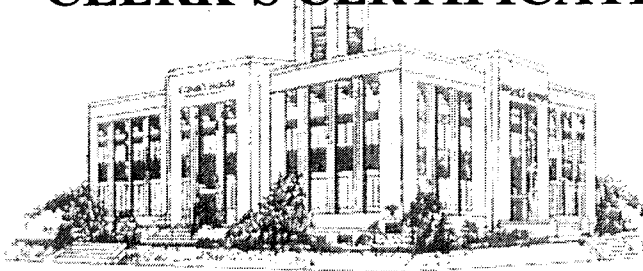


# CLERK'S CERTIFICATE



I, Phillip Custer, County Clerk of Franklin County, Tennessee hereby certify that the attached document is a true and correct copy of:

**RESOLUTION 80-0611 CREATING AN INDEPENDENT AUDIT COMMITTEE FOR  
OVERSIGHT OF THE FRANKLIN COUNTY, TENNESSEE BUDGET,  
FINANCES AND FISCAL CONTROLS**

This resolution was adopted at a meeting of the Franklin County Board of Commissioners on June 20, 2011 and is recorded on file in my office in Commissioners Minute Book 24, pages 188-191.

Witness my hand and official seal, at office in Winchester, Tennessee, this the 17<sup>th</sup> day of October 2011.



A handwritten signature in cursive script that reads "Phillip Custer". The signature is written in black ink and is positioned above a horizontal line.

Phillip Custer, County Clerk  
of Franklin County, Tennessee

**FRANKLIN COUNTY, TENNESSEE  
BOARD OF COUNTY COMMISSIONERS  
RESOLUTION No. 80 - 0611**

**RESOLUTION CREATING AN INDEPENDENT AUDIT COMMITTEE  
FOR OVERSIGHT OF THE FRANKLIN COUNTY, TENNESSEE  
BUDGET, FINANCES AND FISCAL CONTROLS**

WHEREAS, the legislature of the state of Tennessee has prescribed through law various budget processes that Tennessee's respective counties must follow; and

WHEREAS, the state Comptroller is charged with establishing the guidelines for which counties are to follow for their budgeting and audit reports; and

WHEREAS, Tennessee Code Annotated Section 9-3-405, encourages county commissions to establish an audit committee that is independent of county management and is ultimately responsible for ensuring management is meeting its internal control and financial responsibilities; and

WHEREAS, the state Comptroller uses guidelines established by the Comptroller General of the United States and the Government Finance Officers Association (hereinafter "GFOA"); and

WHEREAS, the state Comptroller and the GFOA suggests that all government bodies have an independent audit committee; now therefore

**BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF FRANKLIN COUNTY, TENNESSEE THAT:**

**SECTION 1.** As the legislative body of Franklin County, the Board of County Commissioners hereby elects the creation of THE FRANKLIN COUNTY AUDIT COMMITTEE (hereinafter "Committee").

**SECTION 2.** The Board of County Commissioners hereby decree this committee to consist of five (5) members with initial and future appointments by the county mayor and confirmed by the county commission and appointed at a regular scheduled meeting no later than two (2) calendar months before the beginning of Franklin County's fiscal year. Initial appointees shall serve as the audit committee for the remainder of fiscal year 2011-12 and proceed with one-year terms and eligible for reappointment.

**SECTION 3.** Qualifications for consideration for membership of the Committee should be, but not limited to, the following:

- (1) An understanding of the budgetary process;

- (2) Knowledge of the functions of county government.
- (3) An understanding of accepted accounting principles and financial statements and the ability to apply such principles. Proposed candidates should be Certified Public Accountants, bankers, and/or related associates in the field of finance; and
- (4) Professional conduct, befitting a representative of Franklin County, TN.

SECTION 4. The Franklin County Audit Committee shall have the following responsibilities:

- (a) Provide an independent review and oversight of the government's financial reporting processes;
- (b) All meetings of the Committee shall be subject to the open meetings provisions of Tenn. Code Ann. Title 8, Chapter 44, except upon a majority vote of those members in attendance for the public portion of a meeting; the committee may hold confidential, nonpublic executive sessions to discuss the following items:
  - (1) Items deemed not subject to public inspection under Tenn. Code Ann. § 10-7-503 and 504, and all other matters designated as confidential or privileged;
  - (2) Current or pending litigation and pending legal controversies;
  - (3) Pending or ongoing audits or audit related investigations;
  - (4) Information protected by federal law; and
  - (5) Matters involving the reporting of illegal, improper, wasteful, or fraudulent activity under Tenn. Code Ann. § 9-3-406, where the informant has requested anonymity.
- (c) Open and public meetings held no less than semi-annually;
- (d) Receive reports and recommendations from the independent auditors, and make recommendations to the Board of County Commissioners concerning any concerns of the county's independent auditors;
- (e) Report written findings in a timely and professional manner to the entire Franklin County Board of Commissioners on how the committee discharged its duties and met its obligations;
- (f) As per Tenn. Code Ann. § 9-3-406, the Committee is charged with the duty to establish procedures for the receipt, retention, and treatment of complaints regarding accounting, internal accounting controls, or auditing matters. To the

extent allowed by law, a process should be established to provide for the confidential, anonymous submission by Franklin County employees, taxpayers, or other citizens, concerns regarding questionable accounting or auditing matters.

(g) The Committee shall monitor controls performed directly by senior management, as well as controls designed to prevent or detect senior management override of other controls;

(h) Cause senior management and county officials to appear before the committee at least annually to discuss the county's financial statements and audits;

(i) Objectively assess management's practices to ensure that management properly develops and adheres to a sound system of internal controls, and that procedures are in place to objectively assess management's practices regarding corrective actions and compliance with laws, regulations, and ethics;

(j) Franklin County's independent auditor's shall annually release an audit report containing findings & recommendations to the committee and to the Board of County Commission; and

(k) The Committee shall exercise an appropriate degree of professional skepticism.

SECTION 5. The Committee will use the standards and practices outlined by the Tennessee Comptroller's office.

SECTION 6. The independent auditors retained by Franklin County shall report directly to the Committee, and the county's independent auditors shall annually present their audit and findings to the Board of County Commissioners.

SECTION 7. The Committee may not be comprised of any member who is employed by Franklin County and who exercises managerial responsibilities that fall within the scope of the audit or a person that commingles assets with an official/employee of Franklin County.

SECTION 8. The Committee will follow Roberts Rules of Order. Each year at its first meeting, the Committee will elect a chairman, vice-chairman, and secretary. Meeting agendas will be prepared by the chairman and provided three (3) days in advance to members along with appropriate briefing materials. Minutes of Committee meetings will be filed in the office of County Clerk.

SECTION 9. The Committee shall be compensated for attendance, at the current rate for Board of Commission - Committee Meetings.

SECTION 10. The Resolution shall take effect immediately upon passage on June 20, 2011.



Eddie Clark, Honorable Chairman to the Commission



Richard Stewart, Honorable County Mayor

ATTEST:



Phillip Custer, County Clerk

RESOLUTION SPONSORED BY: Clark & Riddle

MOTION TO ADOPT: Riddle SECOND BY: Snead

VOTES: AYES 14 NAYS 0

DECLARATION Approved