

**Amended
Bylaws of the
Butte County Audit Committee**

ARTICLE I. PURPOSE:

The primary function of the audit committee (the "Committee") is to assist the Board of Supervisors in its oversight of (a) the integrity of the financial statements of the County, (b) the systems of internal controls, (c) the qualifications and independence of the County's external auditor (the "Independent Accountants"), and (d) the performance of the County's internal audit function and the Independent Accountants.

ARTICLE II. AUDIT COMMITTEE ADMINISTRATION:

SECTION 1: Membership

The Committee shall consist of a Member of the Board of Supervisors appointed by the Board of Supervisors and the following ex-officio members: the Chief Administrative Officer, the County Auditor, the County Treasurer, and the Chief Administrative Officer's Budget Director.

SECTION 2: Duties of Membership

Each member of the Committee shall perform their duties in good faith, in a manner they reasonably believe to be in the best interests of the Committee and the County, and with such care as an ordinary prudent person in a similar position would use under similar circumstances.

SECTION 3: Meetings

The Committee shall meet at least semiannually. Additional meetings may be called by the Committee Chairperson as needed. A quorum shall exist when a majority of the members are present. The Committee may set meeting dates to accommodate special circumstances. No business, other than that on the agenda may be conducted at a Committee meeting.

SECTION 4: Notification of Meetings

Members shall be given the agenda and related materials/documents pertaining to the items before the Committee one week prior to the meeting date.

SECTION 5: Voting

Each member of the Committee shall have one vote. Members must be present at the time of the vote. The act of the majority of the members present at a meeting, at which a quorum is present, is the act of the Committee.

SECTION 6: Protocol

To the extent not contrary to these bylaws, Roberts Rules of Order shall govern all meetings of the Committee.

SECTION 7: Books and Records

- a. Records Required - The Committee shall keep correct and complete minutes of the proceedings of all meetings, which shall be circulated to all Committee members.
- b. Form - The Committee's records and minutes may be written or kept in any form capable of being converted into writing within a reasonable time.
- c. Inspection - The records of the Committee shall constitute public records.
- d. Open Meetings - The meetings held by the Committee shall be open to the public in accordance with the Brown Act. Requests to address the Committee on any agenda item or new business, shall be delivered or communicated to the Chairperson before the start of the Committee meeting. The request shall include the name of the requesting party and the topic or agenda item on which the party wishes to speak. Each person addressing the Committee shall have three minutes to speak, although such time may be extended at the direction of the Chairperson.

ARTICLE III. COMMITTEE OFFICERS:

The officers of the Committee shall consist of a Chairperson, who shall be a member of the Board of Supervisors, and a Vice-Chairperson/Secretary, who shall be the Chief Administrative Officer.

SECTION 1: Chairperson

The Chairperson shall exercise general supervision and control over the affairs of the Committee.

SECTION 2: Vice Chairperson/Secretary

The Vice-Chairperson/Secretary shall have the powers and shall perform the duties that the Chairperson prescribes. If the Chairperson is absent or unable to fulfill his or her duties, the Vice-Chairperson/Secretary shall perform all duties and exercise all the powers of the Chairperson.

ARTICLE IV. GENERAL RESPONSIBILITIES:

1. The Committee will provide open avenues of communication among the internal auditors, the independent accountants and the Board of Supervisors.
2. The Committee must report Committee actions to the Board of Supervisors and may make appropriate recommendations.
3. The Committee has the power to conduct or authorize investigations into matters within the Committee's scope of responsibilities. The Committee is authorized to retain independent counsel, accountants or others it needs to assist in an investigation.
4. The Committee may direct county employees or others to attend a meeting and is authorized to receive all pertinent information from any County employee.
5. The Committee will do whatever else the laws, the County's charter, these bylaws or the Board of Supervisors require.

