

TITLE 21 – AUDIT

Chapter 01 – Audit Committee Charter

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Sec. 21.01.001 Purpose

- A.** The purpose of the Audit Committee is to assist the General Assembly in fulfilling its oversight responsibilities for the financial reporting process, the audit process, and the CCTHITA's process for monitoring compliance with applicable laws, regulations, Constitution, statutes, and code of conduct and ethics policies.
- B.** The Audit Committee shall foster adherence to and encourage continuous improvement of the Tribe's policies, procedures and practices, and facilitate open communication among the Tribe's independent auditor, the Tribe's financial and senior management, and the Executive Council.

Sec. 21.01.002 Authority

The audit committee is a standing committee of the General Council that has authority to conduct or authorize investigations into any matters within its scope of responsibility within budget authorities approved by the General Assembly. It is empowered to:

- A.** Appoint, compensate, and oversee the work of any registered public accounting firm employed by the organization.
- B.** Resolve any disagreements between management and the auditor regarding financial reporting.
- C.** Pre-approve all auditing and non-audit services.
- D.** Retain independent counsel, accountants, or others to advise the committee or assist in the conduct of an investigation.
- E.** Seek any information it requires from employees-all of whom are directed to cooperate with the committee's requests-or external parties.
- F.** Meet with company officers, external auditors, or outside counsel, as necessary.

Sec. 21.01.003 Membership

- A.** The Audit Committee will consist of at least three (3) and no more than six (6) Delegates of the General Assembly as determined by the Executive Council, each of whom shall be duly elected and current regular Delegates to the General Assembly, and serve until successor appointees are qualified and appointed. The President shall appoint the members of the Audit Committee and its Chairman. Once appointed, Audit Committee members and its Chairman may be removed by the President or a vote of the members for cause as follows:

 - 1.** Conviction of a felony while holding office;
 - 2.** Conviction of a crime involving moral turpitude within the previous five years; or
 - 3.** Gross neglect of duty, malfeasance in office, or misconduct reflecting on the dignity and integrity of the Audit Committee.
 - 4.** Breach of Confidentiality Agreement
 - 5.** Unexcused absences from three (3) or more consecutive meetings of the Committee duly noticed and convened.
- B.** Each Audit Committee member will be independent and free from any relationship that, in the opinion of the Executive Council, would interfere with the exercise of his independent judgment as a member of the Audit Committee.
- C.** Each member of the Audit Committee will be financially literate and have a working familiarity with basic financial and accounting reporting practices.
- D.** At least one member of the Audit Committee shall be designated as the “financial expert” and have accounting or related financial management expertise. Audit Committee members should enhance their familiarity with finance and accounting by participating in educational programs.
- E.** The President Emeritus shall be designated as an ex-officio member of the Audit Committee.

Sec. 21.01.004 Meetings

The Audit Committee will meet at least two (2) times annually, or more frequently as circumstances warrant. All committee members are expected to attend each meeting, in person or via tele- or video-conference. The Audit Committee will invite members of the Executive Council, management staff, external and internal auditor or others to attend meetings and provide pertinent information, as necessary. It will hold private meetings and executive sessions to discuss any matters that the Audit Committee wishes to discuss privately with either Executive

Officers or Council, management staff, the external or independent auditor, or others, as necessary. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared.

Sec. 21.01.005 Responsibilities and Duties

The Audit Committee will carry out the following responsibilities:

A. Financial Statements

1. Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
2. Review with Executive Council and management and the external auditors the results of the audit, including any difficulties encountered.
3. Review the annual financial statements, and consider whether they are complete, consistent with information known to committee members, and reflect appropriate accounting principles.
4. Review other sections of the annual report and related regulatory filings before release and consider the accuracy and completeness of the information.
5. Review with Executive Council and management and the external auditors all matters required to be communicated to the committee under applicable Government Accounting Standards Board (GASB) and federal regulations, including any other applicable generally accepted auditing *Standards*.
6. Understand how management develops interim financial information, and the nature and extent of internal and external auditor involvement.
7. Review interim financial reports with the Executive Council management and the external auditors before filing with regulators, and consider whether they are complete and consistent with the information known to committee members.

