

Resolution FY21-16

Resolution Amending the Audit Committee in the Codified Resolutions of the Board of Commissioners of North Broward Hospital District and the Audit Committee Charter

WHEREAS, the Board of Commissioners (the “Board”) of the North Broward Hospital District (the “District”) has established the Amended and Restated Bylaws of the North Broward Hospital District (the “Bylaws”) and its accompanying Codified Resolutions of the Board of Commissioners of the North Broward Hospital District (“Codified Resolutions”), both as amended from time to time;

WHEREAS, the Board, in accordance with its Bylaws and as provided in its Codified Resolutions, has established Board committees to properly exercise its Charter oversight duties;

WHEREAS, the Board committees meet on a regular basis to further the purposes, goals, and objectives of the Committees;

WHEREAS, the Board has established committee, consistent with the standards of the Institute of Internal Auditors (“IIA Standards”), to assist the Board in its Board oversight of the District’s internal audit activities (“Audit Committee”);

WHEREAS, Section 3.12(c)(1) of the Codified Resolutions delineates and outlines the structure of the Audit Committee;

WHEREAS, consistent with the IIA Standards, the Board has established an Audit Committee Charter and Section 3.12(c)(1)b. of the Codified Resolutions provides that the duties of the Audit Committee are provided in an Audit Committee Charter, adopted on August 27, 2006, as amended;

WHEREAS, to account for, and remain consistent with, best practices and changes to the IIA Standards, the Board wishes to amend and restate such Audit Committee Charter as set forth herein; and

WHEREAS, unless context otherwise requires, capitalized terms used but not defined herein have the meanings ascribed to such terms in the Bylaws and Codified Resolutions.

NOW THEREFORE, BE IT RESOLVED, by the Board of Commissioners of the North Broward Hospital District, that:

1. The Codified Resolutions are hereby amended as provided below. Words ~~stricken~~ are deletions; words underlined are additions.
2. The Board hereby amends Section 3.12(c)(1)b. of the Codified Resolutions to read as follows:
 - b. *Duties*. The Audit Committee’s function, independence, and duties shall be as outlined in the Amended and Restated Audit Committee Charter of the Audit Committee and Internal Audit of North Broward Hospital District, adopted on ~~August 27, 2006~~ April 28, 2021, and as amended from time to time.
3. The Board hereby establishes the Amended and Restated Charter of the Audit Committee and Internal Audit of North Broward Hospital District attached hereto as Exhibit A and incorporated herein by reference as if fully set forth herein.
4. Such Amended and Restated Charter of the Audit Committee and Internal Audit of North Broward Hospital District hereby supersedes the Audit Committee Charter, adopted on August

27, 2006, and all amendments thereto, all in effect as of the date of the ratification of this Resolution.

5. This Resolution shall take immediate effect upon ratification and hereby supersedes, amends, replaces and repeals any conflicting resolution or conflicting policy previously adopted by the Board.

DULY ADOPTED this ____ day of April, 2021.

Time Adopted _____ PM

EXHIBIT A

**AMENDED AND RESTATED CHARTER OF THE AUDIT COMMITTEE
AND INTERNAL AUDIT OF NORTH BROWARD HOSPITAL DISTRICT**

AMENDED AND RESTATED CHARTER OF THE AUDIT COMMITTEE AND INTERNAL AUDIT OF NORTH BROWARD HOSPITAL DISTRICT

Background and Role

The Board of Commissioners (the “Board”) of the North Broward Hospital District (the “District”), within subsection (c)(1) of section 3.12 of the Codified Resolutions of the Board (“Codified Resolutions”), established the Audit Committee as a permanent standing committee of the District and established the Internal Audit Department as an independent department with a Chief Internal Auditor. This Amended and Restated Charter of the Audit Committee and Internal Audit of North Broward Hospital District (“Audit Committee Charter”) amends and restates the original Audit Committee Charter adopted on August 27, 2006, as amended, and provides a blueprint for how internal audit should operate. This Audit Committee Charter establishes that it is vital that the District, as a special taxing district of the State of Florida, be held accountable for the use of public funds and apply sound management practices through established policies and procedures that conform with state and federal law, rules and regulations.

