



**FINANCE AND AUDIT
COMMITTEE CHARTER**

**OF THE BOARD OF
COMMISSIONERS**

**OF THE
CHICAGO HOUSING
AUTHORITY**

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**Angela Hurlock, Chairperson
Craig Chico, Vice Chairman**

FINANCE AND AUDIT COMMITTEE PURPOSE AND AUTHORITY

The purpose of the Finance and Audit Committee shall be to:

1. assure that the Board of Commissioners of the Chicago Housing Authority fulfills its oversight responsibilities for (a) the qualifications, independence and performance of the Chicago Housing Authority's independent auditors, (b) the performance of the Chicago Housing Authority's internal audit function, (c) the performance of the Chicago Housing Authority's Office of the Inspector General function, (d) the integrity of the Chicago Housing Authority's financial statements and financial reporting, (e) the maintenance of effective administrative, risk management, operating and accounting internal control systems; and
2. provide a means of communication among management, the independent auditors, the internal auditors, the Inspector General and the Board of Commissioners.

The Finance and Audit Committee shall have direct and unrestricted access to the Chicago Housing Authority's management personnel, non-management personnel and independent accountants, including access to their documents, books and records. The Finance and Audit Committee shall have the authority to retain, at the Chicago Housing Authority's expense and in compliance with applicable procurement policies and procedures, such outside counsel, experts and other advisors as the committee may deem appropriate. The Finance and Audit Committee may request its advisors to attend a meeting of the committee or to meet with any members of the Finance and Audit Committee. The Chicago Housing Authority's board will ensure that the Finance and Audit Committee has sufficient resources to carry out its duties.

COMPOSITION OF COMMITTEE AND SELECTION OF MEMBERS

The Finance and Audit Committee shall consist of three (3) members of the Board of Commissioners, all of whom must be independent of Chicago Housing Authority operations. The Chairperson of the Board of Commissioners will appoint the Finance and Audit Committee members, and will select one of the Commissioner members of the committee to serve as the Finance and Audit Committee chair.

All Finance and Audit Committee members shall possess or obtain a basic understanding of the housing industry, governmental financial reporting, and auditing. In addition, at least one (1) committee member shall be designated as a Finance and Audit Committee financial expert. The committee financial expert should have:

1. an understanding of generally accepted accounting principles and financial statements;
2. the ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves in the context of the Chicago Housing Authority's financial statements;

3. experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Chicago Housing Authority's financial statements, or experience actively supervising one or more persons engaged in such activities;
4. an understanding of internal accounting controls and procedures for financial reporting; and,
5. an understanding of audit committee functions.

MEETINGS

The Finance and Audit Committee will meet at least three (3) times a year, with the expectation that additional meetings may be required to adequately fulfill all the obligations and duties outlined in the charter.

Members of the Finance and Audit Committee are expected to attend each committee meeting, in person or via telephone or videoconference. The committee may invite other individuals, such as members of management, auditors or other technical experts to attend meetings and provide pertinent information, as necessary.

The Finance and Audit Committee may meet privately in executive session, at such times as the committee determines appropriate, with management, the Senior Director, Audit Management and Compliance, the independent auditors, the internal auditors, the Inspector General and as a committee, in each case to discuss any matters that the committee or any of these groups or individuals believe should be discussed privately, provided that the committee shall meet privately with the independent auditors at least annually to discuss the financial statements of the Chicago Housing Authority. All meetings shall be held in accordance with the Open Meetings Act.

The Finance and Audit Committee shall operate in accordance with the Board's By-Laws.

RESPONSIBILITIES

A. INDEPENDENT AUDITORS AND FINANCIAL STATEMENTS

The Finance and Audit Committee shall:

- In compliance with applicable procurement policies and procedures, be responsible for the appointment, retention and compensation of the independent auditors of the Chicago Housing Authority.
- Be responsible for overseeing the independent auditors of the Chicago Housing Authority, including resolving disagreements between management and the independent auditors regarding financial reporting.