B. Internal Control

1. Consider the effectiveness of the CCTHITA's internal control system, including information technology security and control.
2. Understand the scope of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.

C. Internal Audit

1. Review with the Executive Council, the chief executive officer and management the charter, activities, staffing, and organizational structure of the internal audit function.
2. Have final authority to review and approve the annual audit plan and all major changes to the plan.
3. Ensure there are no unjustified restrictions or limitations, and review and concur in the appointment, replacement, or dismissal of the chief audit executive (“CAE”).
4. At least once per year, review the performance of the CAE and concur with the annual compensation and salary adjustment.
5. Review the effectiveness of the internal audit function, including compliance with The Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.
6. On a regular basis, meet separately with the CAE to discuss any matters that the committee or internal audit believes should be discussed privately.

D. External Audit

1. Review the external auditors' proposed audit scope and approach, including coordination of audit effort with internal audit.
2. Review the performance of the external auditors, and exercise final approval on the appointment or discharge of the auditors.
3. Review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the CCTHITA, including non-audit services, and discussing the relationships with the auditors.
4. On a regular basis, meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately.

E. Compliance

1. Review the effectiveness of the system for monitoring compliance with applicable laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.

2. Review the findings of any examinations by regulatory agencies, and any auditor observations.
3. Review the process for communicating the code of conduct to company personnel, and for monitoring compliance therewith.
4. Obtain regular updates from management and company legal counsel regarding compliance matters.

F. Reporting Responsibilities

1. Regularly report to the Executive Council about committee activities, issues, and related recommendations.
2. Provide an open avenue of communication between internal audit, the external auditors, and the Executive Council.
3. Report annually to the Executive Council, describing the committee's composition, responsibilities and how they were discharged, and any other information required by rule, including approval of non-audit services.
4. Review any other reports the company issues that relate to committee responsibilities.

G. Other Responsibilities

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

Chapter 02 - Audit Committee Activity Charter

Sec. 21.02.001	Mission and Scope of Work
Sec. 21.02.002	Accountability
Sec. 21.02.003	Independence
Sec. 21.02.004	Responsibility
Sec. 21.02.005	Authority
Sec. 21.02.006	Standards Of Audit Practice

Sec. 21.02.001 Mission and Scope of Work

- A.** The mission of the Audit Committee is to ensure CCTHITA benefits from independent, objective assurance and consulting services designed to add value and improve the CCTHITA's operations. It helps the Tribe accomplish its objectives by ensuring a systematic, disciplined approach is pursued to evaluate and improve the effectiveness of risk management, control, and governance processes.
- B.** The scope of work of the Audit Committee is to oversee and certify whether the CCTHITA's network of risk management, control, and governance processes, as designed and represented by the Executive Council and management, is adequate and functioning in a manner to ensure:
- 1.** Risks are appropriately identified and managed.
 - 2.** Interaction with the various governance groups occurs as needed.
 - 3.** Significant financial, managerial, and operating information is accurate, reliable, and timely.
 - 4.** Employee's actions are in compliance with policies, standards, procedures, and applicable laws and regulations.
 - 5.** Resources are acquired economically, used efficiently, and adequately protected.
 - 6.** Programs, plans, and objectives are achieved.
 - 7.** Quality and continuous improvement are fostered in the CCTHITA's control process.
 - 8.** Significant legislative or regulatory issues impacting the Tribe are recognized and addressed properly.

- C. Opportunities for improving management control, efficiency, effectiveness, and the CCTHITA's benefit for its citizens may be identified during audits. They will be communicated to the appropriate level of management.