Mission and Purpose

The mission of the Audit Committee is to enhance and protect the District’s organizational value by providing risk-based and objective assurance, advice, and insight. The Audit Committee’s purpose is to provide a structured and systematic oversight of the District’s governance, risk management, and internal control practices. The Audit Committee assists the Board and the District’s senior management by providing independent advice and guidance on the adequacy and effectiveness of—and of potential improvements to—the District’s initiatives and practices for values and ethics; governance structure; risk management; internal control framework; oversight of the Internal Audit Department and external auditors; and financial statements and public accountability reporting.

Standards for the Professional Practice of Internal Auditing

The Audit Committee and the Internal Audit Department shall govern themselves by adherence to the mandatory elements of The Institute of Internal Auditors’ International Professional Practices Framework, including its Standards, Core Principles for the Professional Practice of Internal Auditing, Definition of Internal Auditing, and Code of Ethics, as amended from time to time and then in effect (collectively, “IIA Standards”).

Audit Committee Values and Communication

The Audit Committee shall conduct itself consistent with all state and federal laws that govern the District, as well as the District’s enabling legislation and charter (codified in ch. 2006-347, Laws of Florida and ch. 2007-299, Laws of Florida), the Amended and Restated Bylaws of the North Broward Hospital District (the “Board’s Bylaws”), the Code of Conduct of Broward Health, and Broward Health’s Policies and Procedures, all as amended from time to time. All communication with the District’s management and staff shall always be direct, open, and complete.

Scope, Authority, and Responsibilities

The Audit Committee shall discharge its respective responsibilities in accordance with this Audit Charter. The following authority and responsibilities are hereby established:

Audit Committee Organization and Structure

The following components, operational procedures, and membership and qualification requirements shall apply to the Audit Committee and its members:

1. Audit Committee Composition, Offices, and Officer Selection. The Composition of the Audit Committee shall be set forth in section 3.12(c)(1) of the Codified Resolutions and the offices and selection of officers shall be consistent with section 3.12(e) of the Codified Resolutions, all as amended from time to time.
2. Meetings and Quorum. The frequency of meetings of the Audit Committee shall be provided in section 3.12(c)(1) of the Codified Resolutions. A quorum of the Audit Committee shall be consistent with Art. III, s. 1.(b) of the Board's Bylaws.
3. Meeting Agendas. The Audit Committee chair shall coordinate with the Chief Internal Auditor to establish agendas for Audit Committee meetings.
4. Open Meetings and Meeting Minutes. Unless otherwise exempt under Florida law, all meetings of the Audit Committee shall be open to the public as provided in § 286.011, Florida Statutes, as amended from time to time and any successor statute thereof. Minutes of the Audit Committee shall be promptly recorded and made available to all Board members and Audit Committee members consistent with Art. III, s. 5. of the Board's Bylaws.
5. Competency of Members. Audit Committee members shall have sufficient competency to fulfill the roles of the Audit Committee.
6. Independence. Each member of the Audit Committee shall be independent and free from any relationship that, in the opinion of the Board, would interfere with the exercise of independent judgment as a member of the Audit Committee.
7. Terms of Appointment. Members of the Board shall serve on the Audit Committee and be appointed consistent with section 3.12(e) of the Codified Resolutions. The outside expert consultants of the Audit Committee shall serve at the pleasure of the Board and be appointed or reappointed annually at the Board's Annual Meeting and may serve on the Audit Committee up to a maximum of four (4) years (consecutively or non-consecutively).
8. Remuneration of Outside Expert Consultants. The outside expert consultants of the Audit Committee shall serve without compensation but may be paid for traveling expenses consistent with § 112.061, Florida Statutes and the District's policy governing travel and reimbursement expenditures.
9. Conflicts of Interest. As is required of all Board members, all outside expert consultants serving as Audit Committee members shall adhere and comply with the District's policies and procedures, the Code of Conduct of Broward Health, and the Board's Code of Conduct and Ethics as delineated in Art. II., s. 7 of the Board's Bylaws and section 2.7 of the Codified Resolutions (collectively, the "District's Code of Conduct and Ethics"). Outside expert consultants shall promptly disclose any conflict of interest or any appearance of impropriety to the Audit Committee and shall be required to fully, accurately and timely complete all forms required by the District, including, without limitation, a Conflict of Interest and Financial Disclosure Form. If there is any question regarding whether an outside expert consultant serving on the Audit Committee should recuse themselves from a vote, the Audit Committee shall vote to determine the appropriateness of recusal.
10. Orientation Training. All outside expert consultants of the Audit Committee shall receive the same formal orientation training provided to Board members which shall include, without limitation, training on the purpose and mandate of the Audit Committee and the District's Code of Conduct and Ethics. In accordance with section 2.7 of the Codified

