



County of Buncombe

AUDIT COMMITTEE CHARTER

PURPOSE

To assist the Board of County Commissioners (BoCC) in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the audit process, and the County's process for monitoring compliance with laws and regulations and the code of conduct.

AUTHORITY

The audit committee has authority to conduct or authorize investigations into any matters within its scope of responsibility. It is empowered to:

- Appoint, compensate, and oversee the work of any registered public accounting firm employed by the County.
- Resolve any disagreements between management and the auditor regarding financial reporting.
- Pre-approve all auditing services.
- Retain independent counsel, accountants, or others to advise the committee or assist in the conduct of an investigation.
- Seek any information it requires from employees – all of whom are directed to cooperate with the committee's requests - or external parties.
- Meet with County management and staff, external auditors, or outside counsel, as necessary.

COMPOSITION

The Audit Committee will consist of seven members including at least two members of the BoCC. The Board will appoint the Audit Committee members and the Audit Committee will elect their chair.

Each committee member will be both independent and financially literate. At least one member shall be designated as the "financial expert," as defined by applicable legislation and regulation.

MEETINGS

The Audit Committee will meet at least two times a year, with authority to convene additional meetings as circumstances require. All committee members are expected to attend each meeting. The committee will invite members of management, auditors, or others to attend meetings and provide pertinent information, as necessary. It will hold private meetings with auditors (see below) and closed sessions. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared.

RESPONSIBILITIES

The Audit Committee will carry out the following responsibilities:

Financial Statements

- 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 audit, 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 other sections of the annual report and related regulatory filings before release and consider the accuracy and completeness of the information.
- 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.

Internal Control

- Consider the effectiveness of the county's internal control system, including information technology security and control.
- 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.

Internal Audit

- Approve the internal audit charter.
- Ensure there are no unjustified restrictions or limitations on the Internal Auditor, and concur in the appointment, replacement, or dismissal of the Internal Auditor.
- Approve the annual audit plan and all major changes to the plan. Review the internal audit activity's performance relative to its plan.
- Review with the Internal Auditor the internal audit budget, resource plan, activities, and the organizational structure of the internal audit function.
- At least once per year, review the annual compensation of the Internal Auditor.
- Monitor and review the effectiveness of the internal audit function.
- Meet separately with the Internal Auditor as needed to discuss any matters that the committee or Internal Auditor believes should be discussed privately.

External Audit

- Review the external auditors' 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 County, including non-audit services, and discussing the relationships with the auditors.
- Meet separately with the external auditors as needed to discuss any matters that the committee or auditors believe should be discussed privately.

Compliance

- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.
- Review the findings of any examinations by regulatory agencies, and any auditor observations.
- Review the process for communicating the code of conduct to County personnel and for monitoring compliance therewith.
- Obtain updates from management and County legal counsel regarding compliance on an as needed basis.

Reporting Responsibilities

- Report to the BoCC about committee activities, issues, and related recommendations as needed.
- Provide an open avenue of communication between internal audit, the external auditors, and the BoCC.
- Review any other reports the County issues that relate to committee responsibilities.

Other Responsibilities

- Perform other activities related to this charter as requested by the BoCC.
- Institute and oversee special investigations as needed.
- Review and assess the adequacy of the committee charter annually, requesting Board approval for proposed changes, and insure appropriate disclosure as may be required by law or regulation.
- Confirm annually that all responsibilities as outlined in the charter have been carried out.
- Evaluate the committee's and individual members' performance on a regular basis.