



Audit Committee Charter

*This charter defines the purpose, authority, and
responsibility of the Audit Committee of the Buncombe
County Board of Commissioners.*

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PURPOSE

Reliable audits are essential in establishing creditability in local governments, and the establishment of an independent audit committee is recommended as best practice. The independent audit committee for Buncombe County, known as the Audit Committee (Committee) is an important part of Buncombe County's (County's) governance structure. The majority of whose members are independent of the County, the Committee supports the Buncombe County Board of Commissioners (Board) in fulfilling its oversight responsibilities. The Board, through the Committee, has the authority and responsibility to question senior leadership as to how its internal and external responsibilities are carried out and verify any corrective actions are taken timely. The Committee provides oversight by offering objective advice and recommendations to the Board on whether the County's governance, risk management, and internal control processes are suitably designed and working as intended to achieve the objectives. The Committee helps build trust and confidence in how the County is managed. The Committee should exercise due care in fulfilling its oversight responsibilities.

The Committee has three fundamental goals. First, it must satisfy itself that management is maintaining a comprehensive framework of internal control. The County has adopted the COSO Internal Control Integrated Framework. Second, the Committee must ensure that management's financial reporting practices are assessed objectively. Third, the Committee needs to determine to its own satisfaction that the financial statements or other processes are properly audited and that any problems disclosed in the course of the audit are satisfactorily resolved.

The Committee assists the Board in fulfilling their governance and oversight responsibility to:

- Oversee the independent audit of the County's financial statements, from the selection of the independent audit firm to the resolution of the audit findings
- To oversee the County's internal audit function
- To oversee the County's risk management, control, and governance processes.

Committee Responsibilities for Independent External Audit

- Ensure the integrity of the County's financial information and financial reporting process
- Select the independent audit firm that will perform the annual audit of the County's financial statements. This includes appointing, approving the compensation, pre-approving all audit services, overseeing the work, assessing the performance of, and discharging the firm, as needed. All actions are subject to Board approval.
- Ensure the independent accounting firm employed by the County reports directly to the Committee
- Understand and approve the appropriate scope of the independent audit and any nonaudit services to be performed
- Resolve any disagreements between County management and the public accounting firms employed by the County



- Review the annual audited financial statements and the independent auditor's reports, and consider whether they are complete, consistent with information known to the Committee, and reflect appropriate accounting principles
- Review with County management and the external auditors all matters required to be communicated to the committee under generally accepted auditing standards, including any difficulties encountered. While management retains responsibility for the reliability of the financial statements, internal controls, risk assessment, risk mitigation, governance, and compliance, the Committee plays a critical oversight role.

Committee Responsibilities for Internal Audit

- Oversee the County's internal audit function as a County Department
- The Committee is responsible for filling any vacancy in the Internal Audit Director position and it shall not be filled without a recommendation by majority vote of the Committee. If a majority of the Committee votes in favor of the selection of a candidate for the position then such recommendation must be considered by the Board for final approval. This also includes the review, approval of the appointment, gathering of information about and leading the annual performance evaluation, disciplining, removing and/or compensating the Internal Audit Director.
- Ensure the independence of the internal audit function and that there are no unjustified restrictions or limitations on the Internal Audit Director, including undue management influence.
- Communicate and interact with the Internal Audit Director periodically
- Verify the independence of the internal audit function annually
- Review the Internal Audit Charter annually and approve any changes as needed
- Approve the annual risk-based audit plan for the Internal Audit Department
- Approve the budget and resource plan for the Internal Audit Department to be recommended to the County Manager by the Committee
- Receive information from the County Manager, in writing or in presentation form, explaining any differences between the recommended and approved budget from the Committee and the final adopted budget

Committee Responsibilities for Risk Management, Control, and Governance Processes

- Evaluate the County's risk management program and its accountability to ensure an effective governance structure
- Ensure the COSO Internal Control Integrated Framework is in place and operating as intended
- Ensure the County's process for monitoring compliance with laws, regulations, policies and the code of conduct are effective
- Meet with County management, staff, auditors, or outside counsel, as necessary



AUTHORITY

The Committee should have adequate funding to accomplish its various tasks. Specifically, the audit committee should have the authority to obtain the services of a financial expert, legal counsel, or other appropriate specialists, as needed to fulfill its obligations. The Committee would consult with the Board of Commissioners and seek funding for such outside services.

The Committee has authority to conduct or authorize investigations into matters within any areas under the scope of its responsibility.

The Committee has authority to oversee the procedures for the receipt, retention, and treatment of complaints regarding ethical, legal, accounting, internal controls, or auditing matters allowing for confidential, anonymous submission by employees, as documented by the Buncombe County Personnel Ordinance.

The Committee has authority to seek any information it requires from employees of the Finance, Budget, and Internal Audit Departments – all of whom are directed to cooperate with the Committee’s requests – or external parties.

The Committee shall have access to the reports of any external or internal auditors, as well as access to any annual internal audit work plans or management corrective action plans.

RESPONSIBILITY

The Committee shall present semiannually to the Board and management a written report of how it has discharged its duties and met its responsibilities. This will assist the Committee in its responsibility of evaluating its own effectiveness. In addition, the Committee should review this charter annually for potential updates, consulting legal counsel as needed.

STRUCTURE

The members of the Committee shall collectively possess the expertise and experience in accounting, auditing, and financial reporting needed to understand and resolve issues raised by the independent audit of the financial statements or audits issued by the Internal Audit Department. Documentation of the structure, operations, processes, membership requirements, meeting frequency, private sessions, and reporting responsibilities will be discussed in the Audit Committee for Buncombe County Bylaws.