ARTICLE V. SPECIFIC RESPONSIBILITIES:

1. The Committee will select the independent accountants for County audits. The Committee's selection is subject to approval by the Board of Supervisors. The Committee also will review and set any fees paid to the independent accountants and review and approve dismissal of the independent accountants.
2. The Committee will evaluate the independent accountants, oversee their work, and pre-approve all audit services.
3. The Committee will consider, in consultation with the independent accountants and the County Auditor, the audit scope and procedural plans made by the County's internal auditors and the independent accountants. The Committee will address the coordination of audit efforts to assure the completeness of coverage, reduction of redundant efforts, and the effective use of audit resources.
4. The Committee will consider requests of Administration, the County Auditor, or the primary independent accountants if either thinks there might be a need to engage additional auditors. The Committee will decide whether to engage an additional firm and, if so, which one.
5. The Committee will consider requests of Administration or the County Auditor, to employ audit firms other than the principal independent accountants for services that the County or the independent accountants determine would not be appropriate for the principal independent accountants to perform.
6. The Committee will ask Administration, the County Auditor and the independent accountants about significant risks and exposures and will assess the County's steps to minimize them.

7. The Committee will review the following with the independent accountants and the County Auditor:
 - a. The adequacy of the County's internal controls, including computerized information system controls and security.
 - b. Any significant findings and recommendations made by the independent accountants or internal auditing, together with the County's responses to them.

8. Shortly after the annual examination is completed, the Committee will review the following with Administration and the independent accountants:
 - a. The County's annual financial statements and related footnotes.
 - b. The independent accountants' audit of and report on the financial statements.
 - c. The auditor's qualitative judgments about the appropriateness, not just the acceptability, of accounting principles and financial disclosures.
 - d. Any serious difficulties or disputes with County officials or employees encountered during the course of the audit.
 - e. Critical accounting policies and practices used by the County
 - f. All alternative treatments of financial information within generally accepted accounting principles that have been discussed with Administration or the County Auditor, the ramifications of each alternative, and the treatment preferred by the County.
 - g. All significant written communications between the independent accountants and any County official or employee, such as any management letter or schedule of unadjusted differences.
 - h. Any significant changes required in the independent accountants' audit plan.
 - i. Anything else about the audit procedures or findings that Government Auditing Standards requires the auditors to discuss with the Committee.

9. The Committee will consider and review with Administration and the County Auditor:
 - a. Any significant findings during the year and the County's responses to them.
 - b. Any difficulties the internal auditor encountered while conducting audits, including any restrictions on the scope of their work or access to required information.

10. The Committee will resolve disagreements with respect to and oversee compliance with accounting policies and principles.

11. The Committee will review with Administration and the County Auditor the policies and procedures with respect to the County's use of expense accounts, public monies, and public property, including, for example, the use of County vehicles.
12. The Committee will review and approve the internal audit reports from the internal audit staff and the County Auditor, including, but not limited to, such reports as the Committee shall require, and procedures for implementing accepted recommendations.
13. The Committee will review the adequacy and effectiveness of the County's internal system of audit and financial controls and the results of internal audits.
14. The Committee will review the procedures for the receipt, retention, investigation, treatment and/or referral to the Board of Supervisors, or, as it deems appropriate, the County District Attorney, County Auditor, or County Counsel, of complaints on accounting, internal accounting controls or audit matters, as well as for confidential, anonymous submissions by County employees of concerns regarding questionable accounting or audit matters.
15. The Committee will review any complaints regarding accounting controls, auditing matters, or suspected fraud that might have been received, current status, and resolution if one has been reached.

**ARTICLE VI. AUTHORITY AND POWERS DELEGATED TO THE
COMMITTEE AS AGENT OF THE COUNTY:**

The Committee shall have the authority to retain such outside counsel, experts and other advisors as the Committee may deem appropriate in its sole discretion. The Committee shall have the sole authority to approve related fees and retention terms, subject to a maximum annual commitment of \$100,000. Board of Supervisors approval is required for fees to an outside counsel, expert or other advisor if fees are expected to exceed this amount.

In discharging its oversight role the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of the County.

ARTICLE VII. AMENDMENT:

These bylaws may be repealed or amended, and additional bylaws may be adopted, by a majority vote of the Committee.

Paul Hahn, Committee Vice-Chairperson, certifies that the foregoing is a true and correct copy of the Amended Bylaws of the Butte County Audit Committee duly approved by the Committee members and effective as of this 15th day of January 2015.

Signature: 
Committee Vice-Chairperson