

Audit Committee Charter

City of Brunswick, Georgia

I. Purpose

The primary function of the Audit Committee of City of Brunswick, Georgia is to assist the City Commissioners in fulfilling its oversight responsibilities relating to the City's financial reporting, which shall include oversight of:

- (1) the integrity of the City's financial statements;
- (2) the City's compliance with legal and regulatory requirements;
- (3) the independent auditor's qualifications and independence; and
- (4) the performance of the City's audit function and independent auditors.

The Committee's role is one of oversight. It is recognized that the City's management is responsible for preparing the City's financial statements, whether prepared by City employees or consultants, and the independent auditors are responsible for auditing those financial statements.

II. Committee Composition

The Committee shall be comprised of **five** members. **The Mayor shall appoint a nominating committee consisting of the Mayor, one City Commissioner, the Finance Director, and Human Resources Director.** Each **nominee** shall be a member of the City of Brunswick, Georgia community in good standing, which possesses good management, finance, accounting, or governmental knowledge. The **nominee** shall not be an employee of the City of Brunswick, Georgia. **The nominating committee will present the nominees to the City Commissioners and after consideration of the nominees, the committee shall be appointed by the City of Brunswick, Georgia City Commissioners at a scheduled meeting of the Commissioners.** The term of each member shall be for a period of three years with the first term period beginning July 1, 2006 and ending June 30, 2009. Nothing shall preclude a member from being appointed for successive terms. Subsequent to the first term period ending June 30, 2009, at least four committee members can be reappointed, two members for a two-year term and two for a one-year term. A new member will be appointed for a three-year term. This will begin a process of staggered terms. The purpose of the staggered terms is to maintain experience and continuity within the audit committee process. Vacancies occurring during the term periods shall be

filled by **nominations** from the nominating committee. **After consideration of the nominees to fill any vacancies, the City Commissioners will make the appointment to fill any vacancies at a scheduled meeting of the Commissioners.** The City's accounting and auditing consultant shall serve as an advisory member of the committee and be designated as the committee's financial expert.

III. Committee Meetings

The Committee will meet at least six times a year, with authority to convene additional meetings, as circumstances require. The committee shall attempt to meet by the third Monday of each month; however, meeting dates will be flexible to accommodate the schedules of committee members. The Committee will invite members of management and others to attend meetings and provide pertinent information, as necessary. Committee meetings will comply with the Georgia Open Meetings Law Official Code of Georgia Annotated (O.C.G.A.) Title 50, chapter 14. Public notices will be prepared in accordance with the Georgia Open Meetings Law. The Public Notices will include an agenda as required by O.C.G.A. 50-14-1(e) (1). Minutes will be prepared and the Committee will report to the City of Brunswick, Georgia City Commissioners the results of its meetings.

IV. Duties and Responsibilities

The following list of responsibilities is set forth as a guide to the Committee in fulfilling its purpose and may be modified from time to time as appropriate. The Committee:

- (1) Makes a recommendation to the City of Brunswick, Georgia City Commissioners for the appointment of the independent auditor after conducting a proposal process in accordance with the policies adopted by the City of Brunswick, Georgia City Commissioners;
- (2) Requires the independent auditors annually to declare relationships and/or services which may impact on their objectivity and independence;
- (3) Reviews with management and the independent auditors the quality and adequacy of the City's internal controls and compliance with laws and regulations, including (i) any deficiencies in the design or operation of those controls which could adversely affect the City's ability to record, process, summarize and report financial data, and any material weakness in internal controls; (ii) any alleged fraud, whether or not material, that involves management or other employees who have a role in the City's internal controls; and (iii) determination of the City's requirement for an

internal audit function including the size, scope, and staffing of the internal audit function;

- (4) Reviews with management (i) how the City's financial systems and controls compare with industry standards and practices, (ii) the quality and adequacy of the City's internal controls and the adequacy of the procedures relating to the City's monthly financial statements and internal controls and (iii) any material issues raised by the City's most recent internal control review or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the City, and any steps taken to deal with such issues, and any recommendations made by the City's accounting and auditing consultant;
- (5) At least annually, or as otherwise required by applicable law, obtains and reviews (i) a statement of management's responsibilities for establishing and maintaining adequate internal controls and procedures for financial reporting and compliance with laws and regulations, (ii) management's conclusions about the effectiveness of the City's internal controls and procedures for financial reporting and compliance with laws and regulations;
- (6) Reviews with the City's accounting and auditing consultant and independent auditors, in connection with the City's annual audit:
 - a. all critical accounting policies;
 - b. all alternative treatments of financial information within generally accepted accounting principles ("GAAP") for policies and practices related to material items that have been discussed with management officials of the City, including the ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the City's consultant and independent auditors;
 - c. financial, regulatory, and accounting initiatives;
 - d. the effect of any components units on the City's financial statements;

