

# REGIONAL WATER AUTHORITY POLICIES AND PROCEDURES MANUAL

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Policy Type	:	Fiscal Management
Policy Title	:	Auditor Rotation Policy
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Date Adopted	:	March 8, 2007
Date Amended	:	November 8, 2012 May 12, 2016 (reviewed by staff)

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## PERIODIC ROTATION OF FINANCIAL AUDITORS POLICY

This policy establishes discretionary guidelines for the Board of Directors of the Regional Water Authority (RWA) in its selection and retention of financial auditors. It is essential for the financial integrity of RWA that only highly qualified and independent auditors are engaged on its behalf. RWA recognizes that the long-term engagement of the same auditor or auditing firm may impair the quality of the auditing process due to the potential erosion of auditor independence and potential auditor staleness. On the other hand, RWA recognizes that multi-year audit contracts may enhance the efficiency and quality of the audit process because an auditor that is familiar with RWA's finances may possess valuable institutional knowledge and may be able to provide audit services more efficiently and cost-effectively. In accordance with these considerations, the RWA Board establishes the following policy:

- I. RWA may enter into multi-year contracts with a term not to exceed five years or renew one-year contracts for not more than five successive terms with the same auditor or auditing firm subject to the following limitations:
  - a. Auditor independence must be maintained throughout the engagement, both in fact and in appearance;
  - b. Audit quality should be considered on an annual basis; and
  - c. Auditor experience should be evaluated.

If RWA has used the same auditor or auditing firm for the preceding consecutive five years, the Executive Director will commence a competitive process for procuring a new auditor services contract. The selection process will be conducted in accordance with the competitive process described in RWA's Consultant/Professional Services Selection Policy, with the exception that the RWA Executive Committee will approve the selection and contract for the auditor regardless of the amount of the contracted services. Any auditor that has provided auditing services to RWA for the immediately preceding five consecutive years will not be eligible to compete in the competitive selection process to procure a new auditor services contract for a minimum of one year after that auditor's engagement ends.