

SCDDSN Finance Audit Committee Charter

Revised October 15, 2020

Purpose

To assist the Commission in fulfilling its oversight responsibilities relating to the system of internal control, governance, risk management, the performance of the internal audit function, and the Agency's process for monitoring compliance with laws, regulations, and departmental policies/directives, the DDSN Commission was within its authority to name a Finance and Audit Committee (the Committee). The Committee also provides an open avenue of communication between Internal Audit and the Commission.

Authority

The Finance Audit committee charter gives the Committee the authority to conduct or authorize audits/investigations into any matters within its scope of responsibility.

In discharging its responsibilities, the Committee will have unrestricted access to members of management, employees, and relevant information it considers necessary to discharge its duties. The Committee will also have unrestricted access to records, data, and reports (manual or electronic). If access to requested documents is denied due to legal or confidentiality reasons, the Committee and/or the Director of Internal Audit will follow a prescribed, Commission approved mechanism for resolution of the matter.

The Committee is entitled to receive any explanatory information that it deems necessary to discharge its responsibilities. This includes the Committee requesting to meet with the Director of Internal Audit to discuss audit matters on a periodic basis without management present. The organization's management and staff should cooperate with all Committee requests.

The Committee may engage independent counsel and/or other advisors it deems necessary to carry out its duties.

Composition

The Committee will consist of at least three Commission members. The Chairman of the Commission will appoint Committee members as well as the Committee Chairman.

Meetings

The Committee will meet, at a minimum, on a quarterly basis, with authority to convene additional meetings, as circumstances require. All Committee members are expected to attend each meeting, in person or via tele- or video-conference. The Committee may invite members of management, auditors, or others to attend meetings and provide pertinent information, as necessary.

Responsibilities

The Committee will carry out the following responsibilities:

Values and Ethics

To obtain reasonable assurance with respect to the Agency's values and ethics practices, the audit committee will:

- Review and assess the policies, procedures and practices established by the governing body to monitor conformance with its code of conduct and ethical policies by all managers and staff of the organizations.

- Provide oversight of the mechanisms established by management to establish and maintain high ethical standards for all of the managers and staff of the organizations.
- Review and provide advice on the systems and practices established by management to monitor compliance with laws, regulations, policies, and standards of ethical conduct and identify and deal with any legal or ethical violations.

Internal Control

- Consider the effectiveness of the agency's internal control system as it relates to DDSN operations as well as the agency's provider network.
- Understand the scope of internal and external auditors' review of internal control and obtain reports on significant findings and recommendations, together with management's responses. This includes DDSN operations and the agency's provider network, as a whole, and its individual service providers.

Governance

To obtain reasonable assurance with respect to the Agency's governance process, the Committee will review and provide advice on the governance process established and maintained within the organization and the procedures in place to ensure they are operating as intended.

Risk Management

To obtain reasonable assurance with respect to the organization's risk management practices, the Committee will:

- Obtain from the Director of Internal Audit an annual report on management's implementation and maintenance of an appropriate enterprise wide risk management process.
- Provide oversight on significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by DDSN executive management and the Commission.
- Provide oversight of the adequacy of the combined assurance being provided.
- Review and provide advice on the risk management processes established and maintained by management and the procedures in place to ensure that they are operating as intended.

Internal Audit

To facilitate organizational independence, the Director of Internal Audit will report to the Committee, on the following:

- Review and discuss with the Director of Internal Audit the Enterprise Risk Management plan, risk assessments, audit activities, and resources to include staffing of the internal audit function, requesting Commission approval for proposed changes as needed.
- Review and assess the adequacy of the Internal Audit Charter, requesting Commission approval for proposed changes on a periodic basis.
- Approve decisions regarding the appointment and removal of the Director of Internal Audit. Ensure there are no unjustified restrictions or limitations, and review and concur in the appointment, replacement, or dismissal of the Director of Internal Audit.
- Review the effectiveness of the internal audit function, including conformance with The Institute of Internal Auditors' the Definition of Internal Auditing, Code of Ethics, and the *International Standards for the Professional Practice of Internal Auditing*.

- At least once per year, review the performance of the Director of Internal Audit and concur with the annual compensation and salary adjustment.
- Review the results of internal audit findings with the Commission and share with management.

Compliance

- Review the effectiveness of the system for monitoring compliance with laws and regulations.
- Review the findings of any examinations by regulatory agencies, and any auditor observations.
- Review the process for communicating the code of conduct to the Agency's personnel and for monitoring compliance.

Fraud

To obtain reasonable assurance with respect to the organization's procedures for the prevention and detection of fraud, the Committee will:

- Oversee management's arrangements for the prevention and deterrence of fraud.
- Ensure that appropriate action is taken against known perpetrators for fraud.
- Challenge management and internal and external auditors to ensure that the entity has appropriate antifraud programs and controls in place to identify potential fraud and ensure that investigations are undertaken if fraud is detected.

Reporting Responsibilities

- As requested, report to the Commission about Committee activities, issues, and related recommendations.
- Review any relevant reports issued or received, related to Committee responsibilities.

Other Responsibilities

- Perform other activities related to this charter as requested by the Commission.
- Institute and oversee special investigations as needed.
- Review and assess the adequacy of the committee charter annually, requesting Commission approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.
- Confirm annually that all of the responsibilities outlined in this charter have been carried out.
- Self-evaluate the Committee's and individual members' performance on a regular basis.



Gary Lemel
DDSN Commission Chair



Robin Blackwood
Finance Audit Committee Chair