

# **SANTA BARBARA COUNTY AUDIT COMMITTEE CHARTER**

## **PURPOSE:**

The Audit Committee's primary purpose is to advise the Board of Supervisors in fulfilling its oversight responsibilities. The Audit Committee provides a forum to:

- Assess the independence of auditor's reports and findings.
- Ensure that the County's financial reporting practices are independently assessed.
- Inquire of management, the County Executive Officer (CEO), Auditor-Controller, County Counsel, and auditors regarding significant risks and exposure.
- Communicate monitoring results to a party independent of the departmental or program auditee in the County and ensure that adequate corrective action occurs.
- Ensure that controls are in place to adequately safeguard the County's assets.

## **SCOPE OF COMMITTEE'S AUTHORITY AND RESPONSIBILITIES:**

The Audit Committee is established by the Board of Supervisors. The Audit Committee's responsibilities include the following:

### **Countywide Monitoring**

- Inquire of CEO and Auditor-Controller about the fiscal health of the County and financial status in relation to the budget.
- Review with the Auditor-Controller the adequacy of internal controls.
- Review with management, the independent auditors, and other professionals regarding the effect of any regulatory and accounting initiatives.
- Review with County Counsel and Auditor-Controller legal and regulatory matters (financial in nature) and the government's compliance.

### **Countywide Financial Reporting**

- Review the results of any independent accountants engaged for the purpose of preparing or issuing an independent audit report or performing other independent audit, review, or attest services including the audit of the Comprehensive Annual Financial Report (CAFR) and Single Audit.
- Review with independent auditors all critical accounting policies and practices, significant written communications between the independent auditors and management, the CAFR and audit report, and the Single Audit report.

### **Departmental External Monitoring (Federal, State, Local, Other Agencies)**

- Review the results of all external audit or review engagements.
- Review significant findings and monitor corrective action.

- Ensure that there is adequate and timely communication of fiscal, program, and compliance audit and review entrance meetings, exit meetings, and results to executive management including the CEO, Auditor-Controller, and County Counsel.

### **County Performed Audits, Reviews, and Compliance Monitoring**

- Have access to the reports of internal auditors, as well as access to annual internal audit work plans.
- Review the procedures for receipt, retention, and treatment of complaints and suspected fraud.
- Identify and ensure that there is adequate reporting of audit, review, compliance and monitoring results.

### **Quality Assurance**

- Review the results of all departmental quality assurance monitoring.
- Review significant findings and monitor corrective action.

### **COMPOSITION**

The Audit Committee will consist of three members, two of which will be from the Board of Supervisors, and one member of the general public with a sufficient understanding of accounting, auditing, financial reporting and internal control, (preferably a Certified Public Accountant). The member from the general public will be appointed by the full Board of Supervisors for a two-year term to be served at the will of the Board.

### **ORDER AND SCHEDULING OF MEETINGS**

At a minimum the Audit Committee will meet on a quarterly basis. All meetings will be subject to the Ralph M. Brown Act. The County Auditor-Controller shall provide administrative support to the Committee for scheduling, distribution of agendas and meeting notification processes. Staff will keep minutes of each meeting and offer them for Committee approval as the first item on the subsequent agenda.

### **ANNUAL REPORTS REQUIRED**

The Audit Committee shall submit annually a written public report to the Board of Supervisors on how it has discharged its duties and met its responsibilities. The Committee may also, at any time, forward to the Board of Supervisors any other matter that the Committee deems necessary.

### **EVALUATION**

No less than every five years the Audit Committee will evaluate its responsibilities, composition, processes, and membership requirements.