



DATE: 4/12/2023

TIME: 10:30 a.m.

LOCATION: Executive Boardroom

COMMITTEE MEMBERS: Maurice Sholas, Chair | Tamika Duplessis, Vice Chair | Robin Barnes | Carol Markowitz |

# Audit Committee Meeting Agenda

## I. Roll Call

## II. Presentation Item

- A. Audit Department Introduction – Chief Audit Executive, Ed Sutherland

## III. Action Items

- A. Resolution (R-066-2023) Audit Committee Charter 2023
- B. Resolution (R-067-2023) Internal Audit Charter 2023

## IV. Public Comment

## V. Adjournment

**RESOLUTION AUTHORIZING ADOPTION OF  
AUDIT COMMITTEE CHARTER**

**WHEREAS**, the Audit Committee of the Sewerage and Water Board of New Orleans reviewed its existing Charter for necessary updates and compliance with the most recent internal audit legislative and regulatory guidelines; and

**WHEREAS**, the Audit Committee recommends adoption of the updated Charter as presented at the Committee's April 12, 2023 meeting; and

**NOW THEREFORE BE IT RESOLVED BY THE SEWERAGE AND WATER BOARD  
OF NEW ORLEANS:**

That the Audit Committee Charter be and hereby is replaced with the updated Charter presented and approved at the April 12, 2023 meeting of the Audit Committee of the Sewerage and Water Board of New Orleans.

---

---

I, Ghassan Korban, Executive Director,  
Sewerage and Water Board of New Orleans, do hereby  
certify that the above and foregoing is a true and  
correct copy of a Resolution adopted at the Regular  
Monthly Meeting of said Board, duly called and held,  
according to law, on April 12, 2023.

**GHASSAN KORBAN, EXECUTIVE DIRECTOR**  
**SEWERAGE AND WATER BOARD OF NEW ORLEANS**

# **Sewerage & Water Board of New Orleans**



## ***Audit Committee Charter***

*[THIS PAGE INTENTIONALLY LEFT BLANK]*

# Organization

This Charter is governed by the Sewerage & Water Board of New Orleans' Audit Committee ("AC") and Board of Directors ("Board")—it is a formal document that provides guidance to the AC members regarding best practices in audit governance. The AC Charter is not intended to supplant any Board actions or policies.

## Purpose

The primary purpose of the AC is to assist the Board in fulfilling its responsibility to ensure that management achieves organizational objectives while maintaining an effective system of internal control and risk management. The scope of this effort includes oversight of the audit process with a focus on: internal and external financial reporting; the efficiency and effectiveness of operations; compliance with applicable laws, regulations, policies and procedures; review of all contracts awarded by the Executive Director; the safeguarding of assets; and the Board's risk management processes.

## Authority

This AC Charter sets out the authority of the AC to carry out the responsibilities established for it by the Board as articulated within the AC Charter.

In discharging its responsibilities, the AC will have unrestricted access to members of management, employees, and relevant information it considers necessary to discharge its duties. The AC will also have unrestricted access to records, data, and reports. If access to requested documents is denied, the AC will follow a prescribed, Board-approved mechanism for resolution of the matter.

The AC is entitled to receive any explanatory information that it deems necessary to discharge its responsibilities. Sewerage & Water Board of New Orleans ("SWBNO") management and staff should cooperate with AC requests.

## Primary Committee Responsibilities

The AC should review and assess:

- **Risk Management** — The Board's business risk management process—including the

adequacy of SWBNO's controls over areas representing significant financial and business risk.