- e. any material transactions and relationships between the City and any elected official of the City related to compliance with O.C.G.A. 16-10;
 - f. other written communications between the independent auditors and management, including management letters and any schedule of unadjusted differences and proposed adjusting journal entries;
- (7) Reviews with management the results of independent audits, including the scope, plan and results of any audits completed by the independent auditors;
 - (8) Meets with the City Commissioners, management, independent auditors, the City's accounting and auditing consultant and counsel in separate executive sessions to discuss any matters that the Audit Committee or any of these groups believe should be discussed privately, including (i) any legal or regulatory matters that may have a material impact on the City's financial statements and (ii) any disagreements between management and the independent auditors regarding financial reporting and any other matters as allowed by the Georgia Open Meetings Law, O.C.G.A. 50-14-2 and 50-14-3;
 - (9) Obtains advice and assistance from legal, accounting or other advisors, retained by the City Commissioners, at the City's expense, whenever the Committee considers such action appropriate;
 - (10) Reviews with the City Commissioners the performance of the independent auditors,
 - (11) Recommends audit services to be provided by the City's independent auditors, and non-audit services to be provided by the City's accounting and auditing consultant;
 - (12) Reviews with the City Commissioners any issues arising with respect to the quality or integrity of the City's financial statements, the City's compliance with legal or regulatory requirements relating to financial disclosure, the performance of the City's internal audit function and the performance and independence of the City's independent auditors;

- (13) Reviews with management, the City's accounting and auditing consultant and the independent auditors the City's audited basic financial statements, notes to the basic financial statements, required supplementary information, other supplementary information, reports and schedules required by state law, reports and schedules required by Government Auditing Standards, reports and schedules required by the Single Audit Act of 1996 (if applicable), and the City's disclosures under "Management's Discussion and Analysis" for the prior fiscal year for which the audit has just been completed;
- (14) Reviews with management, the City's accounting and auditing consultant and the independent auditors the City's reports required to be filed with Federal and State agencies;
- (15) Discusses with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61 entitled "Communication With Audit Committees;"
- (16) Reviews, approves, and recommends to the City Commissioners financial schedules, reports, or other matters which are required to be published in the local newspaper by Georgia law;
- (17) Reviews with the City Commissioners, management, and the City's accounting and auditing consultant the City's Antifraud Program and Controls, and makes recommendations to the City Commissioners for their approval, and continuous update;
- (18) Reviews with management, the City's policies with respect to risk assessment and risk management, including the City's major financial and risk exposure and the policies and controls in place to monitor such exposure;
- (19) Establishes procedures for the receipt, review, retention and treatment of complaints received by the City regarding accounting, internal accounting controls or auditing matters and for the confidential, anonymous submission by employees of the City, concerns regarding questionable accounting, auditing matters, errors, fraud, or violations of laws and regulations;
- (20) Reviews the draft of any policies and procedures relating to accounting, auditing, internal controls, and Antifraud Programs and Controls and makes recommendations to the City of Brunswick, Georgia City Commissioners for their approval;

- (21) Reviews and reassesses on an annual basis the performance of the Audit Committee and the adequacy of this Charter and reports the results thereof to the City Commissioners; and
- (22) Performs any other activities consistent with the City's charter, by-laws and applicable laws and regulations, as the City Commissioners deem necessary or appropriate.

V. Authority to Retain Consultants

The Committee shall not have the authority to retain legal, accounting or other consultants to advise it. The Committee must request permission from the City of Brunswick, Georgia City Commissioners to retain legal, accounting or other consultants to advise it. The City of Brunswick, Georgia City Commissioners is the Governing Body and is the only body authorized to financially obligate the City of Brunswick, Georgia. The Committee may request any officer or employee of the City, any outside counsel or consultants to meet with any members of the Committee.

VI. Restrictions on Compensation

No Committee member may accept any consulting, advisory or other compensatory fee from the City or its subsidiaries, other than compensation relating to such member's service on the Audit Committee, the City Commissioners or any other committee thereof.

VII. Resources Materials

The Committee's functions will be guided by the "Audit Committee Toolkit", published by the American Institute of Certified Public Accountants (AICPA) and other resource materials as may be made available by the AICPA, the Comptroller General of the United States (Government Auditing Standards), the Government Finance Officers Association, the Georgia Government Finance Officers Association, the Association of Government Accountants, the University of Georgia Carl Vinson Institute of Government, the Association of City Commissioners of Georgia, or any other organizations that may provide guidance related to the functions and operations of audit committees.