

AMENDED AND RESTATED CHARTER OF THE AUDIT COMMITTEE AND INTERNAL AUDIT DEPARTMENT 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 from the District’s administration with a Chief Internal Auditor who is responsible and reports directly to the Board. The Board, at its April 28, 2021 Board meeting, adopted, via Resolution FY21-16, an Amended and Restated Charter of the Audit Committee and Internal Audit of North Broward Hospital District (“Audit Committee Charter”) to amend and restate its original audit committee charter originally adopted on August 27, 2006, to demonstrate the Board’s commitment to the District’s internal audit function in accordance with 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 (collectively, “IIA Standards”). To further demonstrate the value the Board places on internal audit’s independence and in accordance with IIA Standards, the Board hereby establishes this Internal Audit Department Charter effective as of January 26, 2022 (“Audit Department Charter”). This Audit Department Charter governs the Internal Audit Department and provides a blueprint for how the District’s internal audit function shall operate.

Mission and Purpose

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. To that end, the mission of the District’s internal audit activity and the Internal Audit Department is to enhance and protect the District’s organizational value by providing risk-based and objective assurance, advice, and insight. The District’s internal audit activity and the Internal Audit Department’s purpose is to provide independent, objective assurance and consulting services designed to add value and improve the District’s operations.

Standards for the Professional Practice of Internal Auditing

The Internal Audit Department will govern itself by adherence to the mandatory elements of the IIA Standards as well as any other relevant state, federal, or local laws and District policies.

Scope, Authority, and Responsibilities

The Internal Audit Department shall discharge their respective responsibilities in accordance with this Audit Department Charter and as applicable, the Audit Committee Charter. The following responsibilities are hereby restated and/or established:

Audit Committee

In accordance with the Audit Committee Charter, is the responsibility of the Audit Committee to oversee 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:

1. Annually reviewing this Audit Department Charter with the District’s Chief Internal Auditor, President/CEO, General Counsel, and Chief Compliance and Ethics Officer

(collectively, “Senior Management”) and submitting any agreed-to changes to the Board for consideration and approval.

2. Recommending to the Board a timely, risk-based, and agile internal audit plan for the Internal Audit Department and recommending any necessary changes to such audit plan from time to time.
3. Recommending to the Board an annual Internal Audit Department budget and resource plan.
4. Receiving timely communications and reviewing audit reports from the Chief Internal Auditor on the performance of the District’s internal audit activities relative to its plan and other matters.
5. Making recommendations to the Board on the appointment or termination of the Chief Internal Auditor.
6. Making appropriate inquiries of Senior Management to determine whether there is inappropriate scope or resource limitations.
7. Recommending to the Board the hiring of outside experts and consultants to assist in special reviews and to conduct audits, if necessary. Such experts shall have no conflicts of interest or any financial interests within the District or with its officers. All experts shall always be subject to the District’s Conflict of Interest Policy and Code of Conduct, both as may be amended from time to time.
8. Monitoring the work of the external experts and consultants, including their coordination with the District’s internal audit functions and their interaction with Senior Management.
9. Any other responsibilities or authority requested or granted by the Board from time to time or as otherwise delineated in the Audit Committee Charter.

Internal Audit Department

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. To accomplish such goals, the Internal Audit Department and Chief Internal Auditor shall possess the following authority and be responsible for the following functions:

1. Prior to the start of each fiscal year, the Chief Internal Auditor shall submit a proposed risk-based internal audit plan to the Audit Committee for review and approval, as may be amended during the year at the approval of the Audit Committee. Additionally, the Chief Internal Auditor may initiate and conduct any other audit or audits requested by other members of Senior Management. As soon as practicable, the Audit Committee shall be notified of any additional audits conducted by the Chief Internal Auditor that are beyond the approved internal audit plan.
2. The Internal Audit Department, with strict accountability for confidentiality and safeguarding records and information, is authorized reasonable unfettered access to any and all information required to perform its internal audit functions unless otherwise prohibited by state or federal laws and regulations and other accreditation standards.

3. The Internal Audit Department may not have any direct operational responsibility or authority over any of the activities it audits.
4. The Chief Internal Auditor shall ensure that the District's internal audit activities remain free of conditions that threaten the ability of the activities to carry out its functions in an unbiased matter. If independence or objectivity is impaired in fact or appearance, the Chief Internal Auditor will disclose the details of the impairment to the appropriate parties.
5. The Chief Internal Auditor shall have unrestricted access to the Board, to the Audit Committee, and to individual members of the Board and Audit Committee.
6. The Chief Internal Auditor shall report the District's audit activities to the Audit Committee.
7. The Chief Internal Auditor, as a Direct Board Report (as such term is defined under the Amended and Restated Bylaws of the Board of Commissioners of the North Broward Hospital District) shall report directly and functionally to the Board of Commissioners and administratively to the President/CEO.
8. The Chief Internal Auditor shall at least annually confirm the independence of the Internal Audit Department's audit activities to the Board.
9. The Chief Internal Auditor shall report periodically to other members of Senior Management and the Board on the results of the Internal Audit Department, the work it performs, its conformance to IIA Standards, any deviations from the approved internal audit plan, and the impact of resource limitations on the plan.
10. The Internal Audit Department shall maintain a quality assurance and improvement program that covers all aspects of the internal audit activity including its evaluation of conformance to IIA Standards.
11. The Chief Internal Auditor shall periodically report the results of its quality assurance and improvement program to other Senior Management, the Audit Committee, and the Board as well as obtain an external assessment of the Internal Audit Department's activity at least once every five (5) years.
12. The Chief Internal Auditor shall manage the Internal Audit Department's activity appropriately for it to fulfill its mandate, coordinate with other assurance providers, ensure the Internal Audit Department is conforming to IIA Standards, and ensure the Internal Audit Department has access to appropriate resources with regard to competency and skill.
13. The Chief Internal Auditor shall ensure the Internal Audit Department follows up on agreed-to corrective actions.