing Board. Specifically, the Committee shall:

- (1) Review and make recommendations to the Governing Board concerning management proposals for financing, and placement of long-term debt.
- (2) Review short and long term investment strategies.
- (3) Review methodology for financing long-term acquisition and divestitures proposed by District management.
- (4) Review the District's risk management policies.
- (5) Review other transactions or financial issues that management desires to have reviewed by the Finance Committee.
- (6) Review such procurement matters and processes that management or the Governing Board desires to have reviewed by the Finance Committee.