

Government audit\* committees help focus and document the government's process of managing the audit, the auditor's performance, and management's responses. An independent and functionally responsive audit committee is a best practice that should be applied to government entities to deliver a level of financial reporting oversight that serves citizens and elected officials alike.

## 4 KEY BENEFITS OF A GOVERNMENT AUDIT COMMITTEE ARE:

1. Improve financial practices and reporting. An audit committee can be instrumental in reviewing, monitoring, and directing activities and results related to maintaining internal controls and preparing financial reports. The committee helps facilitate communication between the government's management, the auditor, and the governing board.
2. Help prevent fraud, waste, and abuse. A diligent audit committee will take an active role in preventing and detecting fraud and encouraging the establishment of practical ethics and compliance programs. The committee should establish and monitor the government's code of ethics or code of conduct, as well as institute and monitor special investigations.
3. Develop the internal audit function. With an audit committee in place, the government's internal audit team can work hand-in-hand with the committee to ensure the government is taking appropriate actions to meet its financial and compliance responsibilities. The audit committee reviews the internal audit function's scope, qualifications, and activities, ensuring that appropriate measures are taken regarding any findings noted by the internal audit staff.
4. Enhance the external audit\* function. An audit committee oversees and monitors the external auditor's performance and helps maintain independence from those involved in managing the government's affairs. The committee should also participate in the external auditor selection process and make recommendations to the governing board.

## GOVERNMENT AUDIT COMMITTEE KEYS TO SUCCESS INCLUDE:

- Be well-rounded: audit committee members should collectively possess technical accounting, auditing, and financial management expertise.
- For maximum independence, most members should be appointed from outside the government.
- Members should be provided adequate education and training.
- Audit committee member terms should be longer than one year and staggered to provide continuity.
- The committee should meet regularly and frequently (more than once a year).

CRI is well-versed in the many nuances of governmental auditing, with experience few firms can match. Our governmental clients include cities and municipalities, boards of education, utility boards, and transportation agencies. Plus, as governmental accounting and auditing continue to evolve, we're committed to staying at the top of our game. And our membership in the AICPA's Governmental Audit Quality Center ensures our adherence to the best industry practices.

***The choice is clear when you're ready to establish an audit  
committee for your government entity— "Elect" CRI!***

†This is not a CPA firm.

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