

Finance Committee Charter

The Gloucester, Salem, Cumberland Counties Municipal Joint Insurance Fund (TRICO JIF) Executive Committee hereby constitutes and establishes a Finance Committee:

Composition

1. Members of the committee shall be appointed by the Chair at the annual reorganization meeting and shall serve at the pleasure of the Chair.
2. The committee shall be appointed by the Chair of the Executive Committee and shall be chaired by a member of the Executive Committee.
3. Also, serving on the committee as necessary shall be the Fund Actuary, Fund Auditor, Fund Treasurer and a representative from the Administrator's office.

Authority and Responsibility

The Finance Committee is to serve as the focal point for communication between the Fund's Commissioners and the Fund's professionals for the development of an annual budget. The Finance Committee shall work with the Fund's Actuary and with the Fund's Professionals and committees as necessary to develop claims funding, expense funding and funding for special programs.

The Finance Committee will also examine the financial audits of the Fund, as prepared by the Fund's Auditor in conjunction with the Fund's Treasurer, Actuary and Claims Administrator. The Finance Committee shall comment on the independence of the Executive Committee's independent auditors, the integrity of management and the adequacy of disclosures to the public. It will serve as a focal point for communication between the independent Auditor, the JIF Treasurer and Fund Professionals as their duties relate to financial accounting, reporting, and internal controls and compliance. The Committee is to assist in fulfilling responsibility as to accounting policies and reporting practices of the Fund and sufficiency of the auditing function. The Committee shall oversee and advise the Fund Executive Committee regarding the selection of independent auditors. The Executive Committee's access to the independent auditor shall in no way be limited or superseded by the activities of this Committee.

Finance Committee Bylaws

The Finance Committee of the TRICO JIF was established by charter approved by motion of the Executive Committee on January 25, 1999. The committee's operational guidelines are set down herein and may be amended by majority vote of the Executive Committee.

Meetings

The committee shall meet at least four times per year at the discretion of the Committee Chair to review issues such as the annual audit, the semi-annual financial review, the fund's budget and assessment allocation strategies.

Attendance

Members of the committee are to be present at all meetings. As necessary or desirable, the Chair may request that other Fund Commissioners, Fund Professionals or consultants attend to participate in discussions of particular issues.

A representative of the Administrator's office shall attend all meetings and shall serve as staff to the Finance Committee.

Minutes

Minutes of each meeting are to be prepared and approved by the committee members and provided to the Executive Committee.

Specific Duties

The Finance Committee is to:

- (1) Review all renewal fees and professional services review worksheets referred by the Fund's Executive Committee on all of the Fund's professional service providers including Actuary, Administrative Consultant, Administrator, Attorney, Auditor, Claims Administrator, Safety Director, Treasurer and any other professionals requiring a performance review.
- (2) Recommend to the Executive Committee the retention or replacement of service providers which may be retained to assist in developing or implementing strategic plans and provide a written summary of the basis for the recommendations.
- (3) Review all funding requirements as determined by the Fund's Actuary.
- (4) Review all funding levels for programs and miscellaneous and contingency items.
- (5) Review assessment strategies at various levels of capping for allocation of the annual assessments to JIF members.
- (6) Apprise the Executive Committee, through minutes and special presentations as necessary, of significant developments in the course of performing the above duties.
- (7) Report at least annually to the Executive Committee on the discharge of the above responsibilities.
- (8) Perform additional duties as assigned by the Executive Committee related to this Charter and the discharge of duties as assigned above.

With respect to the Fund's financial audits, the committee is to:

- (1) Review with the Executive Committee and the Fund's Treasurer the JIF's policies and procedures to reasonably assure the adequacy of internal controls over accounting, administration, compliance with laws and regulations and financial reporting.
- (2) Have familiarity, through the individual efforts of its members, with the accounting and reporting principles and practices applied by the JIF in preparing its financial statements. Further, the committee is to make, or cause to be made, all necessary inquiries of Executive Committee and the independent auditor concerning established standards of conduct and performance, and deviations therefrom.

- (3) Review, prior to the annual audit, the scope and general extent of the independent auditor's planned examination, including their engagement letter. The auditor's fees are to be arranged with Executive Committee and annually summarized for committee review. The committee's review should entail an understanding from the independent auditor of the factors considered by the auditor in determining the audit scope, including:
 - Risk characteristics of the JIF
 - External reporting requirements
 - Materiality of the various segments of the JIF's combined activities
 - Quality of internal accounting, administrative and compliance controls
 - Extent of internal auditor's involvement in audit examination
 - Other areas to be covered during the audit engagement
- (4) Review with Executive Committee the extent of non-audit services planned to be provided by the independent auditor in relation to the objectivity and independence needed in the audit.
- (5) Review with Executive Committee and the independent auditor instances where the Executive Committee has obtained "second opinions" on accounting and financial reporting policies from other accountants.
- (6) Review with the Executive Committee and the independent auditor, upon completion of their audit, financial results for the year prior to their release to the public. This review is to encompass:
 - The JIF's comprehensive annual financial report, including the financial statements and financial statement and supplemental disclosures required by GAAP and/or the State of New Jersey.
 - Significant transactions not a normal part of the JIF's operations.
 - Selection of and changes, if any, during the year in the JIF's accounting principles or their application.
 - Significant adjustments proposed by the independent auditor.
 - The process used by the Executive Committee in formulating particularly sensitive accounting estimates and the independent auditor's conclusions regarding the reasonableness of those estimates.
 - Any disagreements between the independent auditor and Executive Committee about matters that could be significant to the JIF's financial statements or the auditor's report.
 - Difficulties encountered in performance of the audit.
- (7) Evaluate the cooperation received by the independent auditor during their audit, including their access to all requested records, data and information. Also, elicit the comments of Executive Committee regarding the responsiveness of the independent auditor to the JIF's needs. Inquire of the independent auditor whether there have been any disagreements with

the Executive Committee that, if not satisfactorily resolved, would have caused them to issue a nonstandard report on the JIF's financial statements.

- (8) Discuss with the independent auditor the quality of the JIF's financial and accounting personnel and any recommendations that the independent auditor may have. Topics to be considered during this discussion include improving internal financial controls, controls over compliance, the selection of accounting principles and the Executive Committee reporting systems.
- (9) Review written responses of the Executive Committee to "letter of comments and recommendations" from the independent auditor and discuss with the Executive Committee the status of implementation of prior period recommendations and corrective action plans.
- (10) Discuss with the Executive Committee the scope and quality of internal accounting, administrative, compliance, and financial reporting controls in effect.
- (11) Perform all of the above duties wherever appropriate relative to the JIF's component units. The Executive Committee may satisfy this duty by relying on the work of a component unit's Finance Committee.
- (12) Perform additional duties as assigned by the Executive Committee related to this Charter and the discharge of duties as assigned above.