- **Annual Reports and Other Major Regulatory Filings** — All major financial reports in advance of filing or distribution.
- **Internal Controls and Regulatory Compliance** — Management's assessment of the system of internal control for detecting accounting and reporting financial errors; fraud and defalcations; adherence to procurement policies and procedures; legal violations; and noncompliance with the code of conduct.
- **Internal Audit Responsibilities** — The annual audit plan and the process used to develop the plan; status of activities; significant findings; recommendations; and management's response.
- **Regulatory Examinations** — The results of examinations conducted by regulatory agencies in terms of important findings, recommendations, and management's response.
- **External Audit Responsibilities** — Auditor independence and the overall scope and focus of the annual or other audits—including the scope and level of involvement with unaudited information.
- **Financial Reporting and Controls** — Key financial statement issues and risks; their impact or potential effect on reported financial information; the processes used by management to address such matters; and the basis for audit conclusions. Important conclusions on external audit work in advance of the public release of financials.
- **Auditor Recommendations** — Important internal and external audit recommendations on financial reporting, controls, and other matters; and management's response to those recommendations. The views of management and auditors on the overall quality of annual financial reporting.

## Relationship with Internal Auditors

- The AC shall review and approve the Internal Audit ("IA") Department's Audit Plan and all major changes to the Plan.
- The AC shall review and discuss with the internal auditors the scope, progress and results of executing the IA Plan.
- The AC shall receive reports on the status of significant findings, recommendations, and management's corresponding responses.

- The AC shall review the Charter, reporting relationship, activities, staffing, organizational structure and credentials of the IA Department.
- The AC shall review and concur on the appointment, replacement, reassignment, or dismissal of the Chief Audit Executive (“CAE”), who shall have direct access to the AC.
- The AC shall review the annual performance of the IA function.

## **Relationship with External Auditors**

- Assess all relationships between the external auditor and the Board to verify the auditors’ independence.
- Consult at least once per year with the external auditor regarding the fair presentation of the financial statements; updates in developments affecting external financial reporting; the status of the internal control environment; the effectiveness of management’s identification and management of risk; independence of the external auditor, and certain other matters required under generally accepted auditing standards (“GAAS”).
- The AC should be responsible for pre-approving all audit and non-audit services—including the scope of such work performed by the external auditors.
- Following completion of the external audit, review with management, the external auditor, and the CAE any issues encountered during the course of the audit—including any restrictions on the scope of work or access to required information.
- The AC shall determine the appropriate funding needed by the Committee for payment of compensation to the external auditor engaged for preparing or issuing audit reports, or performing other audit, review, or attestation services for Board.
- The AC shall have the authority to retain outside counsel, accountants, experts and other advisors that it deems appropriate to assist the Committee in performing its functions.
- Review any significant disagreements among management and the external auditor concerning the preparation of the financial statements.
- Meet at least once per year with the external auditor without management present.

## Risk Management and Controls

- The AC shall discuss the Board's policies on risk assessment and risk management—including the risk of fraud.
- The AC shall also discuss the Board's major financial risk exposures and the steps management has taken to monitor and control such identified exposures.
- The AC shall review with senior management the Board's overall antifraud programs and corresponding controls.
- The AC Committee shall discuss with both the internal and external auditors the overall scope and plans for their respective audits—including the adequacy of staffing and budget or compensation.

## Investigative Authority

The AC shall be empowered to investigate any matter brought to its attention with full access to all Board records and personnel, using special counsel or outside experts when deemed necessary or appropriate.

## Composition of the Audit Committee

The AC shall consist of five members of the Board, to be appointed by the President of the Board. Three members of the AC shall constitute a quorum. All members must be independent of the organization.

## Meetings

The AC should meet at least once per calendar quarter. Meetings may be held more often at the discretion of the AC Chairperson ("Chair"). In the absence of the Chair or Vice-Chair, a special meeting can be called by two committee members. Following each meeting, the AC Chair shall report on the committee's activities, discussions, and decisions to the Board.

The AC Chair will establish agendas for AC meetings in consultation with committee members, legal counsel, senior management, and the CAE.

In the absence of specific rules, policies, or procedures, Robert's Rules of Order, as newly revised, shall be used in conducting a meeting.



## Public Comment

The public is invited to attend and give comment on any matter listed on the agenda of the meeting. The time and length of such comments shall be determined by the Chair of the AC.

