

**Mecklenburg County North Carolina
Board of County Commissioners
Audit Review Committee
Summary of Charter
Responsibilities
March 2018**

Charter Responsibilities

Annual Activities

| Charter Responsibilities | Annual Activities |
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| <p>Financial Statements</p> <ul style="list-style-type: none"> • Review significant accounting and reporting issues, including complex or unusual transaction 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. | <ul style="list-style-type: none"> • On June 20, 2017, October 17, 2017 and December 19, 2017, the external auditors (CBH) presented audit information to the Audit Review Committee. • On June 20, 2017, CBH presented the annual audit plan including new GASB pronouncements effective for FY17. • On December 19, 2017, CBH presented the final results for the Financial Statements, OMB Uniform Guidance Audit and the State Single Audit. |
| <p>Internal Control</p> <ul style="list-style-type: none"> • 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. | <ul style="list-style-type: none"> • On December 19, 2017, CBH presented the final results for the Financial Statements, OMB Uniform Guidance Audit and the State Single Audit. Audit activities included a review of the internal control system. • On February 7, 2017, June 20, 2017, October 17, 2017 and December 19, 2017, Internal Audit Reports were provided. |

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| <p>Internal Audit</p> <ul style="list-style-type: none"> • Review with County executive management and 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. | <ul style="list-style-type: none"> • On February 7, 2017, June 20, 2017, October 17, 2017 and December 19, 2017, Internal Audit Reports were provided. • On February 7, 2017, June 20, 2017, October 17, 2017 and December 19, 2017, the Committee received presentations on the Report Line. • On June 20, 2017, the FY2018 Internal Audit Plan was presented to the Committee. • On June 20, 2017, the Director of Internal Audit confirmed the organizational independence of the internal audit function. |
| <p>External Audit</p> <ul style="list-style-type: none"> • Review the external auditors' proposed audit scope and approach. • Review the performance of the external auditors and make final recommendation to the Board on the appointment or discharge of the auditors. • Review and confirm the independence of the external auditors by obtaining statements for the auditors on relationships between the auditors and the County that could potentially impact their independence. | <ul style="list-style-type: none"> • On June 20, 2017, CBH presented the FY2017 audit plan to the Committee. |

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| <ul style="list-style-type: none"> • Meet separately with the external auditors to discuss any matters that the Committee or the auditors believe should be discussed without executive management’s presence, as needed. | <ul style="list-style-type: none"> • A component of the audit process included the external auditors meeting individually with the BOCC Chairman and the ARC Chairman. |
| <p>Compliance</p> <ul style="list-style-type: none"> • Review the effectiveness of the system for monitoring compliance with laws, regulations or the results of the 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. | <ul style="list-style-type: none"> • On December 19, 2017, CBH presented the final results for the Financial Statements, OMB Uniform Guidance Audit and the State Single Audit. Final reports were provided to the Board on December 19, 2017. • On February 7, 2017, June 20, 2017, October 17, 2017 and December 19, 2017, Internal Audit Reports, which may include compliance, were provided. • On June 20, 2017 the Committee received a presentation on the Compliance Work Plan. • On June 20, 2017, the Committee received updates on Enterprise Risk Management including the development of the BOCC Continuity of Government Plan. • On October 17, 2017, the Chief Compliance Officer confirmed the organizational independence of the compliance function. |

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| <p>Reporting Responsibilities</p> <ul style="list-style-type: none"> • 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. | <ul style="list-style-type: none"> • On December 19, 2017, CBH made a report to the Committee on the results of the FY2017 financial audit. • On February 7, 2017, June 20, 2017, October 17, 2017 and December 19, 2017, the Committee received presentations on the Report Line. • On February 21, 2017 Commissioner James provided the annual report to the Board on the activities of the Audit Review Committee. |
| <p>Other Responsibilities</p> <ul style="list-style-type: none"> • Perform other activities related to the 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. | <ul style="list-style-type: none"> • On February 7, 2017, the Committee confirmed that all of the responsibilities in the Audit Review Committee Charter have been carried out. • On February 21, 2017 Commissioner James made recommendations to the Board for proposed changes to the charter which were approved by the Board. • On March 21, 2017, April 18, 2017, May 16, 2017, July 11, 2017, and August 2, 2017 the Committee held special meetings to receive and review the assessments and recommendations from Praxis Partners, Navigant Consulting and Internal Audit related to the investigation of the Health Department. |