

# Croton Harmon Union Free School District Audit Committee Charter (as of April 9, 2015)

## **Audit Committee Authority**

By resolution dated January 26, 2006, the Board of Education of the Croton Harmon Union Free School District established an audit committee to assist the Board of Education in the oversight of the internal, external and claims audit functions. The requirement to create an audit committee has been established by Education Law §2116-c. In accordance with §2116-c(4), the role of an audit committee shall be advisory and any recommendations it provides to the Board shall not be substituted for any required review and acceptance by the Board of Education.

## **Mission**

The Board of Education of the Croton-Harmon Union Free School District has established an audit committee to provide independent advice, assistance and recommendations to the Board in the oversight of the external, internal and claims audit functions of the District.

## **Composition and Requisite Skills**

Unless otherwise determined by the Board, the Croton Harmon Union Free School District Audit Committee shall be a committee of the board, comprised of three (3) members of the Board.

The Committee members collectively should possess the knowledge in accounting, auditing, financial reporting and school district finances needed to understand and evaluate the District's financial statements, the external audit of those statements and the District's internal audit activities. Accordingly, the Audit Committee's members, collectively, should:

- Possess the requisite skills and experience necessary to understand technical and complex financial reporting issues.
- Have the ability to communicate with public finance officers and auditors, and to communicate with District administrators and employees with regard to matters relating to the responsibilities of the Audit Committee.
- Be knowledgeable about internal controls, financial statement audits and management/operational audits.

## **Duties and Responsibilities**

The duties and responsibilities of the Croton Harmon Union Free School District Audit Committee include the following:

### **External Audit Focus**

- Provide recommendations regarding the selection of the external auditor to the Board of Education.
- Meet with the external auditor prior to commencement of the audit to, among other things, review the engagement letter.
- Review and discuss with the external auditor any risk assessment of the District's fiscal operations developed as part of the auditor's responsibilities under governmental auditing standards for a financial statement audit and federal single audit standards, if applicable.
- Receive and review the draft annual audit report and accompanying draft management

letter, including the external auditor's assessment of the District's system of internal controls, and, working directly with the external auditor, assist the Board of Education in interpreting such documents.

- Make a recommendation to the Board of Education on accepting the annual audit report.
- Review every corrective action plan developed by the District in accordance with Education Law §2116-a and assist the Board of Education in the implementation of such plans.
- Participate in the evaluation of the performance of the external audit function.

### **Internal Audit Focus**

- Make recommendations to the Board of Education regarding the appointment of the internal auditor.
- Assist in the oversight of the internal audit function, including reviewing the annual internal audit plan to ensure that high risk areas and key control activities are periodically evaluated and tested.
- Review the results of internal audit activities and significant recommendations and findings of the internal auditor.
- Monitor implementation of the internal auditor's recommendations by management.
- Participate in the evaluation of the performance of the internal audit function.

### **Claims Auditor**

- Recommend selection of the Claims Auditor.
- Review the scope, plan and execution of the claims audit function.
- Meet with the Claims Auditor periodically through the year. Coordinate meeting with the full Board at least annually.
- Assist in the oversight in the Claims Audit function.
- Review and discuss any findings of the Claims Auditor.
- Participate in the evaluation of the performance of the claims audit function.

### **Administrative Matters**

- Hold regularly scheduled meetings.
- Recommend to the Board appropriate revisions to the Audit Committee Charter, as necessary.
- Consult with and utilize the services of specialized experts on an ad hoc basis.

### **Membership**

The membership duties of the Croton Harmon Union Free School District Audit Committee include the following:

#### **Good Faith**

Members of the Committee shall perform their duties in good faith, in a manner they reasonably believe to be in the best interests of the Committee and the District with such care as a reasonably prudent person in a similar position would use under similar circumstances.

#### **Independence**

Any member of the Board of Education may serve on the Committee. Any other individual is eligible to be appointed to serve on an audit committee constituted as an advisory committee (as opposed to a "committee of the board") unless he or she:

- Is employed by the District;

- Currently provides or within the prior two years has provided goods or services to the District;
- Is an immediate family member (spouse, spouse equivalent or dependent, whether or not related) or close family member (parent, sibling or nondependent child) of an individual who is an employee, officer or contractor providing services to the District; or
- Is the owner of or has a direct and material interest in an entity providing goods or services to the District.

