

AUDIT COMMITTEE CHARTER – REGULATIONS**Audit Committee Authority**

The Board of Education of the North Colonie Central School District has established an Audit Committee to assist the Board 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(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 has established an Audit 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.

Composition and Requisite Skills

The District's Audit Committee may be comprised of the Board as a whole or as an advisory committee that may include non-board members if additional expertise is deemed necessary by the Board of Education. The Audit Committee must have at least three (3) members. District employees are prohibited from membership. Members serve without compensation but are entitled to reimbursement of expenses.

The committee members collectively should possess knowledge about accounting, auditing, financial reporting and school district finances needed to understand and evaluate the school district's financial statements, the external audit of those statements and the district's internal audit activities

Duties and Responsibilities

The duties and responsibilities of the District's Audit 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 the commencement of the audit to review the engagement letter and recommend changes and acceptance of that 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 and it 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.
- Assist the Board in the oversight of the internal audit function.
- Receive and review significant recommendations and findings of the internal auditor.
- Monitor implementation of the internal auditor's recommendations by management.
- Provide input to the Board of Education on the performance evaluation of the internal auditor.
- Review and discuss with the internal auditor
 - The development of a risk assessment (including review of policies, procedures and testing of internal controls) of school district operations.
 - The annual review and update of such risk assessment; and
 - The reports (at least annually) to the Board of Education that include the findings of the risk assessment, recommendations for improvement and a time frame for implementation.

Membership

The membership duties of the North Colonie 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 generally prudent person in a similar position would use under similar circumstances.
- Independence – Persons other than Board members who serve on an advisory committee shall be independent and shall not:
 - Be employed by the district;
 - Be an individual who within the last two years provided or currently provides services or good to the district;
 - Be the owner of or have a direct and material interest in a company providing goods or services to the district; or
 - Be a close or immediate family member of an employee, officer, or contractor providing 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.
- Oath of Office – All non-board members, who are members of the Audit Committee, should be administered the district' oath of office by the District Clerk.

Meetings and Notification

The North Colonie Central School District Audit Committee shall meet a minimum of two times each year. An agenda of each meeting should be clearly determined in advance and the Audit Committee should receive supporting documents in advance, for reasonable review and consideration. Any member of the Board of Education, who is not a member of the Audit Committee, may attend Audit Committee meetings.

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 Requirement

The Audit Committee shall report to the Board on an as needed basis but not less than annually. The Audit Committee's reporting requirements are to report:

- The activities of the Audit Committee
- The summary of the meetings
- Significant findings brought to the attention of the Audit Committee
- Any indications of suspected fraud, waste, or abuse
- Significant internal control findings, and
- Activities of the internal audit function

The Audit Committee may conduct executive sessions, pursuant to section 105 of the Public Officers Law pertaining to the audit, risk assessment, and draft auditor report.

Adopted: June 19, 2006