

## **CITY OF OREM AUDIT POLICY**

In accordance with state law, it is the City of Orem's policy to have an independent audit performed on each fiscal year's financial statements and transactions. The independent audit will be performed in accordance with American Institute of Certified Public Accountants (AICPA) and Governmental Accounting Standards Board (GASB) standards. The audit must be performed by a Certified Public Accountant (CPA) as required by Utah Code § 51-2a-201.

### **Audit Standards**

It is the policy of the City of Orem that the audit firm selected will meet the following standards:

1. The audit firm must be able to demonstrate competence, training, skill and experience in the areas required to perform a professional independent audit.
2. The audit firm must be able to demonstrate considerable experience in governmental accounting and understand the difference between commercial and governmental accounting.
3. The audit firm must possess a thorough knowledge of auditing standards and procedures as approved and adopted by the AICPA and GASB.

### **Audit Firm Selection Process**

1. The City's Audit Committee will consist of three members. The three members shall be: (1) the City Manager or Assistant City Manager, (2) the Mayor, and (3) one City Council member.
2. The Audit Committee, after duly considering the proposals received, will select an audit firm based on the professional competence and experience of the audit firm.

### **Auditing Contract Terms**

It is the City of Orem's policy that the initial contract period for auditing services will be for a five-year period. An agreement will be executed between the City and the audit firm agreeing to the services to be performed and the cost of those services. At the end of the five-year period, the Audit Committee, at its option, may extend the agreement with the audit firm for up to two more one-year terms without submitting a new request for proposal. However, at the end of any contract period, the City of Orem will issue a new request for proposal and hire a different audit firm.