

# Audit and Finance Committee Charter

## **Audit and Finance Committee Authority**

Pursuant to resolution number 2005-B46, dated December 7, 2005, the Board of Education of the Kingston City School District, has established an audit and finance committee to assist the Board of Education in the oversight of both the internal and external audit functions. The requirement to create an audit committee was established by Education Law §2116-c. *According to §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.*

The District's resolution also states that the audit and finance committee will provide recommendations on the appointment of the internal and external claims auditor; meet with the external auditor to review draft audit, management letter, and risk assessment; oversee the internal audit function, review findings and recommendations; provide recommendation to the Board of Education regarding the acceptance of external audit and review implementation of corrective action plan; and duties as established by The Commissioner of Education through regulation.

## **Mission**

The Board of Education of the Kingston City School District, has established an audit and finance committee to provide independent assistance to the Board in the oversight of the following matters:

- ◆ *Assist the Board in providing oversight of the internal and external audit functions, including the appointment of the internal and external auditors.*
- ◆ *Review corrective action plans and necessary improvement based on audit findings and recommendations received from external and internal auditors.*
- ◆ Provide a communications link between the external and internal auditors and the Board.
- ◆ Review the District's finance and business needs as deemed necessary by the Board of Education and/or Audit and Finance Committee.

## **Composition**

The Kingston City School District, *Audit and Finance Committee* is a committee of the Board consisting of at least three Board members.

## **Duties and Responsibilities**

The duties and responsibilities of the Kingston City School District, Audit and Finance Committee include the following:

### **➤ External Audit Focus:**

- ◆ *Recommend selection of the external auditor to the Board of Education.*
- ◆ *Meet with the external auditor prior to commencement of the audit to 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.*
- ◆ *Review the external auditor's assessment of the district's system of internal controls.*
- ◆ *Receive and review the draft annual audit report and accompanying draft management letter 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 any corrective action plan developed by the school district and assist the Board of Education in the implementation of such plans.*

### **➤ Internal Audit Focus:**

- ◆ *Make recommendations to the Board of Education regarding the appointment of the internal auditor and claims auditor.*
- ◆ *Assist in the oversight of the internal audit function.*
- ◆ *Review 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.*
  - ◆ *Provide input on the performance evaluation of the internal auditor.*
- **Administrative Matters:**
- ◆ Hold regularly scheduled meetings.
  - ◆ Administer other related duties as prescribed by the Board of Education.
  - ◆ Review the District's finance and business needs as deemed necessary by the Board of Education and/or Audit and Finance Committee.
  - ◆ Assist with the budget process and development as necessary.
  - ◆ Review and revise the Audit Committee Charter.

## **Membership**

The membership duties of the Kingston City School District, Audit and Finance 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 generally prudent person in a similar position would use under similar circumstances.
- **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.
- **Oath of Office** - All non-board members, who are members of the Audit and Finance Committee, should be administered the District's oath of office by the District Clerk.

## **Meetings and Notification**

The Kingston City School District, Audit and Finance Committee shall meet a minimum of four times each year. An agenda of each meeting should be clearly determined in advance. *Any*

*member of the Board of Education, who is not a member of the Audit Committee, may attend audit committee meetings if authorized by a resolution of the Board.*

The Audit and Finance Committee shall prepare minutes when appropriate. At a minimum, the minutes will include the following:

- ◆ Copies of the meeting agenda;
- ◆ Date, attendance and location of the meeting;
- ◆ Brief summary of the topics discussed;
- ◆ Copies of materials discussed or presented at the meeting;
- ◆ A record of all actions or recommendations agreed to by the committee.

### **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, polling of the voting membership will take place and simple majority will rule. A quorum constitutes a simple majority of the total membership and meetings will not be conducted unless a quorum is present.

### **Reporting Requirements**

The Kingston City School District, Audit and Finance Committee has the duty and responsibility to report its activities to the Board of Education. Periodic written reports of Audit and Finance Committee activities are an important communication link between the Audit and Finance Committee and the Board on key decisions and responsibilities. The Audit Committee's reporting requirements are to:

- ◆ Report on the scope and breadth of committee activities so that the Board of Education is kept informed of its work.
- ◆ Make available 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 and recommendations of the internal auditor.
- ◆ Report on suspected fraud or abuse or material defects in the internal control systems.

- ◆ Report on material or significant non-compliances with laws or District policies and regulations.
- ◆ Report on any other matters that should be disclosed to the Board of Education.

### **Review of the Charter**

The Kingston City School District, Audit and Finance Committee shall assess and report to the Board of Education on the adequacy of this Charter no less than an annual basis or as necessary. Charter modifications, as recommended by the Audit and Finance Committee, should be presented to the Board of Education in writing for their review and action.