MEMORANDUM

TO: Board of Trustees

THROUGH: Phil Horan
District Audit Committee Chair

FROM: Gerald W. Eick CPA CGMA
Director of Finance

SUBJECT: Review, discuss, and possibly adopt a revised Audit Committee Policy 15.1.0

STRATEGIC PLAN: Long Range Principle #2 – Finance "Comply with State and Federal Regulations"

DATE: November 3, 2017

I. RECOMMENDATION

The Audit Committee recommends that the Board of Trustees adopt the revised Audit Committee Policy 15.1.0.

II. DISTRICT STRATEGIC PLAN

Long Range Principle #2, Finance "Comply with State and Federal Regulations." NRS 354.624 requires the annual audit. The District has placed the administration of that process under the Audit Committee.

III. BACKGROUND

The Audit Committee Policy was adopted January 14, 2009. Proposed revisions were reviewed by the Committee on September 5, 2017. This review resulted in the request for additional edits which have been made. The revisions provide clarity of our process or procedure to support the current circumstances and what has been learned over the years since the policy was first adopted.

IV. ALTERNATIVES

No changes are mandated. However, the adoption of policies implies they will be reviewed periodically to remain relevant.
Accounting, Auditing, and Financial Reporting
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The Incline Village General Improvement District is committed to being proactive, informed, and providing the highest form of financial accountability to its parcel owners. Achieving this goal requires clear rules and procedures for making decisions and their impact on financial results. As required by Nevada Revised Statute (NRS) 354.624, each local government shall provide for an annual independent audit of all of its financial statements.

POLICY: Each year, the Board of Trustees may establish the need for an Audit Committee and appoint no less than three members to such committee. Members of the Committee shall remain in place until successors are appointed. Members of the Audit Committee should be current Board members. As a general rule, no one having managerial responsibilities that fall within the scope of the audit should serve as a committee member.

1.0 Independent auditor reports directly to the Audit Committee

The independent auditor reports directly to the Audit Committee. The Audit Committee is expected to maintain free and open communication with the independent auditor and District Staff. This communication may include periodic executive sessions with each of these parties. The independent auditor should not engage in any work that will result in billing a fee, unless authorized by the Audit Committee. This includes response to items brought forward by any internal or external source. This does not preclude the work they must perform to meet their professional responsibility.

2.0 Scope of Audit Committee’s authority and responsibilities

The Audit Committee at a minimum shall have the following authority and responsibilities:

2.1 To select, evaluate and, if necessary, replace the District’s independent auditor, and to approve all audit engagement fees and terms, subject to Board of Trustees approval.

Adopted November 15, 2017
2.2 To review, with management and the auditors, the District’s annual auditor’s planning, process and engagement decisions.

2.3 To review procedures for the receipt, retention, and treatment of complaints received by the District regarding accounting, internal accounting controls, auditing matters, or suspected fraud. Review any submissions that have been received, monitor their current status, and the document handling or disposition.

2.4 To review confidential and/or anonymous submission by the District’s employees of concerns regarding questionable accounting or auditing matters, or suspected fraud that cannot be handled by other appropriate levels of management.

2.5 The Audit Committee must meet annually to consider the appointment of the District’s Auditor, receive the Comprehensive Annual Audit Report and related communications. Also, if necessary to consider circumstances that arise beyond the scope of the Audit Engagement letter that could result in additional fees, and otherwise as determined the Audit Committee Chair. Meetings may be combined with regularly scheduled Board of Trustees meetings, or may be held more frequently as circumstances may require. The Audit Committee may ask members of management or others to attend the meetings and provide pertinent information as necessary.

2.6 To submit a written annual Audit Committee Report to the District’s Board of Trustees in conjunction with the presentation of the annual audit.

2.7 To review and reassess, the adequacy of the Audit Committee responsibilities and recommend any proposed changes to the Board of Trustees for approval.

2.8 To appoint a Chair for the Audit Committee who will act as the primary contact with the independent auditor and District staff.
Accounting, Auditing, and Financial Reporting
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2.9 All members of the Audit Committee should possess or obtain a basic understanding of governmental financial reporting and auditing.

2.10 The Audit Committee will keep adequate minutes of its meetings and will report on its actions and activities at the next regular meeting of the District’s Board of Trustees. Audit Committee members will be furnished with copies of the minutes of each Committee meeting.

2.11 The Audit Committee is governed by the same open meeting laws NRS 241 as long as three current District Board of Trustees members are on the Audit Committee and in attendance at the Audit Committee meetings.

Adopted November 15, 2017