

AUDIT AND FINANCE COMMITTEE

The Board of Education recognizes the necessity for strong oversight of District financial operations in order to promote the fiscal integrity of the District. Accordingly, the Board shall appoint a Audit and Finance Committee of at least three Board members, to assist in the oversight of both internal and external audit functions. The appointment of the Audit and Finance Committee shall be determined annually by the Board of Education. The Board may appoint, on an annual basis, non-Board members to the Audit and Finance Committee if the Board deems that such composition is advisable to provide the requisite accounting, auditing, and financial reporting expertise. Employees of the District are prohibited from serving on the Audit and Finance Committee, although the Superintendent may be invited to attend meetings.

The role of the Audit and Finance Committee shall be advisory. Recommendations made to the Board shall not be substituted for appropriate review and action by the Board of Education.

The Audit and Finance Committee shall develop a formal, written charter describing its purpose, mission, duties, responsibilities and membership. This charter shall be submitted to the Board of Education for approval and reviewed annually.

The Audit and Finance Committee is to provide 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.
- ◆ Assist with the budget process and development as necessary.
- ◆ Administer other related duties as prescribed by the Board of Education including a review of all PILOTS and DEVIATED PILOTS made known to the district.
- ◆ Consult with the Medicaid Compliance Officer.

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.

The Audit and Finance Committee shall not participate in or be responsible for the day-to-day operations of the District or in the decisions that are the responsibility of the Superintendent of Schools, the Business Administrator, or any other District administrators. The Audit and Finance Committee will meet minimally four times each year; all meetings are subject to the Open Meetings Law requirements. Periodic written reports of the 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.

The Audit and Finance Committee shall be subject to the regulations of the Commissioner of Education.

Reference: Education law 2116-C, 8 NYCRR 170.12(d)

Adopted: April 25, 2007

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