

Greater Tompkins County Municipal Health Insurance Consortium

Audit Committee Charter

On behalf of the Board of Directors of Directors, the Audit Committee is charged with:

- Reviewing financial reports and filings;
- Audit policies and procedures to be sure they are in compliance with Article 47 and the Certificate of Authority;
- Reviewing medical claims audit reports;
- Establishing a list of all reports due to the Board and regulators and the process and time line to insure accurate and timely reporting

The Audit Committee shall review with the external and internal auditors the financial statements, the financial reporting process, the system of internal controls, the audit process, and the Consortium's monitoring of compliance with laws and regulations. The Audit Committee shall report this information to the Board of Directors.

In addition, the Audit Committee shall provide its recommendations for action to be taken by the Board of Directors and management in order to strengthen the Consortium's controls, compliance procedures and financial reporting process.

The Audit Committee shall monitor management's progress in responding to the internal and external auditors' findings.

The Audit Committee shall be composed of no fewer than three and no more than five Board of Directors members. No member of the Audit Committee shall be an officer or employee of, or receive any compensation from, the Consortium. The Board of Directors treasurer may not serve on the Audit Committee. The Chair of the Board of Directors shall be an ex officio non-voting member of the Audit Committee. At least one member shall serve as the financial expert, defined as an individual professionally knowledgeable in business management and financial reporting. Ideally, the financial expert shall have specific experience with a similar Consortium.

Internal control

- Assuring that management is setting the appropriate tone in communicating the importance of internal controls and in establishing policies and procedures to mitigate risk;
- Determining whether internal control recommendations made by internal and external auditors have been implemented by management;
- Making certain that the internal and external auditors keep the Audit Committee informed about fraud, illegal acts, deficiencies in internal control and other audit-related matters;
- Determining which aspects of internal control and compliance procedures are being tested annually by the internal and external auditors; and
- Understanding the nature of significant deficiencies and material weaknesses reported with the financial statements and reportable findings under *Government Auditing Standards*

General

- Reviewing significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understanding their impact on the Consortium's financial statements; and
- Reviewing significant risks and exposures and the plans to minimize them

Annual financial statements

- Reviewing the annual financial statements and related footnotes and assessing whether they reflect appropriate accounting principles;
- Reviewing the Management Discussion and Analysis (**MD&A**) disclosures and concluding as to their reasonableness based on the Audit Committee's knowledge of the Consortium;
- Reviewing the management letter and monitoring the Consortium's compliance with its recommendations;
- Ascertaining whether the internal and external auditors have communicated issues and concerns to each other for appropriate follow-up and action;
- Verifying that the external auditors communicate all matters to the Audit Committee as required by their professional standards; and
- Review, as necessary, other monthly or quarterly financial statements for accuracy and timeliness

Compliance with laws and regulations

- Reviewing the effectiveness of the Consortium's system for monitoring compliance with laws and regulations; and
- Satisfying itself that all regulatory compliance matters have been considered in the preparation of the financial statements; and
- Reviewing the findings of any significant examinations by regulatory agencies; and
- Reviewing any state funding and reports filed

Internal audit

- Ascertaining that the organization has the appropriated structure and staffing levels to carry out its internal audit; and
- Confirming that health insurance claims are audited, internally as needed

External audit

- Selecting and retaining the Consortium's external auditors; and
- Approving the external auditors' fees; and
- Reviewing and approving the external auditors' proposed audit scope and approach; and
- Reviewing the performance of the external auditors and recommending their retention or discharge; and
- Reviewing and confirming the external auditors' assertion of their independence in accordance with professional standards; and
- Reviewing and approving the engagement of the external auditors to perform services, including consulting services, unrelated to the audit

Reporting responsibilities

- Reporting to the Board of Directors at least annually with appropriate recommendations regarding the Audit Committee's activities and any key external audit issues

Other responsibilities

- Meeting with the external auditors, internal auditors and management in separate executive sessions at least annually;
- Confirming that significant findings and recommendations made by the internal and external auditors are received, discussed, and acted upon appropriately and promptly;
- Reviewing and updating the Audit Committee Charter; and
- Reviewing and approving the Consortium's conflict-of-interest, code-of-ethics and whistleblower policies