



Administrator. The Audit Committee shall further have the authority to recommend to County Council the retention at the County's expense of any independent special accounting or other consultants which it may deem necessary to perform its responsibilities.

5. The Audit Committee shall meet at least once per quarter or more frequently as may be deemed necessary to fulfill its duties and responsibilities hereunder. It shall report to Dorchester County Council as soon as practicable any actions taken or recommendations made as a result of its meetings.
6. In order for the Audit Committee to fulfill its duties and responsibilities under this Ordinance, it shall have the authority, duties and responsibilities as more fully set forth in Exhibit "A", attached hereto and incorporated herein by reference.

Except as specifically amended hereby, Dorchester County Ordinance Number 97-05, as well as any other amendments thereto, shall remain in full force and effect.

Adopted this 16<sup>th</sup> day of November, 2009.

  
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Jamie Feltner, Chairman  
Dorchester County Council

First Reading: 10-19-09  
Second Reading: 11-02-09  
Third Reading: 11-16-09

ATTEST:  
  
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Sandy Lawley, Clerk of Council

## EXHIBIT "A"

### Audit Committee Responsibilities and Duties.

#### *Review Procedures.*

1. Review with the Budget and Finance Department, County Administrative staff, and the independent auditors the County's annual audited financial statements prior to filing or distribution. In connection with its review of County financial statements, the Audit Committee shall:
  - a. Undertake appropriate discussions with County staff and independent auditors of major issues regarding accounting and auditing principles, practices, and judgments, including a review of (1) critical accounting policies and practices used by the County, (2) the effects of alternative GAAP methods on the County's financial statements, and (3) all material corrective adjustments that were identified by the independent auditors.
  - b. Review the results of each audit report with respect to annual financial statements and the results of the independent auditor's SAS 71 review of the quarterly unaudited financial statements;
  - c. Discuss any significant changes to the County's accounting principles and any items required to be communicated by the independent auditors in accordance with the Statement on Auditing Standards SAS No. 61, as it may be modified or supplemented;
  - d. Review with County staff and the independent auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the County's financial statements;
  - e. Review with the independent auditor any problems or difficulties the auditor may have encountered and any management letter provided by the auditor and the County's response to that letter. Such review should include:
    - i. Any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information, and any disagreements with County staff; and
    - ii. Any changes to the planned scope of the audit;
  - f. Review significant financial risk exposures and the steps County staff has taken to monitor, control, and report such exposures;
  - g. Review with County staff the independent auditor's report assessing the effectiveness of the County's internal control structure and procedures for financial reporting;
  - h. Review significant findings prepared by the independent auditors, and other material correspondence between the independent auditors and County staff, together with responses;
  - i. Review any major changes to the County's auditing and accounting principles and practices as suggested by the independent auditors or County staff;

- j. Review with County staff and the independent auditor any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the County's financial statements or accounting policies.
2. Establish and maintain a communication channel for employees or other parties to register complaints or concerns over questionable auditing or accounting matters. Investigate any such complaints or concerns and recommend corrective action, if any, to County Council.

*Independent Auditors.*

3. The independent auditors are ultimately accountable to the Audit Committee and County Council. The Audit Committee is responsible for the oversight of the performance of their duties. The Audit Committee shall review and evaluate the performance and effectiveness of the County's independent auditors, including the independent auditors' judgments about the quality, appropriateness and accuracy of the County's accounting principles as applied in its financial reporting. As part of its review of the County's independent auditors, the Audit Committee shall consider results of the independent accountant's last peer review, litigation status, and disciplinary actions, if any. As long as County financial statements include those of one or more Component Units, the Audit Committee shall confirm on at least an annual basis, that the County's independent auditing firm is duly registered South Carolina Board of Licensing and Regulation.
4. The Audit Committee shall review the experience and qualifications of the senior members of the independent auditors and the quality control procedures of the independent auditors. The Audit Committee will monitor the required rotation of the lead audit partner and reviewing partner for the County's account to assure that the five-year rotation schedule is maintained. The Audit Committee may also recommend the periodic replacement of its independent audit firm.
5. From time to time as it deems appropriate, but at least once every three years, solicit proposals from outside audit firms to ensure competitive pricing of audit services.
6. Recommend the approval in advance the retention of, and all fees to be paid to, the County's independent auditors. The rendering of any auditing services and all non-auditing services by the Company's independent auditing firm must be approved in advance by the County Council, except for de minimus services.
7. Be responsible for ensuring the independence of the County's independent auditors. In connection therewith, the Audit Committee shall, on an annual basis, obtain a formal statement delineating all relationships between the independent auditors and the County as required by Independence Standards Board ("ISB") Standard No. 1, as may be modified or supplemented, and will review and discuss with the independent auditors all significant relationships they have with the County that could impair the auditor's independence.
8. Meet with the independent auditors and County staff to review the proposed audit of the County's financial statements, including the scope, staffing, locations, timing, deliverables, and the general audit approach. The scope of any audit shall include a requirement that the independent auditors inform the Audit Committee of any significant changes in the independent accountant's original audit approach.

9. Review with the senior internal audit executive and the independent auditors the coordination of audit effort to assure completeness of coverage, reduction of redundant efforts, and the effective use of audit resources.
10. Review with County staff and the independent auditors at the completion of the annual examination:
  - a. Any related significant findings and recommendations of the independent auditors and internal audits together with County's responses thereto; and
  - b. Any significant changes required in the independent auditors' audit plan, any serious difficulties or disputes with County staff encountered during the course of the audit and their resolution, and other matters related to the conduct of the audit which are to be communicated under generally accepted auditing standards.

*Internal Audit Department and Legal Compliance.*

11. Review the budget, plan, changes in plan, activities, organizational structure, and qualifications of the internal audit department, as needed if in place.
12. Review the appointment, performance, and replacement of the senior internal audit executive.
13. Review significant reports prepared by the internal audit department together with response and follow-up to these reports.
14. On at least an annual basis, review with the County's counsel any legal or regulatory matters that could have a significant impact on the County's financial statements and its compliance with applicable laws, regulations and inquiries received from regulators or governmental agencies.
15. Inquire of County staff and the independent auditors about significant risks or exposures that exist and assess the steps the County has taken to minimize such risks and exposures to the County.