

Attachment A
PORT OF OAKLAND
AUDIT COMMITTEE CHARTER

I. Authority and Purpose

The Audit Committee (“Committee”) is a standing committee created by the Board of Port Commissioners (“Board”) to provide an ongoing independent oversight of the Port of Oakland’s (“Port”) financial reporting, internal controls and external auditors. It will assist the Board in fulfilling its oversight responsibilities for:

- The integrity of the Port's financial statements;
- The effectiveness of the Port's internal control system; and
- The external auditor's qualifications, independence, and performance.

II. Responsibilities

Financial Reporting

- Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- Review with management and the external auditors the results of the audits, including any difficulties encountered.
- Review the annual financial statements, and consider whether they are complete, consistent with information known to committee members, and reflect appropriate accounting principles.
- Review with management and the external auditors all matters required to be communicated to the committee under generally accepted auditing standards.
- Understand how management develops interim financial information, and the nature and extent of internal and external auditor involvement.
- Review interim financial reports with management and consider whether they are complete and consistent with the information known to committee members.

Internal Controls

- Review significant internal control matters relating to control environment, risk assessment, control activities, information and communication, and control monitoring process.

- Understand the scope of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.
- Review with the Port Auditor his or her annual internal audit work plan and have access to the Port Auditor's reports.
- Review the procedures for the receipt, retention, and treatment of complaints regarding accounting, internal accounting controls, or auditing matters.
- Monitor controls performed directly by senior management, as well as controls designed to prevent or detect senior-management override of other controls.

External Auditors

- Recommend to the Board the appointment, compensation, retention of any external auditors engaged for the purpose of preparing or issuing an independent audit report or performing other independent audit, review, or attest services.
- Directly oversee all external auditors thus engaged and such external auditors shall report directly to the committee.
- Review the external auditor's proposed audit scope and approach, including coordination of audit effort with internal audit.
- Review the performance of the external auditors, and exercise final approval on the appointment or discharge of the auditors.
- Review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the company, including non-audit services, and discussing the relationships with the auditors.
- On a regular basis, meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately.

Administration

- Periodically review the scope of the committee's responsibilities, as well as its structure, processes, and membership, and report its findings and recommendation to the Board, no less than once every five years.
- If the committee deems it necessary to perform its functions, recommend to the Board the retention of a financial expert to advise the committee on financial reporting, auditing and internal controls.

- Present annually to the full Board a written report of how it has discharged its duties and met its responsibilities.
- Review and assess the adequacy of the committee charter annually, requesting Board approval for proposed changes.

III. Composition

The committee will consist of three (3) members of the Board appointed by the President of the Board at the beginning of each fiscal year. Each committee member shall be independent of Port management and any external audit firm, and should possess or obtain a basic understanding of government financial reporting and auditing. Ideally, at least one committee member should, through both education and experience, and in a manner specifically relevant to the government sector, possess 1) an understanding of generally accepted accounting principles and financial statements; 2) experience in preparing or auditing financial statements of comparable entities; 3) experience in applying such principles in connection with the accounting for estimates, accruals, and reserves; 4) experience with internal accounting controls; and 5) an understanding of audit committee functions.

IV. Meetings

The committee is a legislative body for the purposes of the Brown Act and the Port of Oakland Sunshine Ordinance. Accordingly, all committee meetings are open public meetings subject to the noticing and meeting requirements under these laws. No member of the committee may discuss with another member of the committee any matter within the scope of the subject matter jurisdiction of the committee outside of the noticed meeting.

The committee will meet four times a year, with authority to convene additional meetings, as needed. A quorum, defined as a majority of voting members, is required to conduct official committee business. The committee will invite members of management, auditors or others to attend meetings and provide pertinent information, as necessary.