



AUDIT REVIEW COMMITTEE CHARTER

PURPOSE

To assist the Board of County Commissioners in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the audit process and Mecklenburg County's process for monitoring compliance with laws, regulations and the Code of Ethics.

AUTHORITY

The Audit Review Committee (the "Committee") authority is conferred by the Board of County Commissioners (the "Board") and consistent with this charter. Under this authority, the Committee is empowered to:

- request or authorize an investigation into any matter within its scope of responsibility.
- recommend to the Board the selection of any registered certified public accounting firm employed by the organization regarding financial reporting and to oversee the work of the firm.
- resolve any disagreements between County executive management and the external auditor regarding financial reporting.
- recommend to the Board all financial auditing services.
- request of the Board retention of independent counsel, accountants or others as needed to advise the Committee.
- request from County executive management that it provide any information needed within the Committee's scope of responsibility and as permitted by state statute and/or County policy
- meet with County executive management, external auditors, internal audit or outside counsel, as necessary.

COMPOSITION

The Committee will comprise five voting members and two non-voting ex officio members appointed by the Board of County Commissioners according to its appointment process. The five voting members will comprise four members of the Board of County Commissioners, two from each political party, all of whom shall be financially literate as determined by the Board; and one outside person who has experience in accounting and auditing and who is appointed through the advisory board appointment process. The County Manager and a staff member designated by the County Manager will serve as the two non-voting ex officio members.

MEETINGS

The Committee shall meet at least four times a year, with authority to convene additional meetings as circumstances require. All committee members are expected to attend each scheduled meeting. The Committee may invite members of executive management, auditors or others to attend and provide pertinent information as necessary. It may hold meetings with auditors without executive management presence, as needed. Meeting agendas shall be prepared and provided in advance to members, along with appropriate briefing materials as soon as they are available. Meeting minutes shall be prepared.

RESPONSIBILITIES

The Committee will carry out the following responsibilities:

Financial Statements

- Review significant accounting and reporting issues, including complex or unusual transactions, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- Review with County executive 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 with County executive management and the external auditors all matters required to be communicated to the Committee under generally accepted auditing standards.

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 available reports.

Internal Audit

- Review with County executive management and the internal audit director the charter, activities, staffing and organizational structure of the internal audit function.
- Advise the Board on the adequacy of resources to carry out the internal audit function, including completion of the approved internal audit plan.
- Review and recommend to the Board approval of the annual internal audit plan and all major changes to the plan.
- Ensure there are no unjustified restrictions or limitations and be apprised by County executive management of the appointment of the internal audit director.
- Review and concur with County executive management in any reassignment, replacement or dismissal of the internal audit director as a means of safeguarding the uniquely independent status of the internal audit function.
- Review the effectiveness of the internal audit function, including compliance with The Institute of Internal Auditors' *International Professional Practices Framework for Internal Auditing consisting of the Definition of Internal Auditing, Code of Ethics and the Standards*.
- Review all internal audit reports and provide advice to the Board on significant issues identified and actions taken to resolve those issues.
- Meet separately with the internal audit director to discuss any matters that the Committee or the internal audit director believes should be discussed without executive management's presence, as needed.

External Audit

- Review the external auditors' proposed audit scope and approach.
- Review the performance of the external auditors and make final recommendations to the Board 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 that could potentially impact their independence.

- Meet separately with the external auditors to discuss any matters that the Committee or auditors believe should be discussed without executive management's presence, as needed.

Compliance

- Review the effectiveness of the system for monitoring compliance with laws, regulations or the results of County executive management's investigation of any instances of non-compliance.
- Review the process for communicating the Code of Ethics to County personnel and for monitoring compliance therewith.
- Review updates from County executive management and/or other County staff regarding compliance matters.

Reporting Responsibilities

- Regularly report to the Board about committee activities, issues and related recommendations.
- Provide an open avenue of communication between internal audit, the external auditors and the Board.
- Report annually to the Board, describing the Committee's composition, responsibilities and how these responsibilities were discharged and any other information required by rule.
- Review any other reports the County issues that relate to the Committee's responsibilities.

Other Responsibilities

- Perform other activities related to this charter as requested by the Board.
- Review the process, protocol and scope of investigations, as requested by the Board.
- Review and assess the adequacy of the Audit Review Committee charter annually, requesting Board approval for proposed changes and ensure appropriate disclosure as may be required by law or regulation.
- Confirm annually that all responsibilities outlined in this charter have been carried out.

**MECKLENBURG COUNTY
AUDIT REVIEW COMMITTEE CHARTER**

APPROVED THIS 19th DAY OF April, 2011.



CHAIRMAN OF THE BOARD OF COUNTY COMMISSIONERS



CHAIRMAN OF THE AUDIT REVIEW COMMITTEE