### **Sewerage & Water Board of New Orleans Audit Committee Charter**

Approved this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Special Counsel

\_\_\_\_\_  
Chair Audit Committee

\_\_\_\_\_  
Chair Governance Committee

**RESOLUTION AUTHORIZING ADOPTION OF  
INTERNAL AUDIT DEPARTMENT CHARTER**

**WHEREAS**, the Audit Committee of the Sewerage and Water Board of New Orleans requested that the Internal Audit Department create a departmental Charter to guide its mission and operations in accordance with national standards for public internal auditors; and

**WHEREAS**, the Audit Committee has reviewed, discussed, and revised the Internal Audit Department's proposed Charter; and

**WHEREAS**, the Audit Committee finds that the proposed Charter sets forth a framework for successfully performing the functions of a public internal audit department and, accordingly, recommends adoption of the proposed Internal Audit Department Charter; and

**NOW THEREFORE BE IT RESOLVED BY THE SEWERAGE AND WATER BOARD  
OF NEW ORLEANS:**

That the Internal Audit Department Charter be and hereby is adopted as presented at the April 12, 2023 meeting of the Audit Committee of the Sewerage and Water Board of New Orleans.

---

---

I, Ghassan Korban, Executive Director,  
Sewerage and Water Board of New Orleans, do hereby  
certify that the above and foregoing is a true and  
correct copy of a Resolution adopted at the Regular  
Monthly Meeting of said Board, duly called and held,  
according to law, on April 12, 2023.

**GHASSAN KORBAN, EXECUTIVE DIRECTOR**  
**SEWERAGE AND WATER BOARD OF NEW ORLEANS**

# **Sewerage & Water Board of New Orleans**



## ***Internal Audit Charter***

*[THIS PAGE INTENTIONALLY LEFT BLANK]*

## Purpose

The purpose of Internal Auditing is to provide independent, objective assurance and consulting services designed to add value and improve the operations of the Sewerage & Water Board of New Orleans (SWBNO). The Internal Audit (IA) Department examines and evaluates the organization's activities and their systems of internal control to determine whether acceptable policies and procedures are followed; whether legislative requirements and established standards are met; whether resources are used efficiently and economically; whether planned missions are accomplished effectively; and whether the objectives of the organization are being achieved.

## Mission

The mission of the IA function is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. The IA Department helps SWBNO accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

## Standards of Practice

The IA function will govern itself by adherence to the mandatory elements of the Institute of Internal Auditors' (IIA) International Professional Practices Framework (IPPF)—including the Core Principles for the Professional Practice of Internal Auditing, the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing (Standards). This guidance constitutes the fundamental requirements for the professional practice of internal auditing and for evaluating the IA function's performance.

## Organization and Authority

The establishment of the IA function is carried out by the Audit Committee (AC) of the SWBNO Board of Directors as part of their oversight role. The Chief Audit Executive (CAE) will report functionally to the AC and administratively (i.e. day-to-day operations) to the Executive Director. The CAE will communicate and interact directly with the AC—including in executive sessions and between AC meetings as appropriate.

The AC will:

- Approve the IA Charter.

- Approve the risk-based IA plan.
- Approve the IA budget and resource plan.
- Receive communications from the CAE on the IA function's performance relative to its plan and other matters.
- Approve decisions regarding the appointment and removal of the CAE.
- Make appropriate inquiries of management and the CAE to determine whether there is inappropriate scope or resource limitations.

The IA function is authorized full, free, and unrestricted access to all functions, records, property, and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information. The AC authorizes the IA function to allocate resources; set frequencies; select subjects; determine scopes of work; apply techniques required to accomplish audit objectives; and issue reports. All SWBNO employees are requested to assist the IA function in fulfilling its roles and responsibilities: The IA function will also have free and unrestricted access to the AC.

## Independence and Objectivity

The IA function will remain free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner—including matters of audit selection, scope, procedures, frequency, timing, and report content. Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair internal auditor's judgment.

