

## **11.0 AUDITORS AND AUDIT REPORTING**

**11.1 Internal Auditor(s).** TRWD shall employ an internal auditor who will oversee, facilitate, and assist with TRWD's internal audit function. TRWD may also employ other audit personnel or independently contract with audit personnel to assist with TRWD's internal audit function.

To provide independence and objectivity in TRWD's internal audit function, the internal auditor and any internal audit personnel shall report functionally to the Finance and Audit Committee and TRWD's Board and administratively to the Deputy General Manager. The internal auditor will serve as the liaison between TRWD's administration and the Finance and Audit Committee and Board with respect to the internal audit function. The internal auditor will cooperate with other departments or divisions within TRWD as necessary to effectively perform the duties and responsibilities of the internal auditor while maintaining the independence of the internal audit function.

The Board may also approve and retain private auditors or a private auditing firm, for up to a five-year period, based on the recommendation of the Finance and Audit Committee and the internal auditor, to assist TRWD with its internal audit function. The private auditors or private auditing firm assisting with TRWD's internal audit function shall cooperate with the internal auditor and any TRWD personnel, but shall report to the Finance and Audit Committee and the Board.

**11.2 External Auditor(s).** External auditors shall be approved and retained by the Board with the recommendation of the Finance and Audit Committee and the Chief Financial Officer. The external auditor will cooperate with, but function independently of, TRWD's executive management, the internal auditor, and TRWD staff.

The Board shall select an external auditor for provision of audit services for up to a five-year period.

TRWD's external audit examination shall be conducted in accordance with generally accepted auditing standards and shall include all funds over which the Board has direct or supervisory control.

When a circumstance occurs in which the external auditors feel that information should be brought directly to the Board, this matter shall be communicated to the Finance and Audit Committee, who shall in turn inform the full Board. The members of the Finance and Audit Committee are obligated to report such opinions or findings directly to the Board.

The auditors' final report, which shall include a letter to management, shall be submitted directly to the Finance and Audit Committee and subsequently presented to the whole Board.

**11.3 Audited Financial Reports.** TRWD's audited financial reports shall be prepared in accordance with Generally Accepted Accounting Principles as defined by the Governmental Accounting Standards Board and presented in "Audits of State and Local Government Units" and "Governmental Accounting and Financial Reporting Standards."