Sec. 21.02.002 Accountability

The Audit Committee, in the discharge of its duties, shall be accountable to the General Assembly to:

- A. Provide annually an assessment on the adequacy and effectiveness of the CCTHITA's processes for controlling its activities and managing its risks in the areas set forth under the mission and scope of work.
- B. Report significant issues related to the processes for controlling the activities of the Tribe and its subdivisions, including potential improvements to those processes, and provide information concerning such issues through resolution.
- C. Provide information periodically on the status and results of the annual audit plan and the sufficiency of department resources.
- D. Provide annually an assessment of other control and monitoring functions (risk management, compliance, security, legal, ethics, environmental, external audit).

Sec. 21.02.003 Independence

To provide for the independence of the Audit Committee, its personnel report to the Audit Committee Chairman, who reports administratively to the General Assembly and functionally to the Executive Council in a manner outlined in the above section on Accountability. It will include as part of its reports to the Executive Council a regular report on the external and internal audit.

Sec. 21.02.004 Responsibility

The Audit Committee has responsibility to:

- A. Approve a flexible annual audit plan using appropriate risk-based methodology, including any risks or control concerns identified by management, and submit that plan to the audit committee for review and approval.
- B. Oversee the annual audit plan, as approved, including, and as appropriate, any special tasks or projects requested by management.
- C. Ensure the maintenance of a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this Charter.
- D. Oversee and ensure the establishment a quality assurance program by which the CAE assures the operation of internal auditing activities.

- E.** Oversee the performance of consulting services, beyond internal auditing's assurance services, to assist management in meeting its objectives. Examples may include facilitation, process design, training, and advisory services.
- F.** Evaluate and assess significant merging/consolidating functions and new or changing services, processes, operations, and control processes coincident with their development, implementation, and/or expansion.
- G.** Issue periodic reports to the Executive Council and management, and annual reports to the General Assembly, summarizing results of audit activities.
- H.** Keep its members informed of emerging trends and successful practices in internal auditing.
- I.** Approve a list of significant measurement goals and results for the internal auditor and external audit.
- J.** Oversee the investigation of significant suspected fraudulent activities within the Tribe and notify the Executive Council, management and the General Assembly of the results.
- K.** Approve a scope of work of the external auditors and regulators, as appropriate, for the purpose of providing optimal audit coverage to the Tribe at a reasonable overall cost.

Sec. 21.02.005 Authority

- A.** The Audit Committee is authorized to:
 - 1.** Have unrestricted access to all functions, records, property, and personnel.
 - 2.** Have full and free access to the CCTHITA management, and external and internal auditor.
 - 3.** Allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives.
 - 4.** Obtain the necessary assistance of personnel in units of the Tribe where they perform audits, as well as other specialized services from within or outside the Tribe.
- B.** The Audit Committee is not authorized to:

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1. Perform any operational duties for the Tribe or its subdivisions. Initiate, approve or revise accounting transactions external to the internal auditing department.
2. Direct the activities of any CCTHITA employee not employed by the Audit Committee or internal auditing department, except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the internal auditors.

Sec. 21.02.006 Standards Of Audit Practice

The internal auditing department will meet or exceed the *International Standards for the Professional Practice of Internal Auditing* of The Institute of Internal Auditors.

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Chapter 03 – Internal Audit Activity Charter

Sec. 21.03.001	Mission and Scope of Work
Sec. 21.03.002	Accountability
Sec. 21.03.003	Independence
Sec. 21.03.004	Responsibility
Sec. 21.03.005	Authority
Sec. 21.03.006	Standards Of Audit Practice

Sec. 21.03.001 Mission and Scope of Work

- A.** The mission of the Internal Auditor is to provide independent, objective assurance and consulting services designed to add value and improve the CCTHITA's operations. It helps the Tribe accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

- B.** The scope of work of the Internal Auditor is to determine whether the CCTHITA's network of risk management, control, and governance processes, as designed and represented by the Executive Council and management, is adequate and functioning in a manner to ensure:
 - 1.** Risks are appropriately identified and managed.
 - 2.** Interaction with the various governance groups occurs as needed.
 - 3.** Significant financial, managerial, and operating information is accurate, reliable, and timely.
 - 4.** Employee's actions are in compliance with policies, standards, procedures, and applicable laws and regulations.
 - 5.** Resources are acquired economically, used efficiently, and adequately protected.
 - 6.** Programs, plans, and objectives are achieved.
 - 7.** Quality and continuous improvement are fostered in the CCTHITA's control process.
 - 8.** Significant legislative or regulatory issues impacting the Tribe are recognized and addressed properly.

