Kaweah Delta Health Care District
AUDIT COMMITTEE

MISSION AND PURPOSE: To assist the District's Board of Directors in fulfilling its oversight responsibility for the District's financial statements, system of internal controls over financial reporting and operations, and audit processes, both internal and external.

AUTHORITY: The Audit Committee has the authority to Conduct or authorize investigations into matters within the Committee's scope of responsibilities, retain independent counsel, accountants or others to assist in investigations, seek information it requires from employees or external parties and to meet with District officers, external auditors or outside counsel as needed.

COMPOSITION AND TERM: The Audit Committee members are appointed annually by the President of the Board of Directors.

MEETINGS: The Committee shall meet at least four times per year, with the authority to convene additional meetings as necessary. The Committee is authorized to request attendance from members of Management, auditors or others to provide information that would be relevant to the Committee. The Committee will also hold Executive Session meetings with the external and internal auditors as deemed appropriate.

SPECIFIC RESPONSIBILITIES:

1. Employ one or more internal auditors to assist the Committee in planning, executing and reporting on audits of District departments, programs, policies, processes, and internal control systems and subsystems. Review with the Internal Audit Director the plans, activities, staffing and structure of the internal audit department. Ensure that internal audit's access to information, data and computer systems is not restricted or limited in any way.

2. Select or dismiss independent accountants for District audits, subject to approval by the District's Board of Directors. Review and approve fees paid to independent accountants. Approve or disapprove any consulting services requested by District management of independent accountants to ensure independence and objectivity.

3. Meet with the independent accountants prior to, during and after the annual audit to evaluate, understand and report to the Board on the various aspects and findings of the audit as follows:

    a. Audit scope and procedural plans.

    b. Significant areas of risk and exposure and management's step to minimize them.

c. Adequacy of the District's internal controls, including computerized information system controls and security.

d. Significant audit findings and recommendations made by the independent accountants.

e. The annual financial statements and related footnotes and the independent accountant's report thereon.

f. The independent auditor's qualitative judgments about the appropriateness, not just the acceptability, of accounting principles and financial disclosures and how aggressive (or conservative) the accounting principles and underlying estimates are.

g. Any serious difficulties or disputes with management encountered during the course of the audit.

4. Reviews and evaluates management's written response to the independent accountants' management letter and ensures copy of management letter, and management's response if appropriate, is filed in a timely manner with the Tulare County Auditor. Instructs internal auditor to confirm the complete implementation of any action required by management's response to the management letter.

5. Review legal and regulatory matters that may have a material effect on the organization's financial statements, compliance policies and programs, and reports from regulators.

6. Provide open avenues of communication among internal auditors, independent accountants and the Board of Directors.

7. Report Committee actions and recommendations to the District's Board of Directors.

8. Review results of audits completed by Internal Audit as it relates to issues raised by the Regulatory Oversight Committee.

OTHER RESPONSIBILITIES:

1. Perform other activities related to this charter as requested by the Board of Directors.

2. Request and oversee special investigations as needed.

3. Review and assess the adequacy of the committee charter on a regular basis.

4. Determine if all responsibilities outlined in the charter have been carried out on an annual basis and evaluate committee and individual member's performance on a regular basis.

SPECIFIC REPORTS:

1. Internal Audit Plans and Reports—Reviewed at least Quarterly by the Committee and "on demand" as needed to address significant and unexpected matters.
2. Budget and Engagement Letter of Independent Accountants—Reviewed Annually by Committee and Board (March)
3. Audit Scope and Procedural Plan of Independent Accountants—Reviewed Annually by Committee (July)
4. Mid-Audit Findings of Independent Accountants—Reviewed Annually by Committee (Mid-September)
5. Audited Financial Statement, Management Letter and Post-Audit Report of Independent Accountants—Reviewed Annually by Committee and Board (October)

Adopted by the Audit Committee on March 10, 2009 and approved by the Board of Directors on