

## ESTABLISH AUDIT & FINANCE COMMITTEE

### I. PURPOSE

The Governing Board appoints the Audit and Finance Committee to, among other things:

- Oversee the accounting and financial reporting process and the audit of the Agency's financial statements by the independent auditor; and
- Budgeting and financial planning; and
- Accountability policies and investments; and
- Monitoring of internal controls.

### II. REPORTING

The Audit and Finance Committee reports directly to the Governing Board.

### III. COMMITTEE MEMBERSHIP

The Audit and Finance Committee shall consist of no greater than four members. The members of the Audit and Finance Committee shall be appointed annually by the Governing Board. Eligible Members to serve on the Audit and Finance Committee shall be Board members, Alternate Board members, and Member Agency Staff. No more than one eligible Committee Member shall represent their respective Member Agency. The Audit and Finance Committee shall designate the chairperson.

### IV. COMMITTEE AUTHORITY and RESPONSIBILITIES

The Audit and Finance Committee shall meet as often as it determines necessary or appropriate to fulfill its responsibilities, but no fewer than twice annually – once to review the audit plan and once to review the audited financials, and related documents, and to review the audit engagement, special investigations, financial irregularities and internal control failures. The Audit and Finance

Committee will be a Brown-Acted meeting. The following are the specific functions of the Audit and Finance Committee:

1. The Committee shall annually retain or renew the appointment of an independent auditor to conduct the audit and any related management letter.
2. Review with the independent auditor the scope and planning of the audit prior to its commencement.
3. Upon completion of the audit, review and discuss the following with the independent auditor:
  - a. Any material risks and weaknesses in internal controls identified by the independent auditor
  - b. Any restrictions placed on the independent auditor's scope of the activities or access to requested information
  - c. The adequacy of the Agency's interim and annual accounting and financial reporting process
  - d. Any recommendations made by the independent auditor
4. Report to the Governing Board of the Committee's activities and recommend the results of audit findings for approval.

### **Additional Responsibilities**

1. Budgeting and Financial Reporting
  - a. Develop an annual operating budget with staff
  - b. Set long-range financial goals along with funding strategies to achieve them
  - c. Monitor adherence to the budget
  - d. Develop multi-year operating budgets that integrate strategic plan objectives and initiatives
2. Internal Controls and Accountability Policies
  - a. Create, approve, and update (as necessary) policies that help ensure the assets of the agency are protected
  - b. Ensure approved financial policies and procedures are being followed
  - c. Developing other policies that further serve to protect the Agency including:
    - i. Personnel policies

- ii. Long-term contracts or leases
- iii. Loans or lines of credit
- iv. IT security
- v. Capital purchases
- vi. Insurance requirements and reviews
- vii. Records retention

### 3. Investments

- a. Draft an investment policy detailing the objectives of the investment portfolio and guidelines on the asset allocation of the portfolio based on a predetermined level of risk tolerance
- b. Review the policy at least annually and update if necessary
- c. Monitor investment returns

## **V. LIMITATION OF AUDIT and FINANCE COMMITTEE'S ROLE**

The Audit and Finance Committee is not responsible for planning or conducting audits. The independent auditor is responsible for planning and conducting audits. Neither is the committee responsible for (1) preparing and fairly presenting Pioneer's financial statements in accordance with generally accepted accounting principles, (2) maintaining effective internal control over financial reporting, nor (3) ensuring Pioneer is in compliance with applicable laws, regulations, and other requirements. These responsibilities are management's, and the independent auditor and the committee have independent and complementary oversight responsibilities for determining that the related objectives of management's responsibilities, as described, are achieved.