



Policy Memorandum 2020-13

Audit – Effective February 27, 2020

INTENDED AUDIENCE: Corporate Board of Directors and AAWDC staff in the Finance Office

SUBJECT: Audit – Requirements and Resolution

LAST REVIEWED/UPDATED: N/A

RESPONSIBLE OFFICE: Corporate Board of Directors

POLICY CONTACT: Chair, Corporate Board Finance Committee

CANCELLATIONS

This policy supersedes and replaces any local conventions in effect by AAWDC initiatives or administrative offices.

STANDARD OPERATING PROCEDURES

N/A

FORMS

N/A

Approvals

President and CEO, AAWDC *Kirkland J. Murray*
[Kirkland J. Murray \(May 2, 2020\)](#)

Introduction

External audits assist organizations in remaining current with changing accounting and regulatory requirements, provide greater credibility, prevent fraud and loss, and provide opportunities for process improvement and streamlining. External auditors have in-depth knowledge that internal accounting and compliance staff may lack. Moreover, audits are a government compliance requirement. 2 CFR 200, Subpart F requires every non-Federal entity that spends \$750,000 or more in Federal funds during a fiscal year must have a single audit conducted for that year.

Policy Statement

The Finance Committee shall select a qualified accountant firms for audit purposes, monitor audit performance, and recommend audit policy to the Corporate Board.

Selection of Auditor

AAWDC will follow the Request for Proposal process as enumerated in the *Procurement and Contracting* policy, regardless of the projected cost of the engagement. The RFP content shall include:

1. *Preface and Invitation to Bid* – A description of AAWDC and scope of audit services sought, together with a request to submit a proposal;
2. *Qualifications* – A statement of the minimum qualifications required from the proposing firms, together with a requirement for a list by name and experience of the audit team members to be assigned to the engagement; and
3. *Services Rendered* – An itemization of the audit services sought and detailed specifications of the required examination sought, to include:
 - a. Reports Required;
 - b. Schedule of Reports;
 - c. Meeting and Timing;
 - d. Method and Basis of Compensation;
 - e. Additional Services Sought;
 - f. Proposal Format;
 - g. Information on AAWDC; and
 - h. Peer Review Report (as required by 2 CFR 200.50).

Only respondents whose proposal is complete, responsible, and responsive to the RFP shall be considered.

Selection Criteria

As required by 2 CFR 200.509, the following factors must be used in evaluating each proposal:

- Responsiveness to the RFP;
- Relevant experience;
- Availability of staff with professional qualifications and technical abilities;
- Result of peer and external quality control reviews; and
- Cost.

The Finance Committee may consider additional factors as the members see fit.

Once the Finance Committee has selected a firm, the selected firm shall be notified in writing. The selected firm shall report to the Finance Committee, while working closely with management to achieve any desired outcomes. The Finance Committee shall report its selection to the full Board of Directors at its next regular meeting.

Post-performance Review

Following the report of the independent audit results for each Fiscal Year, the Finance Committee will evaluate the performance of the audit firm. The Committee shall evaluate relevant factors to the engagement, including, but not limited to:

- Meeting all AAWDC audit and reporting requirements;
- Maintaining an audit schedule, which met specification requirements;
- Presenting reports and recommendation that were timely, clear, and fair;

Related Policies and Other Resources

- Federal, state, or local policies
 - *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 2 CFR 200*
 - *2020 Fiscal Administration Sub-Recipient Financial Management Handbook*, Maryland Department of Labor, Division of Workforce Development and Adult Learning