- In compliance with applicable procurement policies and procedures, pre-approve all audit and non-audit services provided by the independent auditor and, if the committee desires, establish pre-approval policies and procedures under which particular services will be deemed to have been approved. Non-audit services include tasks that directly support the Chicago Housing Authority’s operations, such as bookkeeping or other services related to the accounting records or financial statements of the Chicago Housing Authority, financial information systems design and implementation, appraisal or valuation services, actuarial services, investment banking services, and other tasks that may involve performing management functions or making management decisions.
- Review and approve the Chicago Housing Authority’s audited financial statements, associated management letter, other required reports and communications with the independent auditors, and report on internal controls.
- Review significant accounting and reporting issues, including complex or unusual transactions and management decisions, and recent professional and regulatory pronouncements, and their impact on the financial statements.
- Meet with the independent auditors and management as necessary to discuss any significant issues that may have surfaced during the course of the audit.
- Review and discuss any significant risks reported in the independent auditors’ findings and recommendations and assess the responsiveness and timeliness of management’s follow-up activities pertaining to the same.

B. INTERNAL AUDITORS

The Finance and Audit Committee shall:

- Ensure that the annual budget of the Chicago Housing Authority provides sufficient financial and employee resources for the internal auditors to perform their duties.
- Review with management, the Senior Director, Audit Management and Compliance, and other relevant personnel the charter, activities, staffing and organizational structure of the internal audit function.
- Ensure that the internal audit function is organizationally independent from Chicago Housing Authority operations.
- Review and approve the Internal Audit Charter.
- Review and approve the annual internal audit plan.
- Review the reports of the internal auditors, results of internal audits and approve procedures for implementing accepted recommendations of the internal auditors.

C. INSPECTOR GENERAL

The Finance and Audit Committee shall:

- Ensure that the annual budget of the Chicago Housing Authority provides sufficient financial and employee resources for the Office of the Inspector General to perform its duties.
- Review all reports concerning results of investigations undertaken by the Office of Inspector General.
- Review quarterly reports to be provided by Office of Inspector General no later than the fifteenth day of January, April, July, and October of each year.
- Review the annual report to be provided by Office of Inspector General no later than the first day of February of each year.
- Serve as a point of contact with the Office of the Inspector General.
- Review and approve the Inspector General Charter.

D. INTERNAL CONTROLS, COMPLIANCE AND RISK ASSESSMENT

The Finance and Audit Committee shall:

- Review management's assessment of the effectiveness of the Chicago Housing Authority's internal controls and review the report on internal controls by the independent auditor as a part of the financial audit engagement.
- Meet with the independent auditors and management to discuss any major issues as to the adequacy of the Chicago Housing Authority's internal controls and the resolution of any identified material weaknesses or significant deficiencies.
- Review with the Chicago Housing Authority's general counsel any legal or regulatory matters or inquiries that could have a significant impact on the Chicago Housing Authority's financial statements or compliance with applicable laws and policies, including implications as to the adequacy of the Chicago Housing Authority's internal controls.
- Review and approve the annual risk assessment conducted by the internal auditors.

E. OTHER RESPONSIBILITIES OF THE FINANCE AND AUDIT COMMITTEE

The Finance and Audit Committee shall:

- Report its activities to the full Board of Commissioners on a regular basis and annually present to the Board of Commissioners a summary report of how the committee has discharged its duties and met its responsibilities as outlined in this charter.
- Obtain all information and training necessary to enhance the committee members' understanding of the role of internal audits and the independent auditor, the risk management process, internal controls and a certain level of familiarity in financial reporting standards and processes.
- Develop procedures for the receipt, retention, investigation and/or referral of complaints concerning accounting, internal controls and auditing to the appropriate body.
- Review the committee's charter at least annually and recommend to the Board of Commissioners of the Chicago Housing Authority any proposed changes, including changes reflecting developments in applicable laws, regulations and accounting and auditing standards.
- Conduct a bi-annual self-evaluation of its performance, including its effectiveness and compliance with the charter and request the board approval for proposed changes.
- Review and approve any permitted related party transactions (as defined for purposes of Government Accounting Standards Board Statement No. 56) involving the Chicago Housing Authority.