**THE BOARD OF DIRECTORS**
**OF THE ELDORADO AREA WATER AND SANITATION DISTRICT**

**RESOLUTION No. 18-07-08**

**A RESOLUTION ESTABLISHING A FINANCE AND AUDIT ADVISORY COMMITTEE AND SETTING FORTH ITS CHARTER**

**WHEREAS**, the Board of Directors of the Eldorado Area Water and Sanitation District ("the Board") seeks to create and maintain financial policies and procedures that effectively ensure the financial integrity of the District; and

**WHEREAS**, it is common for utilities to create and maintain an advisory committee that provides information regarding (1) the overall systems of internal control and risk mitigation; (2) the integrity of the financial statements of the District; (3) compliance by the District with legal and regulatory requirements and ethical standards; (4) the independence and performance of the District's internal and independent auditors; and (5) the District's disaster recovery and data security systems; and

**WHEREAS,** a finance and audit advisory committee can help gather information and make recommendations to ensure that ongoing revenues are sufficient to support the expenditure levels of the District and provide for balanced budgets; and

**WHEREAS**, it is in the best interest of EAWSD ratepayers, taxpayers and customers to address vital finance and audit issues and, to that end, the Board desires to create and maintain a finance and audit advisory committee to conduct fact-finding and make recommendations to the Board as described below;

**NOW, THEREFORE IT IS RESOLVED** by the Board of Directors of the Eldorado Area Water and Sanitation District, as follows:

## I. PURPOSE OF THE COMMITTEE

The FINANCE AND AUDIT ADVISORY COMMITTEE ("the Committee") is hereby created for the express purpose of providing factual information to the Board concerning financial and auditing functions of the District. The Committee shall be a standing committee, and its existence shall be permanent unless terminated by resolution of the Board of Directors. The Committee, from time to time, may adjourn and reconvene as the Audit Advisory Sub-Committee. Policy #P15-06-01 as revised, AUDIT ADVISORY SUB-COMMITTEE, contains specific responsibilities when the Committee is involved in audit advisory functions.

## II. OBJECTIVES AND RESPONSIBILITIES

**A.** Perform fact-finding on the financial and auditing needs of EAWSD.

**B.** Develop plans for EAWSD that address (1) internal and independent audits; (2) internal controls and risk mitigation; (3) financial reporting; (4) compliance with laws, regulations, ethics, and policies; (5) conflicts of interest; and (6) investment policy guidelines.

C. Ensure that significant findings and recommendations made by the internal and independent auditors are received and addressed by management on a timely basis.
D. Bi-annually review the District's disaster recovery and data recovery plans with the General Manager and the Board.
E. Participate in the long-range and capital planning functions of the District.
F. Participate in the annual budget planning functions of the District.

## III. Committee Membership

A. The Committee shall be comprised of up to seven members, consisting of the following:
   (1) At least one, but no more than two EAWSD Directors appointed by the Board.
   (2) The District's Treasurer.
   (3) The District's General Manager or other staff designee.
   (4) Up to four community volunteers appointed by the Board.
B. District staff designees and the District's financial services representatives shall serve as professional support to the Committee.
C. Committee members shall reside in the District, be a District taxpayer, or be an EAWSD customer.
D. All Committee members must sign the EAWSD Code of Business Conduct Policy (P10-11-02).
E. The Board may terminate Committee membership at any time, with or without cause.

## IV. Meeting Details

A. At the first meeting of each calendar year, Committee members shall select Committee Officers by consensus, including a Committee Chair, vice-chair, and secretary (optional).
B. The Committee shall develop, update and maintain a calendar of work that lists tasks or topics expected to be addressed by the Committee each month or quarter during the year. The Committee shall provide an up-to-date work plan calendar to the District Administrative Manager to make available upon request.
C. The Committee shall meet as often as necessary to carry out its work, but no less than quarterly. The meetings shall be held at EAWSD offices or at such other locations as may be appropriate. Meetings are subject to rescheduling or cancellation, as determined by the Committee Chair. The Committee Chair may invite meeting attendees as appropriate, including members of the general public; however, Committee meetings shall not be 'open meetings' subject to the Open Meetings Act Resolution of the Board and laws of New Mexico.
D. The Committee shall not undertake formal action by vote or otherwise. It shall attempt to reach conclusions by consensus on agenda items and on its tasks and shall report findings and recommendations to the Board.

## V. Agenda, Minutes, and Reports

The Committee Chair, in collaboration with the Treasurer, shall be responsible for establishing the agendas for meetings. An agenda, together with relevant materials, shall be sent to Committee members, via email, at least three (3) days in advance of the meeting and shall be available upon request to the District Administrative Manager. Minutes for all meetings shall be drafted by a Committee Officer, circulated to all Committee members for review and approval within one week of the next Committee meeting, and approved by consensus of the Committee at the next meeting.

## VI. COMMITTEE CONDUCT GUIDELINES

**A.** The Committee Chair shall, to the extent possible, conduct all meetings in a timely and organized manner allowing adequate time for meaningful discussion of each agenda topic, and ending each meeting with a review of old and new business.

**B.** Committee members will be allowed to express their opinions on agenda items without judgment or dismissal of ideas, as long as they stay within the parameters of the agenda topic.

**C.** All Committee members must take responsibility for the success of the meeting by participating and honoring commitments to action items either on a volunteer basis or as assigned by the Committee Chair.

**D.** If a Committee member is unable to attend a scheduled Committee meeting, he or she must notify the Committee Chair and District Administrative Manager at least two (2) days in advance, unless it is an unforeseen emergency situation.

**E.** Excessive absences by a Committee member shall be grounds for the Committee Chair to recommend to the Board termination of Committee membership.

**F.** Any mutual consensus among Committee members regarding action taken on an agenda topic shall at no time be presented as or interpreted as the Board's position on the issue.

**G.** All members of the Committee should respect the confidentiality of any discussions related to individual customers and operate in the best interest of EAWSD as a whole.

**H.** Non-committee members are welcome to attend Committee meetings at the invitation of the Committee Chair, but only as observers. They will not be allowed to actively participate in the Committee's discussions. The Committee Chair may invite public comment during any meeting from non-committee members who wish to make a comment on an agenda item or on the Committee's scope of responsibility.

## VII. AMENDMENTS TO COMMITTEE CHARTER

This Resolution of the Board rescinds and replaces Board Resolution Number 15-06-06 and sets forth the FINANCE AND AUDIT ADVISORY COMMITTEE CHARTER ("CHARTER"). This CHARTER shall serve as the sole governing document for this Committee as long as it is in existence. Upon yearly review by the Committee, any changes to the objectives, responsibilities or membership of the Committee and this CHARTER must first be presented to and approved by the EAWSD Board of Directors.

**PASSED, APPROVED AND ADOPTED this 20th day of July, 2017.**

**THE BOARD OF DIRECTORS OF**
**THE ELDORADO AREA WATER AND SANITATION DISTRICT**

By: _____
John Calzada, President

Attest:

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David Yard, Secretary