### **Confidentiality**

During the exercise of duties and responsibilities, the Committee members may have access to confidential information. The Committee shall have an obligation to the District to maintain the confidentiality of such information. Any non-board member that provides assistance to the Audit Committee, including a non-Board member appointed by the Board to serve on the Audit Committee, shall be required to execute an appropriate confidentiality agreement.

### **Meetings and Notification**

The Croton Harmon Union Free School District Audit Committee shall meet a minimum of six times each year. Though the Committee will determine the actual meeting schedule, meetings are generally anticipated to occur during the school year as shown below, and additionally as needed:

- July/August - prior to the start of field work, meet with the external auditor (including in executive session) to discuss the engagement letter and the scope of the upcoming financial statement audit
- September/October - meet with the external auditor (including in executive session) to discuss a draft of the annual audit report and accompanying draft management letter
- January/February - meet to discuss engagement of external auditor for upcoming fiscal year
- Once/year (timing varies) - meet with the external audit firm engaged to conduct the district's annual risk assessment (including in executive session) to review the draft risk assessment and internal audit plan, and to consider areas of focus for the upcoming year's internal audit.
- Once/year (timing varies) - meet with the internal auditor (including executive session if necessary and appropriate) to discuss the draft internal audit report.
- Once/year (timing at Committee's discretion) - meet with claims auditor to discuss scope of work and introduce to current audit committee members.

An agenda of each meeting should be determined in advance and the Audit Committee should receive the agenda with supporting documents in advance, for reasonable review and consideration. Such meetings shall be open to the public to the extent required by the Open Meetings Law, except that Education Law section 2116-c provides that the Audit Committee may also conduct an executive session to:

- Meet with the external auditor prior to the commencement of the audit;
- Review and discuss with the external auditor any risk assessment of the district's fiscal operations; and
- Review and discuss with the external auditor the draft annual audit report and accompanying draft management letter and, working directly with the external auditor, assist the Board in interpreting these documents.

For the purposes of delineating persons with whom the Audit Committee may meet in executive session, as listed above, the term “external auditor” includes persons engaged by the District pursuant to an inter-municipal cooperative agreement, BOCES shared services agreement or independent contractor agreement to perform the internal audit function in accordance with Board Policy 6680.

If authorized by Board resolution, any Board member who does not serve on the Audit Committee may attend an executive session of the Committee.

A designated Audit Committee member shall prepare minutes of each meeting. At a minimum, the minutes will include the following to the extent not related to matters discussed in executive session:

- The meeting agenda
- Date, attendance and location of the meeting
- Summaries of the topics discussed and all motions, proposals, resolutions and any other matter formally voted upon and the vote thereon, including recommendations agreed to by the committee
- As appropriate, copies of materials discussed or presented at the meeting

### **Decision-Making Process**

All decisions shall be reached by consensus of those members present at the meeting. Consensus is defined as an acceptable solution that all can agree to support. If consensus cannot be reached, then the decision shall be reached by vote of a simple majority of the Committee. A quorum constitutes a simple majority of the total membership and meetings will not be conducted unless a quorum is present.

### **Reporting Requirements**

The Audit Committee has the duty and responsibility to report its activities to the Board of Education as needed, but not less than annually. Periodic written reports of Audit Committee activities are an important communication link between the Audit Committee and the Board of Education on key decisions and responsibilities. The Audit Committee's reporting requirements include:

- Report on the scope and breadth of Audit Committee activities so that the Board of Education is kept informed of its work.
- Provide minutes or a summary of minutes of meetings and work sessions which clearly record the actions and recommendations of the Committee.
- Report on their review of the District's draft annual audit report and accompanying management letter and their review of significant findings.
- Report on suspected fraud, waste or abuse or significant internal control findings and activities of the internal control function.
- Report on indications of material or significant non-compliances with laws or District policies and regulations.
- Report on any other matters that the committee believes should be disclosed to the Board of Education.

### **Review of the Charter**

The Croton Harmon Union Free School District Audit Committee shall assess and report to the Board of Education on the adequacy of this Charter as necessary. Charter modifications, as

recommended by the Audit Committee, should be presented to the Board of Education in writing for its review and action.

**Ref:**

- Education Law §2116-c
- 8 NYCRR 170.12(d)
- New York Office of the State Comptroller *Audit Committee Charter Guidance and Audit Committee Charter Template*
- NYSSBA *Fiscal Oversight Fundamentals for School Board Members*