Resolutions, the outside expert consultants of the Audit Committee must acknowledge receipt of compliance training and that they will comply with the District's Code of Conduct and Ethics.

11. Attendance Requirements for District Employees. The President and Chief Executive Officer ("President and CEO"), General Counsel, and the Chief Internal Auditor, or their designees shall be required to attend all Audit Committee meetings to further the purposes, goals, and objectives of the Audit Committee, provide support and relevant information to the Audit Committee, and to assist in matters falling within the jurisdiction of the Audit Committee. The Chief Internal Auditor, or another appropriate designee, shall facilitate and coordinate meetings as well as provide ancillary support to the Audit Committee, as time and resources permit.

Authority of the Audit Committee

Consistent with this Audit Committee Charter, and as otherwise permitted by the Board, in discharging its responsibilities, the Audit Committee may request the attendance of employees of the District and relevant information it considers necessary to discharge its duties. The Audit Committee shall also, to the extent permitted by state and federal law, have unrestricted access to records, data, and reports. If access to requested documents is denied due to legal or confidentiality reasons, the Audit Committee and/or Chief Internal Auditor will follow the Board's approved mechanism for resolution of the matter. The Audit Committee is also empowered to:

1. Request assistance from the District's Office of the General Counsel or, to the extent that there is an actual or perceived conflict of interest, request the General Counsel to engage independent counsel following the approval of the Board.
2. Recommend to the Board the appointment and compensation of advisors and external auditors as necessary.
3. Review all audit and non-audit services performed by the external auditors, including the work of any registered public accounting firm employed by the District.
4. Recommend appropriate actions to the Board to resolve any disagreements between members of senior management and external auditors regarding financial reporting and other matters.
5. Recommend to the Board the approval for all auditing and non-audit services performed by external auditors.

Responsibilities of the Audit Committee

It is the responsibility of the Audit Committee to review the internal audit activities of the District and provide the Board with independent and objective advice with respect to the following aspects of the management of the organization, as well as other duties and responsibilities delegated from the Board from time to time where not duplicative of actions by another Board committee or of the Board itself:

Prevention and Detection of Fraud

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

1. Oversee management's arrangements for the prevention and deterrence of fraud.

2. Provide oversight of the District's antifraud programs and controls in place to identify potential fraud and ensure that investigations are undertaken if fraud is detected.

Control

To obtain reasonable assurance with respect to the adequacy and effectiveness of the District's controls in responding to risks within the District's governance, operations, and information systems, the Audit Committee may:

1. Review and report to the Board on the effectiveness of the District's control framework, including information technology security and control.
2. Review and provide advice to the Board on the control of the District as a whole and its individual units.
3. Review and make recommendations to the Board on all matters of significance arising from work performed by other providers of financial and internal control assurance to members of senior management and the Board.

Financial Statements and Public Accountability Reporting

The Audit Committee is responsible for oversight of the independent audit of the District's financial statements, including, but not limited to, overseeing the resolution of audit findings in areas such as internal controls, legal and regulatory compliance, and ethics. Accordingly, the Audit Committee may make appropriate recommendations to the Board upon the Audit Committee's:

