

# **BY-LAWS FOR THE CHEROKEE COUNTY AUDIT COMMITTEE**

## **Article I. Name**

The name of this organization is the “Cherokee County Audit Committee” (the “Audit Committee”).

## **Article II. Purpose**

The Audit Committee is an advisory committee to the Board of Commissioners and will provide oversight of Cherokee County's internal and external audit functions. The Audit Committee will help to promote and enhance effective internal controls for County operations and serve as an important communication link between external auditors, internal auditors and operating management. The Audit Committee will have the authority to conduct or authorize investigations into any matter within its scope of responsibility, as necessary to perform its duties. Members of the Audit Committee are not intended to act, or hold themselves out, as professional auditors or accountants for Cherokee County.

## **Article III. Audit Committee**

Section 3.1 Appointment. The Audit Committee shall consist of five (5) members. Committee members shall include the Chairman of the Board of Commissioners, one District Commissioner, one County Elected Official, and two (2) citizens who are not employees of the county and have no business relationship with the county with expertise in the areas of accounting, auditing, internal control, and local government operations.

The appointment to membership on the Audit Committee does not create a property interest in the position.

Section 3.2 Term. District Commissioners will serve on a rotating basis annually. The rotation cycle will be repeated unless changed by formal action of the Board of Commissioners. The County Elected Official will be selected by the Board of Commissioners for a one-year term and may be reappointed. Citizen members will be appointed by a majority vote of the Board of Commissioners for staggered two-year terms.

Section 3.3 Removal. The County Elected Official and citizen members will serve at the discretion of the Board of Commissioners and may be removed at any time, with or without cause. Any member of the committee who becomes unqualified due to a change in residency, employment status, or for any other reason shall be deemed to be removed as of the date of the change in status. The committee shall notify the Board of Commissioners immediately so that a replacement may be appointed.

Section 3.4 Vacancies. Vacancies occurring for any reason shall be filled for the remainder of the unexpired term in the same manner as the original appointment.

Section 3.5 Compensation. Committee members will receive no compensation.

#### **Article IV. Meetings**

Section 4.1 Regular Meetings. The Audit Committee will meet as needed, but is expected to meet at least three times a year, to be held at a designated time and place the Audit Committee may determine. The Audit Committee has the authority to hold as many additional meetings as necessary. All Audit Committee members are expected to attend each meeting in person. The Audit Committee is expected to meet at least once with the external auditor at the completion of the annual external audit cycle. Specifically, the committee should review with the auditors any management points raised by the auditors and any internal control deficiencies noted in the single audit. In addition, the committee should discuss any identified incidents of fraud, modifications to internal control made as a result thereof, and actions taken against the perpetrators.

Section 4.2 Special Called Meetings. Special meetings of the Audit Committee may be called at any time at the call of the Chairman of the Audit Committee, or at the call by a majority of the members of the Audit Committee. Each member of the Audit Committee shall be notified in writing or by phone (no less than 48 hours) prior to the date set for a special called meeting. Notice shall stipulate the date, time, and place of the meeting and the purpose for which the meeting has been called. During special called meetings, the Audit Committee may transact only that business of the organization for which the meeting was called and for which notice was given.

Section 4.3 Compliance with Open Meetings Act. All meetings of the Audit Committee and the conduct of its members shall comply with the Georgia Open Meetings Act, O.C.G.A. § 50-14-1, et seq.

Section 4.4 Staff Support. The Cherokee County Clerk or his/her designee shall provide support to the Audit Committee as reasonably required to publish meeting notices, agendas and minutes and to otherwise ensure compliance with the Open Meetings Act. However, a member of the Audit Committee shall be responsible for taking the minutes of the meetings for maintenance by the Chief Financial Officer.

#### **Article V. Quorum**

Any three (3) members of the Audit Review Committee shall constitute a quorum.

## **Article VI. Officers**

- Section 6.1 Officers. There shall be a Chairperson, Vice-Chairperson, and Secretary of the Audit Committee.
- Section 6.2 Selection. The Chairman of the Board of Commissioners shall serve as the Chairperson of the Audit Committee. All other officers shall be selected annually by the Audit Committee from its members, by majority vote.
- Section 6.3 Term. Each officer, with the exception of the chairperson, shall serve a one-year term. Any and all officers selected may serve for consecutive years if voted by a majority of the Audit Committee to do so.
- Section 6.4 Duties.
1. Chairperson shall preside at meetings of the Audit Committee and shall perform all other duties generally pertaining to the office of Chairperson.
  2. Vice-Chair shall perform the duties of Chairperson in the absence of the Chairperson.
  3. Secretary shall keep a record of minutes of the meetings of the Audit Committee, record all official actions of the Audit Committee, give notices of meetings to the members, keep a roll of attendance, and perform other duties as assigned by the Audit Committee. All of the Audit Committee's books and records shall be kept at the office of the Chief Financial Officer.

## **Article VII. Responsibilities**

- Section 7.1 Internal Audit.
- a. Review and approve the proposed internal annual audit plan of the internal auditor.
  - b. Review the internal audit reports submitted by the internal auditor.
  - c. Review responses from departments/elected officials that may disagree with the findings of the Finance Department and make a determination regarding the disputed facts, findings and/or recommendations.
  - d. Make recommendations to the Finance Department when necessary to improve accounting, financial reporting, and internal control.
  - e. Establish a mechanism to receive "tips" related to the County's operations.
- Section 7.2 External Audit.
- a. Review with the external auditor the results of the annual audit of the Annual Comprehensive Financial Statement (ACFR) and the single audit of federal awards.
  - b. Participate in the annual briefing to the Board of Commissioners on the results of the external annual audit.

- c. Discuss, if necessary, the audited financial statements, any management points raised or internal control deficiencies noted by the external auditor, as well as recommendations with the Board of Commissioners in a timely manner.

Section 7.3 Internal Control.

- a. Review the assessment of Cherokee County's systems of internal controls prepared by the Finance Department.
- b. Discuss any material weakness of the internal control system with the Chief Financial Officer, along with a recommended action plan to resolve any vulnerability in the system. The committee should evaluate both the design and the implementation of the system of internal controls.
- c. Report any material weakness of the internal control system to the Board of Commissioners along with the recommended action plan.

Section 7.4 Performance Review.

- a. With input from the Chief Financial Officer, identify and define such goals and performance objectives determined necessary for the proper operation of the County's financial reporting function, internal audit function and internal control systems.
- b. Conduct periodic reviews of the goals and performance objectives, and the relative priority assigned to same, to monitor the implementation of any updates or other modifications deemed necessary and appropriate.

### **Article VIII. General**

Section 8.1 Parliamentary Authority. Any rules of parliamentary procedure not covered by these By-laws shall be governed by the latest edition of the Robert's Rules of Order.

Section 8.2 The committee will perform a self-evaluation annually to determine if changes are needed to the size or composition of the committee or to the scope of its responsibilities. If the committee determines that changes are needed, then these changes will be communicated to the Board of Commissioners.

Section 8.3 The committee will establish an orientation program to ensure that new members are familiar with the scope of Cherokee County's services and operations. In addition, the committee will be responsible for ensuring that its members are qualified to serve. If a member becomes ineligible to serve (e.g. by establishing a business relationship with the county), the committee will notify the Board of Commissioners so that a replacement may be appointed.

Section 8.4 Amendments. These By-laws may be altered, amended or repealed by the Board of Commissioners.

Section 8.5 Adoption and Effective Date. These By-laws, and any amendments thereto, upon approval by the Board of Commissioners, shall be effective immediately.