



**HARFORD COUNTY, MARYLAND**  
**Office of the County Auditor**

**Charter of the Harford County Audit Advisory Board**

**MISSION STATEMENT and PURPOSE**

The Audit Advisory Board (the "Board") is a nonbinding Board established under Chapter 9, Part 2, Article IV.A of the Harford County Code. Its primary function is to assist the County Council in fulfilling its oversight responsibilities by providing advice to the Auditor on the operations of the Office of the County Auditor. In accordance with Harford County Code § 9-20, the board shall make recommendations to the County Council.

**COMPOSITION**

In accordance with Harford County Code § 9-20:

Membership.

A. The board shall consist of 7 voting members:

- (1) The County Council president, serving as the chairperson;
- (2) 1 additional County Council member selected by the Council;
- (3) The County executive or his designee; who will serve for his elected term.
- (4) 4 at-large members, who shall be appointed by the Council
- (5) The County Auditor, who shall be a non-voting member; and
- (6) The at-large members shall be residents of Harford County with expertise in auditing or finance and at least one shall be a certified public accountant or certified internal auditor.

B. The members shall designate the vice chairperson.

Terms of Office; Vacancies.

A. The term of the County Council member shall be for 2 years.

B. The term of the at-large members shall be for 4 years and shall be coterminous with the term of the County Council. At-large members who serve for 2 consecutive terms may not be reappointed for 4 years after completion of those terms.

C. Members shall continue to serve until a successor is appointed and qualifies.

D. A vacancy on the board shall be filled in the manner of original appointment.

With respect to Board members selected from the community, each member shall be independent and free from any relationship that, in the opinion of the County Council, would interfere with the exercise of his or her independent judgment as a member of the Board. Board members shall be considered independent if they have no relationship to the County that will interfere with the exercise of their independence from management, the County Council, or the County.

Examples of a lack of independence shall include but not be limited to:

- A Board member being employed by the County or any related entity for the current year or any of the past three years.
- A Board member accepting compensation from the County or any of its affiliates.
- A Board member of the immediate family of an individual who is, or has been in any of the past three years, employed by the County or any of its affiliates as an



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administrator, Council or board member.

- A Board member being a partner in, or a controlling owner or an executive of, any for profit business entity to which the County made, or from which the County received, payments that are or have been significant to the County or the for-profit business entity in any of the past three years.

The Board shall have access to counsel and other advisors at the Board's sole discretion. Board members are encouraged to participate in relevant and appropriate self-study education to ensure understanding of the County and the environment in which it operates.

**MEETINGS**

In accordance with Harford County Code § 9-20:

- A. The board shall meet at least 3 times per year.
- B. 5 members of the board shall constitute a quorum.
- C. Each member of the board shall serve without compensation but may be reimbursed for reasonable and necessary expenses incurred in the discharge of their duties.
- D. A member may be removed only for cause by the Council president, subject to the approval by the County Council.
- E. Any member missing three consecutive meetings shall be deemed to have terminated his or her membership on the board unless the board shall, by majority vote, excuse one or more of the absences.

Additional meetings shall be scheduled as considered necessary by the Board or the chairperson. The Board shall request members of management, counsel, or external auditors, as applicable, to participate in Board meetings, as necessary, to carry out the Board's responsibilities.

As part of its job to foster open communications, the Board should meet at least annually with management, and the external auditors to discuss any matters that the Board or each of these groups believe should be discussed privately. The Board, through the County Auditor, shall report periodically, as deemed necessary, but at least annually to the Council.

Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Board meeting agendas shall be the responsibility of the chairperson, with input from Board members. It is expected that the chairperson would also ask management and key Board advisors to participate in this process.

Minutes will be prepared. The County Auditor will be responsible for ensuring compliance with Maryland's Open Meetings Act.

A person attending a public meeting may not engage in any conduct, including visual demonstrations, that disrupts the session or hearing or that interferes with the right of



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members of the public to attend and observe the session or hearing. The Chairperson may order any person who persists in conduct of this nature or who violates any other regulation concerning the conduct of public meetings to be removed and may request police assistance to restore order.

The public can address the Board during meetings. There is no guarantee as to what time the Board will hear the comments from attending citizens. Individuals who attend the Board meeting and wish to speak shall provide the following information before speaking: Name; Home Address; and Persons or organization represented, if any.

**RESPONSIBILITIES**

In accordance with Harford County Code § 9-20:

The Board shall have the following powers and duties:

- A. To review the auditor's annual plan and budget before submission to the County Council;
- B. To monitor follow-up on reported findings to assure corrective action is taken;
- C. To report to the County Council on problems as necessary;
- D. To evaluate the findings and recommendations of the peer review as required by recognized government auditing standards.
- E. To address and make recommendations regarding any other auditing issue that the board deems appropriate.

The Board will primarily fulfill these responsibilities by carrying out the activities enumerated below.

Financial Reporting

- Review the annual financial statements, and consider whether they are complete, consistent with information known to committee members.

Risk Assessment

- Review and assess the adequacy of the County Auditor's risk assessment for preparation of the annual audit plan.

Internal Controls

- Understand the scope of County Auditor's and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.

County Auditor

- Review the regular reports prepared by the County Auditor, as well as management's response.
- Consider, in consultation with the County Auditor, his or her County-wide audit plans to ensure completeness of coverage.
- Review the annual audit plan and all major changes to the plan. Review the County Auditor's performance relative to its plan.
- Review with the County Auditor the internal audit budget, resource plan, activities,



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and organizational structure of the Office.

- Review the effectiveness of the County Auditor, including conformance with Generally Accepted Government Auditing Standards.
- On a regular basis, meet separately with the County Auditor to discuss any matters that the Board or County Auditor believes should be discussed privately.
- Review proposed changes to the County Auditor's Rules of Procedure

**Outsourced Auditors**

- Review requests for any consulting services to be performed by outsourced auditors, and be advised of any other study undertaken at the request of management, County Council or the County Auditor.
- Consider, in consultation with outsourced auditors, and their audit plans to ensure completeness of coverage.
- Review the results of the audits and related comments, including any difficulties or disputes with management, any restrictions on the scope of audit work or access to required information, any significant changes in audit plans.

**Compliance**

- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.
- Review the findings of any examinations by regulatory agencies, and any auditor observations.

**Reporting Responsibilities**

- Periodically report to the County Council about Board activities, issues, and related recommendations.
- Provide an open avenue of communication between management, the County Auditor, the external auditors, and the County Council.

**Other**

- Maintain confidentiality in the exercise of its duties and responsibilities when exposed to confidential information.
- A Board member shall recuse himself or herself from participating in the investigation and/or voting on an issue in which the member has an interest. The perception of the member's interest in the issue shall be considered in this decision.
- Offer Board opinions that dissent from the opinion offered by management, the external auditors, the County Auditor, or the County Council.
- Review and update, where appropriate, the Board's charter annually.
- Conduct a periodic review of the Board's effectiveness and performance.
- Assume such other duties and considerations as may be delegated to the Board by the County Council, or required of the Board upon the request of the County Council from time to time pursuant to a duly adopted resolution of the County Council.