

Bernard "Barney" Smith, Chairman
Brian Katz, Chair of the Audit Committee
Steve Auger, Executive Director

Chris Hirst, Inspector General

**THE FLORIDA HOUSING FINANCE CORPORATION'S
BOARD OF DIRECTORS
AUDIT COMMITTEE DUTIES AND RESPONSIBILITIES**

The Board of Directors (BOD) of the Florida Housing Finance Corporation (FHFC),¹ among other duties, is responsible for assuring that:

- FHFC's financial statements have integrity,
- FHFC complies with laws, rules, regulations and program contracts and documents,
- FHFC's independent certified public accounting (CPA) firm has the necessary qualifications and independence²,
- FHFC's Office of Inspector General (OIG) is properly staffed and functional.

The BOD, to provide these assurances, hereby establishes an Audit Committee and assigns that committee the duties, authorities and responsibilities discussed herein.

¹ Florida Housing's Board members are selected in accordance with the conditions set forth in Section 420.504(3), Florida Statutes.

² In this document, the term "Certified Public Accounting (CPA) firm" refers to the independent entity performing the annual audit of the Corporation's financial statements.

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COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee (Committee) will consist of at least three and no more than six members of the Board of Directors (BOD). The Board Chair will appoint the Committee Chair and members. Each committee member will be independent. Best practices suggest that at least one member³ have special knowledge or expertise in financial matters.

MEETINGS OF THE AUDIT COMMITTEE

The Audit Committee will meet as often as circumstances require, but it will meet at least four times a year. All committee members are expected to attend each meeting.⁴ The committee will invite members of management, the certified public accounting (CPA) firm, Office of Inspector General (OIG), or others to attend meetings and provide pertinent information, as necessary. It will meet separately, periodically, with management, the Inspector General and external auditors (i.e. staff of the CPA firm, Office of the Auditor General, federal auditors, etc.). Meetings will be publicly noticed as required by Rule 28-102.001, Florida Administrative Code and Sec. 286.011, Florida Statutes. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared.

AUTHORITY OF THE AUDIT COMMITTEE

The Audit Committee is authorized to make assignments to conduct or direct audits, investigations or other studies into any matters within the scope of the Board of Director's responsibility. It is empowered to:

- Recommend to the Board the appointment and compensation of the CPA firm engaged by FHFC to conduct the annual financial audit.
- Monitor the status of the work of FHFC's CPA firm.
- Resolve any disagreements between FHFC's management and the CPA firm regarding financial reporting.

³ In accordance with 17 CFR 229.407, a person who is determined to be an audit committee financial expert will not be deemed an *expert* for any purpose as a result of being designated or identified as an audit committee financial expert pursuant to this Charter. In addition, the designation or identification of a person as an audit committee financial expert pursuant to this Charter does not impose on such person any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a member of the audit committee and board of directors in the absence of such designation or identification. Board Members are not required to have experiences such as those included in the definition of financial expert. For this reason, FHFC and the Board recognize that there may be times where it will not be possible to have a financial expert on the Audit Committee.

⁴ Meetings may be by phone or other device that is acceptable under the provisions of Sec. 286.011, Florida Statutes, the Florida Sunshine Law.

- Approve all non-audit services performed by FHFC's CPA firm.
- Recommend to the Board the retention of independent counsel, accountants, or others to advise the committee or assist in the conduct of an audit or investigation.
- Seek any information it requires from employees - all of whom are directed to cooperate with the committee's requests – or external parties.
- Meet with the Corporation's General Counsel or independent counsel, as necessary.
- Receive and review reports prepared by FHFC's OIG.