- C. Opportunities for improving management control, efficiency, effectiveness, and the CCTHITA's benefit for its citizens may be identified during audits. They will be communicated to the appropriate level of management.

Sec. 21.03.002 Accountability

The Internal Auditor, who shall be the chief audit executive (CAE), in the discharge of his/her duties, shall be accountable to the Audit Committee to:

- A. Provide annually an assessment on the adequacy and effectiveness of the CCTHITA's processes for controlling its activities and managing its risks in the areas set forth under the mission and scope of work.
- B. Report significant issues related to the processes for controlling the activities of the Tribe and its subdivisions, including potential improvements to those processes, and provide information concerning such issues through resolution.
- C. Provide information periodically on the status and results of the annual audit plan and the sufficiency of department resources.
- D. Coordinate with and provide oversight of other control and monitoring functions (risk management, compliance, security, legal, ethics, environmental, external audit).

Sec. 21.03.003 Independence

To provide for the independence of the Internal Auditor, its personnel report to the Audit Committee, who is accountable to the General Assembly and work cooperatively with the chief executive officer and the Executive Council in a manner outlined in the above section on Accountability. It will include as part of its reports to the Audit Committee a regular report on Internal Auditor personnel.

Sec. 21.03.004 Responsibility

The Internal Auditor has the responsibility to:

- A. Develop a flexible annual audit plan using appropriate risk-based methodology, including any risks or control concerns identified by management, and submit that plan to the Audit Committee for review and approval.
- B. Implement the annual audit plan, as approved, including, and as appropriate, any special tasks or projects requested by management and the Audit Committee.
- C. Maintain a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this Charter.

- D.** Establish a quality assurance program by which the Internal Auditor assures the operation of internal auditing activities.
- E.** Perform consulting services, beyond internal auditing's assurance services, to assist management in meeting its objectives. Examples may include facilitation, process design, training, and advisory services.
- F.** Evaluate and assess significant merging/consolidating functions and new or changing services, processes, operations, and control processes coincident with their development, implementation, and/or expansion.
- G.** Issue periodic reports to the Audit Committee and management summarizing results of audit activities.
- H.** Keep the Audit Committee informed of emerging trends and successful practices in internal auditing.
- I.** Provide a list of significant measurement goals and results to the Audit Committee.
- J.** Assist in the investigation of significant suspected fraudulent activities within the Tribe and notify the Executive Council, management and the Audit Committee of the results.
- K.** Consider the scope of work of the external auditors and regulators, as appropriate, for the purpose of providing optimal audit coverage to the Tribe at a reasonable overall cost.

Sec. 21.03.005 Authority

- A.** The Internal Auditor is authorized to:
 - 1.** Have unrestricted access to all functions, records, property, and personnel.
 - 2.** Have full and free access to the Audit Committee.
 - 3.** Allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives.
 - 4.** Obtain the necessary assistance of personnel in units of the Tribe where they perform audits, as well as other specialized services from within or outside the Tribe.
- B.** The Internal Auditor is not authorized to:
 - 1.** Perform any operational duties for the Tribe or its subdivisions.
 - 2.** Initiate or approve accounting transactions external to the Internal Auditor.

3. Direct the activities of any CCTHITA employee not employed by the Internal Auditor, except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the Internal Auditors.

Sec. 21.03.006 Standards Of Audit Practice

The Internal Auditor will meet or exceed the *International Standards for the Professional Practice of Internal Auditing* of The Institute of Internal Auditors.