

Appointment of External Auditors

The following policy is adopted to guide the selection and requirements of external auditors:

1. The College will solicit requests for proposals for auditing services following established purchasing policies and procedures. The solicitation will specify that the audit be performed in accordance with the generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants (AICPA), the Standards for Financial and Compliance Audits contained in Government Auditing Standards, and auditing specifications contained in the Maryland Higher Education Commission document entitled Audit Guidelines for the Conduct of Audits of Public Community Colleges in Maryland, and the requirements stated in OMB Circular A-133 Audits of Institutions of Higher Education and Other Non-Profit Institutions, as well as any other federal, state, or local law or regulations that may apply. The audit shall include tests of the accounting records and such other auditing procedures, as the auditor considers necessary under the circumstances in order to allow for an expression of an opinion. The Audit Committee may reject any and all bids.
2. The Audit Committee **of the Board of Trustees (Board)** will recommend selection of the auditors to the ~~full~~ Board ~~of Trustees~~ based on, but not limited to, the following criteria:
 - Firm's experience providing audit services for other colleges, educational institution, ~~and~~ or local government agencies of similar size and complexity as found at HCC.
 - Firm's recent and current experience in performing federal single audits and producing reports that were accepted in the first submittal.
 - Firm's experience in working with integrated accounting data systems.
 - Firm's and individual staff member qualifications and experience.
 - Responsiveness to the Request For Proposal and understanding of the scope of work as evidenced by the proposals, estimate of staff hours required, references, and interviews (if deemed appropriate).
 - References
 - Costs
3. Contract performance will be for three years with the option to renew the agreement for three one-year extensions upon mutual agreement by both parties. In the subsequent three fiscal years, the College, with support from the Audit

Committee, reserves the option to reappoint the auditor or request new proposals from auditing firms.

4. The College's recommendation for the Audit Committee to act on an initial contract award will be submitted by February; the recommendation for an extension to a previously awarded contract will be submitted by December.
5. The contract for the audit may be declared null and void at the option of the Audit Committee in the event the Legislative Auditor submits notification of an intent to conduct the required annual audit of the College.
6. The auditing contract will make allowance for the completion of field work and the preparation of required reports in sufficient time for the College to meet dates specified in the request for proposal.
7. Pre-audit and post-audit conferences with the auditors will be arranged to discuss areas of mutual concern.
- ~~8. The lead audit partner and the reviewing audit partner of the public accounting firm to be rotated off the audit every six years with a two year "time-out" period.~~
- ~~9. The engagement of an audit firm, which employed the President, Vice-President of Administration and Finance or the Director of Finance during the one year period preceding the audit is prohibited.~~
8. The lead audit partner and reviewing audit partner must be rotated off the audit at least every six (6) years with a two (2) year 'time-out' period.
9. The audit firm must not have a relationship with the College that may adversely affect the independence of the audit firm in performing work for the College.
10. The following employment restrictions apply:
 - A. The audit firm must not have employed the College's President, Vice President of Finance and Administration and/or the Director of Finance since the beginning of the fiscal year prior to the audit year.
 - B. The audit team members must not have been employed by the College since the beginning of the fiscal year prior to the audit year.
 - C. The College may not hire audit team members for a period of twelve (12) months beyond their work on the College audit.
11. Unless approved in advance by the Audit Committee, the independent public accountants are prohibited from engaging in non-audit services extending beyond what is specifically outlined within the contract. This does not include providing basic advice on accounting matters.

This policy was also revised on June 20, 2006.