

ELKHORN RURAL PUBLIC POWER DISTRICT**POLICY #1026****AUDIT COMMITTEE****I. Purpose**

To set forth Elkhorn RPPD's policy regarding establishment and operation of an audit committee for the purpose of selecting the District's audit firm and assuring its independence and effectiveness. This policy will adhere to State statute 70-623 thru 70-623.02.

II. Policy

The entire Board acts as the audit committee in fulfilling its oversight responsibilities to the consumers, lenders, and the State of Nebraska. This includes the scrutiny of the District's financial reporting process, systems of internal accounting and financial controls, code of ethics compliance, engagement of independent auditors and such other functions that the board authorizes.

In discharging their duties they are empowered to investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of the District and is authorized to engage independent counsel and other advisors in order to carry out their responsibilities. In addition, the board meets with the District's general counsel and internal audit staff annually as a minimum or as circumstances require.

III. Functions and Responsibilities

The committee meets as needed in order to assure:

1. The board receives training by the District's finance and accounting staff, its independent auditors, industry associations, or other sources to assure the board has familiarity with the District's accounting practices, its business and internal control systems, and the role of its independent auditors.
2. Engagement of the District's independent auditors and review of their plans for evaluation of the District's internal controls and audit execution, review of audit and management reports, resolution of conflicts with management and payment of fees.
3. Review the proposed work plans and financial forecasts of the District's internal audit function as well as internal audit findings and recommendations regarding internal controls and other matters.
4. Investigation of such other matters as may come to the board's attention
5. Review of the District's monthly and annual reports, reports to regulatory authorities and lenders, and other published reports.

Adopted: September 13, 2005

Reviewed: June 9, 2009