1. Review with the District's management and the external auditors the results of audit engagements, including any difficulties encountered.
2. Review and understand significant accounting and reporting issues, including complex or unusual transactions, highly judgmental areas, and recent professional and regulatory pronouncements and their impact on the District's financial statements.
3. Review the annual financial statements, and consider whether they are complete, consistent with information known to Audit Committee members, and reflect appropriate accounting principles.
4. Review with management and the external auditors all matters required to be communicated to the Audit Committee under generally accepted external auditing standards.
5. Review and understanding of the strategies, assumptions, and estimates that management has made in preparing financial statements, budgets, and investment plans.
6. Review and understanding of how management develops interim financial information and the nature and extent of internal and external auditor involvement in the process.
7. Review, at least annually, the report by the external auditor describing:
 - a. The external auditor's internal quality-control procedures; and
 - b. Any material issues raised by the most recent internal quality control review or peer review, or by any inquiry or investigation by governmental or professional authorities within the preceding five (5) years with respect to independent audits carried out by the external auditor, and any steps taken to deal with such issues.

Audit Committee Charter

It is the responsibility of the Audit Committee to ensure that this Audit Committee Charter remain consistent with current best practices and IIA Standards. To that end, the Audit Committee shall:

1. Review this Audit Committee Charter at least annually and recommend any necessary amendments or modifications to the Board.

Oversight of the Internal Audit Department and External Auditors

The Internal Audit Department shall be overseen by the Chief Internal Auditor. The scope of the Internal Audit Department's role and function encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments on the adequacy and effectiveness of governance, risk management, and control processes. In the furtherance of the Internal Audit Department's accomplishment of such goals and to obtain reasonable assurance with respect to internal audit activity, the Audit Committee may provide recommendations to the Board related to:

Internal Audit Charter and Resources

1. The review and ratification of the Internal Audit Department Charter at least annually consistent with the mandatory guidance of the IIA Standards, the scope and nature of assurance and consulting services, and any changes in the financial, risk management, and governance processes of the District, as well as developments and best practices in the professional practice of internal auditing.
2. The review of the requested resources to achieve the internal audit plan.

Chief Internal Auditor Performance

3. Advising the Board regarding the qualifications and recruitment, appointment, and removal of the Chief Internal Auditor.
4. Providing input to management related to evaluating the performance of the Chief Internal Auditor.
5. Recommending to the Board the appropriate compensation of the Chief Internal Auditor.

Internal Audit Strategy and Plan

6. The Internal Audit Department's strategic plan, objectives, performance measures, and outcomes.
7. A proposed risk-based internal audit plan and internal audit projects.
8. The internal audit plan and engagement work program, including internal audit resources necessary to achieve the plan.
9. The Internal Audit Department's performance.

Internal Audit Engagement and Follow-up

10. The review of final reports from the internal audit plan.
11. The review and tracking of management's action plans to address the results of internal audit engagements.

Standards Conformance

12. The review of the steps taken to ensure that the Internal Audit Department's internal audit activity conforms with the IIA Standards.
13. The review of the Internal Audit Department's quality assurance and improvement program for periodic assessments of the Internal Audit Department and that the results of such periodic assessments are presented to the Audit Committee.
14. Verifying the results of the Internal Audit Department's internal and external quality assurance review and the implementation of the recommended action plan.
15. The review of any recommendations for the continuous improvement of the Internal Audit Department.

External Auditors

16. To obtain reasonable assurance with respect to work of external auditors, meeting with the external auditors during the planning phase of the engagement, the presentation of the audited financial statements, and the discussion of the results of engagements and recommendations for the District's management.
17. Obtaining statements from external auditors about their relationships with the District, including non-audit services performed in the past, and discussing the information with the external auditors to review and confirm their independence.

Reporting on Audit Committee Performance

The Audit Committee may report to the Board any matter it deems of sufficient importance. At a minimum, the Audit Committee shall report to the Board at least annually, and more often as requested by the Board, summarizing the Audit Committee's activities and recommendations. The Audit Committee's report may be delivered during an Audit Committee meeting attended by the Board or during a regularly scheduled meeting of the Board. The report shall at least include:

1. A summary of the work the Audit Committee performed to fully discharge its responsibilities during the preceding year.
2. A summary of the District's progress in addressing the results of internal and external audit engagement reports.
3. An overall assessment of the District's risk, control, and compliance processes, including details of any significant emerging risks or legislative changes impacting the District.
4. Details of meetings, including the number of meetings held during the relevant period and the number of meetings each member attended.
5. Any other information required by new or emerging corporate governance developments.