Internal auditors will exhibit professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined or reviewed. Internal auditors will make balanced assessments of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

The CAE will confirm to the AC, at least annually, the organizational independence of the IA function.

## Scope and Responsibility

The scope of internal auditing encompasses, but is not limited to, the examination of evidence for the purpose of providing independent assessments on the adequacy and effectiveness of SWBNO's governance, risk management, and control processes. This includes:

- Evaluating risk exposure relating to the achievement of the SWBNO's strategic objectives.
- Evaluating the reliability and integrity of information and the means used to identify, measure, classify, and report such information.
- Evaluating whether established processes and systems enable compliance with the policies, plans, procedures, laws, and regulations that could significantly impact SWBNO.
- Evaluating the means of safeguarding assets and, as appropriate, verifying the existence of such assets.
- Evaluating the effectiveness and efficiency with which resources are employed.
- Evaluating operations or programs to ascertain whether results are consistent with established objectives and goals; and whether the operations or programs are being carried out as planned.
- Reporting periodically on the IA function's purpose, authority, responsibility, and performance relative to its plan.
- Reporting on the significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of—or requested by—the AC.

## Internal Audit Plan

At least annually, the CAE will submit to senior management and the Audit Committee an IA Plan for review and approval. The CAE will communicate to senior management and the AC the impact of resource limitations and significant interim changes to the IA Plan.

The IA Plan will be developed based upon a prioritization of the audit universe utilizing a risk-based methodology, incorporating the input of both senior management and the AC. The CAE will review and adjust the Plan as necessary, in response to changes in SWBNO's business, risks, operations, programs, systems, and/or controls. Any significant deviation from the approved IA Plan will be communicated to senior management and the AC through periodic activity reports.

## Nature of Assurance Services

Assurance services involve the internal auditor's objective assessment of evidence to provide an independent opinion or conclusion regarding an entity, operation, function, process, system, or other subject matters. The nature and scope of the assurance engagement are determined by the internal auditor. There are generally three parties involved in assurance services: (1) the person or group directly involved with the entity, operation, function, process, system, or other subject

matter (i.e. the process owner); (2) the person or group making the assessment (i.e. the internal auditor); and (3) the person or group using the assessment (i.e. the user).

## **Nature of Consulting Services**

Consulting services are advisory in nature and are generally performed at the specific request of management. The nature and scope of the consulting engagement are subject to agreement with management. Consulting services generally involve two parties: (1) the person or group offering the advice (i.e. the internal auditor); and (2) the person or group seeking and receiving the advice (i.e. management). When performing consulting services, the internal auditor should maintain objectivity and not assume management responsibility.

## **Reporting and Monitoring**

A written report or memorandum will be prepared and issued by the CAE following the conclusion of each IA engagement or review and will be distributed as appropriate. IA results will also be communicated to the AC. The IA report may include management's response and corrective or curative action taken (or planned to be taken) in regard to the specific findings and recommendations. The response from management of the audited area should include: (1) a timetable for anticipated completion of corrective or curative action; and/or (2) an explanation for any corrective action that will not be implemented.

The IA function will be responsible for appropriate follow-up on any findings and/or recommendations. All significant findings will remain in an open issues tracking system until cleared.

## **Quality Assurance and Improvement Program**

The IA function will maintain a quality assurance and improvement program that covers all aspects of the IA function. The program will include an evaluation of the IA function's conformance with the Standards and an evaluation of whether internal auditors apply the IIA's Code of Ethics. The program will also assess the efficiency and effectiveness of the IA function and identify opportunities for improvement.

The CAE will communicate to senior management and the AC on the IA function's quality assurance and improvement program—including results of any internal and/or external assessments conducted—at least every five years.



**Sewerage & Water Board of New Orleans  
Internal Audit Charter**

Approved this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Chief Audit Executive

\_\_\_\_\_  
Chairperson of the Audit Committee

\_\_\_\_\_  
Executive Director