

Executive Summary

Board of Governors Meeting, December 4, 2024

Audit Committee Charter Review

History

The Audit Committee Charter is a formal document that establishes the committee's authority to carry out the responsibilities established for it by the Board of Governors.

The Charter defines that the purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities for the integrity of Citizens' financial statements; Citizens' compliance with legal and regulatory requirements; the independent auditor's qualifications and independence; and the performance of the Office of the Internal Auditor (OIA) and independent auditors. In discharging its responsibilities, the Committee will have unrestricted access to members of management, employees, and information it considers necessary to discharge its duties.

Annually, the Chief of Internal Audit, under the direction of the Audit Committee, completes a review of the Charter against industry best practices and the Citizens Statute. Following the rollout of the 2025 Institute of Internal Auditors (IIA) Global Internal Audit Standards (GIAS) for 2025, the Chief of Internal Audit noted several relevant revisions to align the charter with the GIAS.

The Charter is presented to the Committee for approval. Thereafter, it will be presented at the next Board meeting for approval.

Recommendation

The Chief of Internal Audit presents, for review and approval, the Citizens Audit Committee Charter for presentation to the Board of Governors at the next meeting on December 4, 2024.

Approval of Audit Committee Charter

☒ **ACTION ITEM**

☐ New Contract

☐ Contract Amendment

☒ Other _____

☐ **CONSENT ITEM**

☐ Contract Amendment

☐ Existing Contract Extension

☐ Existing Contract Additional Spend

☐ Previous Board Approval _____

☐ Other _____

Action Items: Items requiring detailed explanation to the Board. When a requested action item is a day-to-day operational item or unanimously passed through committee it may be moved forward to the board on the Consent Index.

☐ **Move forward as Consent:** This Action item is a day-to-day operational item, unanimously passed through committee or qualifies to be moved forward on the Consent Index.

Consent Items: Items not requiring detailed explanation to the Board of Governors. Consent items are contract extensions, amendments or additional spending authorities for items previously approved by the Board.

Item Description	Audit Committee Charter
Purpose/Scope	The Audit Committee Charter establishes the authority granted to the Committee by the Board of Governors. It defines the Committee's purpose, which is to support the Board in fulfilling its oversight responsibilities by evaluating the integrity of Citizens' financial statements, ensuring compliance with legal and regulatory requirements, assessing the qualifications and independence of the independent auditor, and reviewing the performance of both the Office of the Internal Auditor (OIA) and the independent auditors. The Chief of Internal Audit completed a review of the Charter against the new Institute of Internal Auditors (IIA) Global Internal Audit Standards (GIAS) for 2025, and presents several relevant revisions to align the charter with the GIAS.
Contract ID	N/A
Committee Recommendation	Staff recommends that the Citizens Audit Committee 1. Approve the Citizens Audit Committee Charter, as provided, for presentation to the Board of Governors at the next meeting on December 4, 2024.
CONTACTS	Joe Martins, Chief of Internal Audit.

Audit Committee Charter

Purpose

The Audit Committee (Committee) assists the Board of Governors (Board) of Citizens Property Insurance Corporation (Citizens) in fulfilling its oversight responsibilities for the integrity of Citizens' financial statements; compliance with legal and regulatory requirements; the independent auditor's qualifications and independence; the performance of the Office of the Internal Auditor (OIA) and independent auditors; and the effectiveness of Citizens' governance, risk management, and control processes.

The Committee will make regular reports to the Board concerning its activities.

Composition

Per the Citizens' Plan of Operation, the Board's Chair will appoint at least three members to the Committee, with one designated as Chair. The Board's Chair should endeavor to appoint members who, collectively, have professional experience, expertise, or education in insurance, accounting, auditing, information technology, and financial management.

Meetings and Communications

The Committee will meet quarterly or more frequently as necessary, maintaining open communication with senior management, internal auditors, and external auditors. All Committee members are expected to attend each meeting in person, via telephone, or videoconference. Minutes of each meeting will be prepared, sent to Committee members, and approved at subsequent meetings. Committee meetings and notices shall follow the Florida Sunshine Law.

Authority

The Committee's authority comes from the Board and is empowered to investigate any matter within its remit, ensuring unrestricted access to information, personnel, and resources necessary for effective oversight. The Committee has the authority to:

- Oversee the work of Citizens' independent public accounting firm, which will conduct the annual external audit and report to the Board through the Committee.
- Resolve any disagreements between management and the auditor regarding financial reporting.
- Pre-approve all auditing and permitted non-audit services the external audit firm performs.
- Appoint, remove, and compensate the Chief of Internal Audit, oversee OIA's work, and annually review and recommend financial and staffing resources for the OIA.
- Engage independent consultants as necessary and make recommendations based on their findings.
- Have unrestricted access to all Citizens' activities, records, property, and personnel.
- Meet with company officers, external auditors, or outside counsel, as necessary.
- Retain, with Board approval, independent counsel, accountants, or others who have special competence as necessary to assist in fulfilling its responsibilities or in conducting an investigation.

Responsibilities

The Committee will maintain an ongoing commitment to overseeing critical areas, including:

1. Financial Statements - Reviewing accounting practices, addressing significant issues, and ensuring transparency in financial disclosures.

2. Internal Audit - Approving the annual internal audit plan, assessing audit function compliance with IIA standards, and supporting continuous improvement.
3. External Audit - Collaborating on audit scope, evaluating auditor independence, and recommending auditor appointments.
4. Risk Management - Engaging with management on enterprise risk approaches and reviewing major risk issues and mitigation efforts.
5. Internal Control - Evaluating internal controls and IT security and ensuring processes adhere to IIA standards.
6. Compliance - Overseeing compliance with legal requirements, corporate policies, and ethics and ensuring systems for complaints handling.
7. Reporting - Providing regular reports to the Board regarding the quality and reliability of financial reporting and internal control structures.
8. Other Responsibilities - Conducting an annual Charter review, overseeing special investigations, and carrying out other Board-mandated activities.
 - Annually review and assess the adequacy of the Committee Charter.
 - Annually confirm that all responsibilities outlined in this Charter have been carried out, and request Board approval for any proposed changes to the Charter.
 - Institute and oversee special investigations as needed.
 - Perform other activities related to this Charter as requested by the Board.