

Town of Alta Resolution 2020 -R-21

**A RESOLUTION ESTABLISHING
AN INTERNAL AUDIT COMMITTEE**

WHEREAS, the Utah State Auditor’s Office regularly receives complaints of fraud or abuse by local government officials; and

WHEREAS, the level of concern by the public and local and state officials is significant; and

WHEREAS, the Utah State Auditor’s Office has designed a program to help measure and reduce risk of undetected fraud, abuse and non-compliance in local governments; and

WHEREAS, experience indicates that a solution to fraud risk lies in effective internal controls; and

WHEREAS, one of the internal control principles identified is to adopt written policies that establish oversight and improve the internal control system; and

WHEREAS, one oversight is the implementation of an internal audit function that focuses on financial operations will provide a pre-emptive step in maintaining operational efficiency and safeguarding assets; and

WHEREAS, the internal audit function should be formalized by establishing an Internal Audit Committee which identifies who is responsible for oversight and who will perform the audit function; and

WHEREAS, the Town of Alta contracts with an audit professional who can advise the committee how best to perform the function efficiently; and

WHEREAS, an Audit Committee can objectively assess the effectiveness of management’s internal controls, ensure financial statements are performed by qualified, independent accounting firms, and investigate and address complaints.

NOW THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF ALTA, UTAH that there is established an internal audit committee to assist the Town of Alta in the oversight of both the internal and external audit functions and adopt an audit committee charter attached hereto as ATTACHMENT I.

This Resolution shall take effect immediately.

PASSED AND APPROVED this 9th day of December, 2021.

BY _____
Harris Sondak, Mayor

ATTEST _____
Piper Lever, Town Clerk

ATTACHMENT I

Audit Committee Charter

Audit Committee Authority

Pursuant to resolution number 2020-R-21, dated December 9, 2020 the Alta Town Council has established an audit committee to assist the Town of Alta in the oversight of both the internal and external audit functions. Resolution number 2020-R-21 also states that the audit committee will ensure financial statements are performed by qualified, independent accounting firms, and investigate and address complaints.

Mission

The Alta Town Council has established an audit committee to provide independent advice, assistance, and recommendations to the Town of Alta in the oversight of the internal and external audit functions of the Town of Alta.

Composition and Requisite Skills

The Town of Alta Audit Committee is comprised of a subset of Town Council members. This ensures that investigations regarding the work of management, external auditors, and internal auditors remain confidential until reports are made public to the Town Council. The committee shall include: the Mayor and at least one other Town Council member.

The Committee members collectively should possess knowledge in accounting, auditing, and financial reporting needed to understand and evaluate Town of Alta's financial statements, the external audit, and the entity's internal audit activities. Accordingly, the Audit Committee's members, collectively, should:

1. Possess the requisite knowledge necessary to understand technical and complex financial reporting issues.
2. Have the ability to communicate with auditors, public finance officers and the Town Council.
3. Be knowledgeable about internal controls, financial statement audits and management/operational audits.

a. If no audit committee members have sufficient personal internal control or finance knowledge, the committee must gain this knowledge via a financial expert (either volunteer or paid) advisor.

4. The financial expert advisor must:

a. Be independent of management

b. Be present for audit committee meetings

c. Not be a member of the audit committee

d. Not vote on committee actions

Duties and Responsibilities

The duties and responsibilities of the Town of Alta Audit Committee include the following:

1. External Audit Focus

a. Provide recommendations regarding the selection of the external auditor

b. Receive and review the draft annual audit report and accompanying draft management letter, including the external auditor's assessment of the entity's system of internal controls, and, working directly with the external auditor, assist the Town Council in interpreting such documents.

c. Make a recommendation to the Town Council on accepting the annual audit report.

d. Review corrective action plan developed by the Town of Alta management and assist the Town Council in the implementation of such plans.

2. Internal Audit Focus

a. Make recommendations to the Town Council regarding the appointment of the internal auditor.

b. Assist in the oversight of the internal audit function, including reviewing the annual internal audit plan to ensure that high risk areas and key control activities are periodically evaluated and tested, and reviewing the results of internal audit activities.

c. Review significant recommendations and findings of the internal auditor.

d. Monitor management's implementation of the internal auditor's recommendations by management.

e. Participate in the evaluation of the performance of the internal audit function.

f. Oversee complaints received and investigated by the internal auditor.

g. Administrative Matters

- i. Hold regularly scheduled meetings.
- ii. Review and revise the Audit Committee Charter, as necessary.

Membership

The membership duties of the Town of Alta Audit Committee include the following:

1. Good Faith – Members of the Committee shall perform their duties in good faith, in a manner they reasonably believe to be in the best interests of the Committee and the Town of Alta with such care as a generally prudent person in a similar position would use under similar circumstances.
2. Independence – An individual may not serve on an audit committee if he or she:
 - a. Is employed by the Town of Alta (other than Alta Town Council members).
 - b. Currently provides, or within the prior two years, has provided, goods or services to the entity.
 - c. Is a family member of an employee or officer.
 - d. Is the owner of or has a direct and material interest in a company providing goods or services to the entity.
3. Confidentiality – During the exercise of duties and responsibilities, the Committee members may have access to confidential information. The Committee shall have an obligation to the Town of Alta to maintain the confidentiality of such information.
4. Meetings and Notification - The Town of Alta Audit Committee shall meet a minimum of two times each year. An agenda of each meeting should be clearly determined in advance and the Audit Committee should receive supporting documents in advance, for reasonable review and consideration.
 - a. The Audit Committee shall create meeting minutes which include the meeting:
 1. Agenda
 2. Time, date, and location
 3. Attendance
 4. Findings requiring further investigation
 5. Items to report to the Town Council
5. Decision-Making Process - All decisions shall be reached by vote of a simple majority of the total membership of the committee. A quorum constitutes a simple majority of the total membership and meetings will not be conducted unless a quorum is present.

6. Reporting Requirements - The Town of Alta Audit Committee has the duty and responsibility to report its activities to the Alta Town Council as needed, but not less than annually. Periodic written reports of Audit Committee activities are an important communication link between the Audit Committee and the Town of Alta on key decisions and responsibilities.

a. The Audit Committee's reporting requirements are to:

a. Report on the scope and breadth of committee activities so that the Alta Town Council is kept informed of its work.

b. Provide minutes or a summary of minutes of meetings which clearly record the actions and recommendations of the Committee.

c. Report on their review of the Town of Alta's draft annual audit report and accompanying management letter and their review of significant findings.

d. Report on suspected fraud, waste or abuse, or significant internal control findings and activities of the internal control function.

e. Report on indications of material or significant non-compliances with laws or Town of Alta policies and regulations.

f. Report on any other matters that the committee believes should be disclosed to the Alta Town Council.

Charter Review

The Town of Alta Audit Committee shall assess and report to the Alta Town Council on the adequacy of this Charter no less than an annual basis or as necessary. Charter modifications, as recommended by the Audit Committee, should be presented to the Alta Town Council in writing for their review and action.

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