

Department of Community Health Audit Committee Charter

Purpose

The Audit Committee (“Committee”) is a committee of the Board of Community Health. Its primary function is to assist the board in fulfilling its oversight responsibilities by reviewing the independent audit process and the independent audit report as to the adequacy of the system of internal controls.

The Committee expects to be advised of :

1. The financial information provided to governmental regulatory bodies, the public, financial institutions and others and will review information deemed appropriate.
2. The status of examinations/audits conducted by other Federal or State of Georgia governmental or regulatory bodies.

In doing so, it is the responsibility of the Audit Committee to (1) provide an open avenue of communication between the Board of Community Health, management and the independent auditors and (2) provide oversight with regard to the manner in which the financial reporting of the Department of Community Health is handled in accordance with law and the policies of the Board of Community Health. Independent auditors can at any time notify the chairman of the Committee and/or the DCH Director of Audits of the need for consultation with the Audit Committee.

The Committee relies on the expertise and knowledge of management and the independent auditors when carrying out its oversight responsibilities. Management is responsible for determining that the Department’s financial statements are fairly presented in accordance with generally accepted accounting principles and the State’s budgetary reporting requirements. The independent auditors are responsible for auditing the Department’s financial statements. It is not the duty of the Committee to plan or conduct audits or to determine that the financial statements are fairly presented, to conduct investigations, or to assure compliance with laws and regulations or the Department’s internal policies, procedures and controls.

Organization

The Audit Committee shall be appointed annually by the Board of Community Health. The Audit Committee shall consist of at least three members, at least one of whom shall have a background in financial reporting, accounting or auditing. The Board shall appoint one of the members to the Audit Committee as Chairperson. It is the responsibility of the Chairperson, in consultation with the Commissioner, to schedule meetings of the Committee and to suggest agenda items for the Committee’s consideration.

The Audit Committee shall meet as often as it determines necessary, but not less frequently than quarterly. The Audit Committee shall meet with management and the independent auditors in separate executive sessions as often as it deems necessary. The Audit Committee may request any employee of the Department or the Department's outside counsel or independent auditor to attend a meeting of the Committee or to meet with any members of the Audit Committee

Responsibilities and Duties

1. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
2. Maintain minutes or other records of meetings and activities.
3. Review management's independent audit procurement process and confirm the selection of the independent auditor(s). Independent auditor(s) shall report directly to the Committee.
4. Receive reports from the independent auditor(s) regarding their independence. At the Committee's discretion, discuss such reports with the auditor(s) and, if appropriate, recommend that the Board take action to satisfy itself of the independence of the auditor.
5. Review the Department's periodic report of major financial risk exposures including :
 - a. Fraud and other misconduct
 - b. Change in accounting policies and procedures
 - c. Change in accounting estimates

and determine which issues are deemed relevant for the Committee to review the steps management has taken to monitor and control such exposures.

6. Review the annual audited financial statements with management including:
 - a. Major accounting issues and changes to Accounting principles and auditing standards
 - b. Adequacy of internal controls that could significantly affect the Department's financial statements.

7. Meet with the independent auditor as necessary to monitor the progress of the annual financial and single audit. Evaluate the results of the annual audits, including, but not limited to:
 - i. The audited financial statements and any management letter recommendations and the response by management to the recommendations;
 - ii. The adequacy of the system of internal controls;
 - iii. The adequacy of the Department's accounting policies and procedures, including the level of compliance with governmental regulations and with recent professional pronouncements and their impact on the financial statements.
 - iv. Discuss with the independent auditor the matters required by AICPA Professional Standards.
8. Establish guidelines in accordance with applicable laws and Government Auditing Standards for the retention of an independent audit organization for any non-audit service
9. Review a current list of examinations and/or audits of DCH in process or recently completed conducted by
 - a. governmental or other outside authorities
 - b. internal audit staff

The Committee will determine any such items that deem further review. Such review would include management's response to all recommendations/findings and include the identification of a person responsible for action and the naming of a date for action.
10. Periodically review and evaluate the adequacy of the Department's monitoring of compliance with reporting requirements of governmental agencies and other organizations, including timely submission of required reports.
11. Initiate investigation of other matters the Committee deems appropriate and relevant to the Committee's purpose.