

Title: Administrative Policy Audit Committee	Policy No. Part 2, Board Administration Chapter 2, Establishment of Appointed Boards Section 13
	Effective Date February 23, 2021
Policy Custodian Strategy, Innovation and Finance and Board of County Commissioners	Adoption/Revision Date February 23, 2021

Adopting Resolution(s): CC21-056

References (Statutes /Resos/Policies): CC12-059, CC13-169, CC16-318, CC17-050, CC18-378

Purpose: To establish the Audit Committee, specify its membership and terms, and define its responsibilities.

Policy: Audit Committee

A. Establishment

The purpose of the Audit Committee (Committee) is to assist the county in its evaluation of internal controls, reporting practices, audit findings, and evaluation and selection of the County's independent audit firm.

B. Responsibilities

1. The Committee shall periodically prepare and submit memoranda to the Board of County Commissioners (BCC), following review by the Strategy, Innovation, and Finance (SIF) Department, that provide the Committee's perspective regarding recent and ongoing SIF projects. The Committee shall submit such memoranda at least once per year or more frequently as necessary.

2. Additional responsibilities of the Committee may include:
 - Assisting SIF staff with evaluating proposals and making recommendations regarding the selection of an independent audit firm.
 - Reviewing and making recommendations regarding the independent auditors' proposed audit plan.
 - Reviewing the county's audited financial statements (presented by the independent auditors).
 - Reviewing the single audit report (presented by the independent auditors).
 - Reviewing other relevant official public financial information as needed.
 - Reviewing significant accounting and reporting issues encountered during the annual external audit (presented by the independent auditors and/or the Finance Department) to understand any impact on the financial statements.

- Reviewing the independent auditors' reports and communications.
 - Reviewing with the independent auditors any issues encountered with management and staff during the audit.
 - Assessing the performance of the independent auditors and providing feedback to the county, CFO, Deputy CFO, or BCC as necessary.
 - Reviewing analysis performed by an internal auditor and/or third-party auditor of the comprehensive framework of the internal control structure established through the County Policies and Procedures.
 - Identifying areas of risk and recommending areas for further review and audit of internal controls, policies and procedures.
 - Providing feedback on any significant issues or concerns that are identified while performing these responsibilities.
 - Advising the BCC, CFO or Deputy CFO on any issues brought to the Committee by any auditor or consultant.
 - When requested by the CFO or Deputy CFO, delegating one or more Committee members to attend BCC briefings for the purpose of providing the Committee's perspective regarding significant matters under consideration by the BCC.
3. SIF will provide staff resources to the Committee in support of completing its responsibilities. These may include organizing meeting logistics, taking minutes and disseminating them to the committee members and the BCC, and providing internal research, as deemed necessary. If the Committee requires audit or other related services beyond the ability of the County staff resources provided, it may engage an outside consultant using the annual budget, if any, provided by the BCC to the Committee or may request additional funding if annual budget is not sufficient.
4. Meetings
- a. Regular Meetings
Regular meetings of the Committee shall be held a minimum of four times a year, or more frequently as requested by the CFO, Deputy CFO, a majority of the Committee members or by the Chair.
- b. Special Meetings
Special meetings may be called by the Chair as necessary to conduct Committee business. The CFO, Deputy CFO, or a quorum of the Committee may request that a special meeting of the Committee be called.
- c. Notice of Meetings
- (1) Notice of Regular Meetings shall be sent or e-mailed to members and the BCC at least ten (10) calendar days prior to the day of the meeting.
- (2) Notice of Special Meetings shall be sent or e-mailed to members and the BCC at least (3) calendar days prior to the day of the meeting.
- (3) All notices shall contain the following information: (1) the date, time, and place of the meeting; and (2) the agenda for said regular meeting, or the purpose or purposes for which a special meeting is called.

- (4) The Chair, via the designated staff supporting the Committee, shall submit the agenda to the Committee, CFO or Deputy CFO at least seven (7) calendar days before the regularly scheduled meeting.

(5) Notices, including agendas of regular and special meetings, shall be posted for public inspection in a manner permitted by the Jefferson County Meeting Agenda Location Policy.

d. Meeting Location

All the meetings of the Committee shall be held in the Jefferson County Administration and Courts Facility. Meetings may also be held via video conferencing or by telephone in lieu of physical presence. Individual participants may also attend by video conferencing or by telephone at any meeting.

6. Bylaws

- a. The Committee may adopt bylaws governing any aspect of its membership, meetings and actions not set forth herein or governed by Federal, State, or other county policy or regulation.
- b. Amendments to the bylaws may be determined at any regular meeting by a quorum of the members present at the meeting.

7. Remuneration

Members of the Committee shall not be compensated.

8. Quorum

Fifty percent of the appointed members shall constitute a quorum.

C. Membership

1. Composition

The Committee shall be comprised of five members. County Elected Officials, Appointed Officials, and county staff may not be members of the Committee. Committee members shall be Jefferson County residents, unless otherwise approved by the BCC, and will be chosen based on expertise in the following areas:

- a. An understanding of generally accepted accounting principles, including those relevant standards for local and government accounting and financial reporting issued by the Governmental Accounting Standards Board; an understanding of financial statements, and generally accepted auditing standards. Working knowledge of the enabling laws and regulations that the government operates within would be valuable.
- b. Ability to assess the general application of the foregoing principles and standards in connection with the accounting for estimates accruals, external restrictions and reserves.
- c. Experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that can reasonably be expected to be raised by the organization's financial operations.
- d. An understanding of internal controls and procedures for financial reporting.

- e. Basic understanding of an audit committee function and responsibility to the organization.
- f. A basic understanding of the operational environment and structure of a statutorily-defined county government in Colorado.

2. Terms

- a. Members serve at the pleasure of the BCC, and may be removed with or without cause, at the discretion of the BCC.
- b. Members may be removed by a quorum of the Committee at any regular meeting because of two consecutive unexcused absences.
- c. Unless their term is earlier terminated as provided above or the member vacates the position, the BCC intends an appointment of a member to be for a two (2) year term. A member may continue to serve after a term has expired while a new appointment is pending.

3. Conflict of Interest

No member shall vote on any issue on which the member has a direct or indirect financial interest.

4. Vacancies

Vacancies shall be filled by appointment by the BCC.