Town of Moraga
Audit and Finance Committee

Membership

The committee shall consist of five members appointed by the Town Council, to include two Town Council members and three members of the public, one of whom will serve as Town Treasurer~~, the Town Treasurer, two public members.~~ The public members' term shall be two years and staggered so the term of one member ends in even numbered years and the term of the other member ends in odd numbered years. The members shall have a basic understanding of finance and accounting.

Authority and Responsibility

The committee is to assist the Town Council in fulfilling its responsibilities as to accounting policies and reporting practices of the Town and sufficiency of auditing relative thereto. It is to be the Town Council's principal agent in ensuring the independence of the Town's independent auditors, the integrity of management, and the adequacy of disclosures to the public. The opportunity of the independent auditors to meet with the entire Town Council as needed, however, is not to be restricted. The committee shall oversee and advise the Town Council and management on the selection of independent auditors.

Specific Duties

Selection of Independent Auditor

1. Oversee and participate in the selection of the independent auditor. The Town staff will conduct the selection process.

2. Recommend to the Town Council the selection or retention of the independent auditor.

Annual Audit

Prior to Audit:

1. Review with management and the independent auditor the scope and general extent of the independent auditor's planned examination, including its engagement letter. The auditor's fees are to be arranged with management and summarized annually for committee review. The committee's review should entail an understanding from the independent

auditor of the factors considered by the auditor in determining the audit scope.

Following the Audit:

2. Review with management and the independent auditor, upon completion of its audit, draft financial results for the year. The committee's review is to encompass the Town's annual financial report, including the financial statements and footnote disclosures and supplemental disclosures required by generally accepted accounting principles

3. Review conduct of the annual audit. Evaluate the cooperation received by the independent auditor during its audit, including its access to all requested records, data, and information. Elicit the comments of management regarding the responsiveness of the independent auditor to the Town's needs. Inquire of the independent auditor whether there have been any disagreements with management that, if not satisfactorily resolved, would have caused the independent auditor to issue a nonstandard report on the Town's financial statements. Make, or cause to be made, all necessary inquiries of management and the independent auditor concerning established standards of conduct and performance, and deviations therefrom.

4. Review with management and the independent auditor the Town's policies and procedures to reasonably ensure the adequacy of internal controls over accounting, administration, compliance with laws and regulations, and financial reporting. Provide recommendations for any changes as may be deemed necessary.

5. Discuss with the independent auditor the quality of the Town's financial and accounting process and any recommendations that the independent auditor may have. Topics to be considered during this discussion include improving internal financial controls, controls over compliance with laws and regulations, the selection of accounting principles, and management reporting systems.

6. Review written responses of management to "letter of comments and recommendations" from the independent auditor and discuss with management the status of implementation of prior-period recommendations and corrective action plans.

Financial Reporting and Budgets

1. Have familiarity, through the individual efforts of its members, with the accounting and reporting principles and practices applied by the Town in preparing its financial statements. Review accounting principles and procedures used in the maintaining the financial records of the Town. ~~Further, the committee is to make, or cause to be made, all necessary inquiries of management and the independent auditor concerning established standards of conduct and performance, and deviations therefrom.~~

2. Review~~, quarterly,~~ the Town's ~~financial statements~~ quarterly budget-to-actual reports, and make inquiries of management regarding variances.

3. ~~Work with Town staff to establish a process for developing the annual budget and long-term financial plan~~. Review the Annual Proposed Budget and the Mid-Year Budget Report. Provide input to staff prior to completion of these documents for presentation to the Town Council.

4. Review the draft Town Comprehensive Annual Financial Report (CAFR) or other annual financial statements.

Financial Planning and Investment Policy

1. Review cash flow projections and long term financial plans with management. Provide input to staff prior to completion of these documents for presentation to the Town Council.

2 Review financial management procedures including investment strategies and cash handling procedures.

3. Review quarterly investment report for compliance with the Town's Investment Policy.

~~1~~4. Review, annually, the Town Investment Policy and recommend any changes to the Town Council.

~~2. Review, quarterly, compliance with the Town's Investment Policy.~~

Other

1. Recommend to the Town Council any appropriate extensions or changes in the duties of the Audit and Finance Committee.

2. Work on special projects, as directed by the Town Council.

3. Apprise the Town Council, through minutes and special presentations as necessary, of significant developments in the course of performing the above duties.

Meeting Frequency

The committee shall meet ~~as needed, but no less than four times a year.~~ four or five times a year as needed.

As a standing committee appointed by the Town Council it is subject to public notice and open meeting requirements of the Brown Act.