

**Mecklenburg County North Carolina
Board of County Commissioners
Audit Review Committee
Summary of Charter
Responsibilities
March 2019**

Charter Responsibilities	Annual Activities
<p><u>Financial Statements</u></p> <ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • On July 10, 2018, the external auditors Cherry Bekaert LLP (CB) presented the annual audit plan including new GASB pronouncements effective for FY18. • On September 5, 2018, Finance presented an update on Uniform Guidance and the related changes effective for FY19. • On December 18, 2018, CB presented the final results for the Financial Statements, OMB Uniform Guidance Audit and the State Single Audit.
<p><u>Internal Control</u></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 18, 2018, CB 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 March 07, 2018, July 10, 2018, and September 05, 2018, Internal Audit Reports were provided.

Internal Audit

- 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.
- On March 07, 2018, July 10, 2018, and September 05, 2018, Internal Audit Reports were provided.
 - On March 07, 2018, July 10, 2018, and September 05, 2018, Internal Audit presented Report Line results.
 - On July 10, 2018, Internal Audit presented the FY2019 Internal Audit Plan.
 - On July 10, 2018, the Internal Audit Manager confirmed the organizational independence of the internal audit function.
 - On May 2, 2018, and June 14, 2018 the Internal Audit Manager met with members of the committee to discuss matters relating to the annual risk assessment process.

<p><u>External Audit</u></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. • 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"> • On July 10, 2018, CBH presented the FY2018 audit plan to the Committee. • On July 10, 2018, CB confirmed the organizational independence of the external audit function. • A component of the audit process included the external auditors meeting individually with the ARC Chairman and a BOCC member.
<p><u>Compliance</u></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 18, 2018, CB 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 18, 2018. • On March 07, 2018, July 10, 2018, and September 05, 2018, Internal Audit Reports, which may include compliance, were provided. • On September 05, 2018 Finance provided updates on Uniform Guidance, which included compliance requirements for Federal Awards.

<p><u>Reporting Responsibilities</u></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 18, 2018, CBH made a report to the Board on the results of the FY2018 financial audit. • On March 7, 2018, July 10, 2018, and September 05, 2018, the Committee received presentations on the Report Line. • On April 17, 2018 Commissioner James provided the annual report to the Board on the activities of the Audit Review Committee.
<p><u>Other Responsibilities</u></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 March 07, 2018, the Committee confirmed that all of the responsibilities in the Audit Review Committee Charter have been carried out. • On December 18, 2018 the County Manager made recommendations to the Board for proposed changes to the charter, addressing instances when the Board is composed of only one political party, which were approved by the Board. • July 10, 2018, the Committee received a Public Health Transformation Plan update from the Director of Public Health on the implementation of recommendations from Praxis Partners and Navigant Consulting related to the investigation of the Health Department.