

**Montana State Fund**  
**Finance and Audit Committee Charter**  
Approved: [ *date* ]

**Purpose of Committee**

The purpose of the Committee is to assist with the discharge of the Board's responsibilities relating to finance, fraud prevention, and audit matters.

**Committee Membership**

The Committee shall consist of three Board Members.

Members shall be appointed by the Board Chair who shall notify the Board of all appointments as they are made. The Chair shall appoint for membership to the Committee only those individuals who the Chair believes in his/her judgment are qualified to perform the duties of the Committee as set forth in this charter. The Chair may remove a Committee member at any time and appoint a replacement, provided the Chair notifies the Board of the removal and the reasons at the time of the removal.

**Committee Structure and Operations**

The Chair shall designate one member of the Committee as its chairperson. The Committee shall meet in person or telephonically as it deems necessary or appropriate, and at least two times per year, at a place and time determined by the Committee chairperson. Meetings will always be publicly noticed, and will normally open to the public, but may from time to time be closed to the public, upon agreement of counsel, if the matters being discussed so require (the maintenance of the confidentiality of trade secrets, litigation strategy, ongoing or past fraud investigations, fraud prevention tactics and processes, and other such matters where counsel agrees it is legally justified to do so).

The Committee may invite such staff to its meetings as it may deem desirable or appropriate, consistent with the maintenance of the confidentiality of trade secrets, litigation strategy, ongoing or past fraud investigations, fraud prevention tactics and processes.

If one member of the Committee cannot attend a meeting, the remaining two members of the Committee, acting unanimously, shall have the power to take any action necessary or convenient to the efficient discharge of its responsibilities. No action of the Committee shall be valid unless approved by at least two members of the Committee.

**Committee Duties and Responsibilities**

The following are the general duties and responsibilities of the Committee:

- In consultation with the CEO, internal auditor, and CFO, establish and periodically review the general financial results and controls, investment policies, premium rates and rate setting methodologies, possible dividends, litigation or fraud investigations that could affect financial results, actuarial projections and attestations, various audits, and other financial matters and policies

- In coordination with the CEO and CFO, review and recommend changes to the investment policy of the company, understanding the confines of the established relationship and investment authority of the Board of Investments;
- Review and recommend the specific actions to mitigate or improve financial or audit results and findings;
- Meet with the audit firm partner or supervisor (and others as appropriate) for all final audit reports/discussions.
- Review and advise the Board concerning industry best practices and trends in order to assess the adequacy and competitiveness of the finance and audit results, findings, and systems.
- Prepare and deliver to the Board, at such time as the Board shall request, reports concerning the activities and recommendations of the Committee and disclose the financial, fraud prevention, and audit policies as applicable.
- In consultation with the CEO, CFO, and internal auditor, review regulatory compliance with respect to financial, fraud prevention, and audit matters.
- Any other duties or responsibilities expressly delegated to the Committee by the Board from time to time relating to financial and related matters.

### **Committee Reports**

The Committee shall produce the following reports and provide them to the Board.

- The Committee will keep the Board informed on a timely basis either verbally or in writing on all matters related to its duties and purpose. The Committee has the discretion to keep specific matters within the Committee or, if required by the Board, to report on any such matter in Executive Session of the Board. At least once every two years, the Committee shall review its Charter and either recommend changes, or recommend no changes, to the full Board.

### **Resources and Authority of the Committee**

The Committee shall request the resources, and hold authority appropriate, to discharge its duties and responsibilities.