

Policy for Selection of Independent Auditor

As required by the North Carolina General Statutes Paragraph 159-34, the Board of County Commissioners shall select annually a certified public accountant or an accountant certified by the Local Government Commission as qualified to audit local government accounts. The audit will also include a compliance examination in accordance with applicable Federal and State rules, regulations and guidelines as required under the U.S. Office of Management and Budget Circular A-133 Compliance Supplement and the State Single Audit Implementation Act, as contained in G.S. 159-34. The audit shall be conducted as soon as possible after the close of the fiscal year and the auditor shall report directly to the Board of County Commissioners.

In selecting an auditor, the Board of County Commissioners shall publish notice of intent to receive proposals for the audit of the financial statements of Mecklenburg County, North Carolina. This notice should be published in a newspaper of general circulation in Mecklenburg County at least four weeks prior to the selection of the auditor for the next fiscal year. The County shall also send a notice of intent to receive proposals to all CPA firms with offices in Charlotte-Mecklenburg that have performed audits of governmental units within the past three years.

The firm that audited the most recent financial statements shall be eligible to submit a proposal for consideration by the Board.

An Audit Selection Review Committee will be comprised of two County Commissioners, as selected by the Chairman of the Board, the County Manager, the Director of Finance and the Director of Internal Audit. The Audit Selection Review Committee shall review and evaluate proposals from all firms that express an interest and make a recommendation for selection to the Board of County Commissioners. (1)

The selection of the independent accountant should be based on professional competence and experience as demonstrated by a high level of attainment in professional practice. Therefore, the Board should consider such factors as:

- a. Prior experience in audit of governmental audits, including both financial and compliance audits under Single Audit.
- b. Professional qualifications of individuals to be assigned to audit, as evidenced by (1) academic degrees, (2) professional certifications, (3) continuing professional educational attainments.
- c. Professional reputation recognized in the financial and bond markets.
- d. Number of locally based personnel available for audit engagement.
- e. Proposed fee arrangements.
- f. Recommendations of the Audit Selection Review Committee. (1)

Due to the value of a continuing relationship with its independent accountant and due to the administrative difficulties and inefficiencies ensuing from frequent changes, the Board should normally reappoint the same firm of independent accountants, until that firm has served for a period of at least three years. After this period of time, the Board would again use the reaffirmed Policy for Selection of Independent Public Accountants for the selection of an accounting firm. A policy of change in auditors is not of prime importance and should not take precedence over professional competence and experience.

These policies are subject to review, change and reaffirmation prior to each bidding proposal process.

(1) Superseded by Audit Review Committee. (See "Resolution Establishing an Audit Review Committee)

Approved by Board of County Commissioners: February 3, 1998

Resolution Establishing An Audit Review Committee

WHEREAS, Mecklenburg County is required by North Carolina statutes to have an independent audit of its financials conducted by a Certified Public Accountant; and

WHEREAS, Mecklenburg County has had established for many years an Internal Audit Department; and

WHEREAS, the Government Finance Officers Association (GFOA) has approved a recommended practice for establishing an Audit Committee; and

WHEREAS, the Mecklenburg County Board of Commissioners has determined that it is desirable to establish an Audit Review Committee as suggested by the GFOA;

NOW BE IT THEREFORE RESOLVED that the Mecklenburg County Board of Commissioners establishes an Audit Review Committee (ARC) as follows:

- The primary duty of the ARC is the overseeing of the independent audit, the recommendation for selection of the independent auditor and resolution of audit findings; and
- The ARC shall have access to cyclical and closing audits produced by the Internal Audit Department; and
- The ARC will be comprised of five members appointed by the Board of County Commissioners - two members of the Board of County Commissioners, one from each party, appointed each December, two members of the management staff and one outside person appointed through the advisory board appointment process; and
- The ARC collectively should have expertise and experience in accounting, auditing in financial reporting and internal controls.

Approved by Board of Commissioners: February 16, 1999