RESPONSIBILITIES OF THE AUDIT COMMITTEE

The committee's responsibilities include:

FINANCIAL TRANSACTIONS AND STATEMENTS

- Review and report to the BOD on significant accounting and reporting issues to assist the BOD to understand the impact of these issues on the financial statements. These issues include:
 - Complex or unusual transactions.
 - Transactions that are the result of complex estimates and judgments.
 - Major issues regarding accounting principles and financial statement presentations, including significant changes in FHFC's selection or application of accounting principles.
 - The effect of regulatory and accounting initiatives.
 - The effect and reasons for any off-balance sheet structures and events.
- Review analyses prepared by management, external auditors or the Office of Inspector General dealing with significant financial reporting issues and judgments made in connection with recording financial transactions or the preparation of the financial statements.
- Review with management, external auditors or the OIG the results of audits, investigations and studies including any difficulties encountered, any restrictions on the scope of the auditor or investigator activities or on access to requested information, and any significant disagreements with management.
- Discuss the annual audited financial statements with management and the external auditors, including FHFC's disclosures under "Management's Discussion and Analysis."
- Review disclosures made by the Executive Director, Chief Financial Officer or the OIG about significant deficiencies in the design or operation of internal controls or any fraud that involves management or other employees who have a significant role in FHFC's internal controls.
- Consider the effectiveness of FHFC's internal control system, including information technology security and control.
- Understand the scope of internal and external auditors' review of internal controls over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.

OFFICE OF INSPECTOR GENERAL

- Review with the Executive Director and the Inspector General the expectations, activities, staffing, and organizational structure of the OIG.
- Receive, review and approve the OIG annual audit plan and all major changes to the plan, including the risk assessment used to support the annual audit plan.
- Ensure there are no restrictions or limitations on the OIG's access to records and FHFC's officers and personnel.
- Receive and review internal audit reports.
- Review and concur in the Executive Director's appointment, replacement, or dismissal of the Inspector General in accordance with Sections 420.506(2), Florida Statutes.
- Review periodic internal and external quality assurance reviews required by applicable professional auditing standards.
- On a regular basis, meet separately with the Inspector General to discuss any matters that the committee or the Inspector General believe should be discussed privately, subject to the provisions of sec. 286.011, Florida Statutes, the Florida Sunshine Law.

INDEPENDENT CPA FIRM

- Review the CPA firm's proposed audit scope and approach, including coordination with the OIG.
- Review the performance of the CPA firm, and exercise final approval on the appointment or discharge of the public accounting firm.
- At least annually, obtain and review a report by the CPA firm describing:
 - the firm's internal quality control procedures;
 - any material issues raised by the most recent internal quality-control review, or peer review of the firm, or any inquiry or investigation by governmental or professional authorities within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and
 - all relationships between the CPA firm and FHFC.
- Take into account the opinions of management and Inspector General.
- Review and evaluate the lead partner of the CPA firm.
- Consider whether there should be regular rotation of the audit firm.
- Present the committee's conclusions with respect to the CPA firm to the full Board.
- Set clear policies for FHFC to use when considering hiring or contracting with the employees or former employees of the independent accounting firm.
- On a regular basis, meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately, subject to the provisions of sec. 286.011, Florida Statutes, the Florida Sunshine Law.

COMPLIANCE

- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's and OIG investigations and follow-up (including disciplinary action) of any instances of noncompliance.
- Review the findings of any examinations by state and/or federal regulatory and investigative agencies.
- Review the process for communicating the code of conduct to FHFC personnel and for monitoring compliance with the code.
- Obtain regular updates from management, legal counsel and OIG regarding compliance matters.

REPORTING RESPONSIBILITIES

- Regularly report to the full BOD about Committee activities and issues that arise with respect to the Committee's responsibilities.
- Provide an open avenue of communication between OIG, the external auditors, and the BOD.
- Report annually to the Board how the Committee's responsibilities were discharged, and any other information deemed necessary or otherwise required.

OTHER RESPONSIBILITIES

- Discuss with management and the OIG policies with respect to risk assessment and risk management.
- Perform other activities related to this charter as requested by the BOD.
- Institute and oversee special investigations as needed.
- Review and assess the adequacy of the Audit Committee charter annually, requesting full BOD approval for any proposed changes.
- Confirm annually that all responsibilities outlined in this charter have been carried out.
- Evaluate the performance of the Committee and the individual members at least annually.

While the Committee has the responsibilities and the authority as set forth in this Charter, it is not the responsibility of the Committee to plan or conduct individual audits, reviews and/or investigations, to attest to the Corporation's financial information or condition, to resolve disagreements, or to assume responsibility for compliance with laws, rules, regulations, policies, procedures, the Employee Handbook, or the Code of Ethics.

Approved on/Effective date: 3/14/14

Board Chair or Vice Chair: 

Board Audit Committee Chair: 