



## RETENTION OF INDEPENDENT AUDITORS

### **Authority**

State Statutes, CGS, Sec. 7-391 to 7-391a

Town Charter, Sec. 14

An independent audit of all Town accounts shall be made at least annually by auditors chosen by the Board of Estimate and Taxation.

### **Policy**

The Audit Committee shall:

1. Recommend to the BET the hiring of an independent auditor for a period of not to exceed three years and recommend approval of fees to be paid to the independent auditor.
2. Approve, in consultation with the independent auditor and the Comptroller, the proposed audit scope and plan of the audit engagement for each fiscal year.
3. Review with the Comptroller and the independent auditor, the results of the annual audit and related comments and recommended approval to the BET by the January meeting.
4. Review and recommend for BET approval any requests for management consulting to be performed by the independent auditor.
5. Review and approve any significant changes in the auditor's audit plans.
6. Review and discuss with the auditor all significant relationships the auditor has with the Town to ensure the auditor's independence.

The BET shall:

1. Hire the independent auditor for a period not to exceed three years and approve fees to be paid.
2. Approve the acceptance of the annual audit.
3. Approve any requests for management consulting to be performed by the independent auditor.
4. Retain or terminate, if necessary, the independent auditor.

### **Procedures**

The Audit Committee shall:

1. Meet with the independent auditor and the Comptroller well in advance of year-end to discuss and follow up on any significant prior year issues that were to be addressed during the course of the year.
2. Review any new standards that will affect the current year's audit and agree with the independent auditor and the Comptroller on the implementation of these standards.
3. Review and approve the proposed audit plan, including the approach to significant items in the financial statements, the auditor's policies, practices and procedures on materiality and estimates.
4. Review and approve the proposed timing of the audit and deliverables, including the delivery of the financial statements, compliance and regulatory reports, and reportable conditions.
5. Review and approve the auditor's proposed staffing.
6. Meet with the Comptroller and the auditor after the completion of fieldwork to discuss the results of the audit and the draft of the financial reports and related documents.

7. Review the major variances in the financial statements from last year and from budget, changes in the significant accounting estimates in the financial statements, and reasons for significant audit adjustments made.
8. Discuss the auditor's observations and suggestions regarding compliance with laws, regulations, agreements and internal controls.
9. Meet with the auditor without the Comptroller and staff to discuss any concerns the auditor may have.
10. If necessary, meet with the Comptroller and staff to discuss any concerns the Comptroller may have regarding the audit.
11. Present, with its recommendations for approval, the final annual audit to the BET at the January meeting.