

# **AUDIT COMMITTEE CHARTER**

## **I. Audit Committee Authority**

Pursuant to resolutions dated July 8, 2004 and September 1, 2005, and in accordance with Education Law 2116 (b) and (c), the Board of Education of the Manhasset School District (the "Board") acted at a regular meeting and 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-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 defines membership of the Audit Committee, expands audit review to include further oversight of the internal audit process and incorporates risk assessment.

## **II. Mission**

The Manhasset School District (the "District") has established an audit committee to ensure the District's fiscal accountability by providing independent assistance and advice to the Board in the oversight of external and internal audits, including the following matters:

1. To assist and advise the Board in providing oversight of the internal and external audit functions, including the appointment of the internal and external auditors
2. To oversee and report upon the annual independent audit of the District's financial records
3. To oversee the competitive Request for Proposal Process (RFP) used to solicit quotations for the District's annual external audit and internal auditor
4. To recommend qualifications for the selection of the internal auditor
5. To review the scope, plan and coordination of the external audit
6. To review the scope, plan and coordination of the internal audit process
7. To review corrective action plans and necessary improvement based on audit findings and recommendations received from external and internal auditors
8. To provide a communications link between the external and internal auditors and the Board

## **III. Composition and Requisite Skills**

The Manhasset School District Audit Committee (the "Audit Committee") is comprised of five (5) members who are appointed annually at the Annual Board of Education Reorganization Meeting to serve staggered three (3) year terms. The initial appointment of members may be less than three (3) years, in order to establish the appropriate staggering of terms. In the case of a sitting Board member, a term of less than three (3) years is acceptable if it is deemed desirable for Audit Committee membership to be co-terminus with the expiry of the respective member's Board appointment. Each member may serve consecutive terms. The Board may replace an Audit

Committee member prior to the expiration of their term if appropriate due to resignation, poor attendance, or other issues which may arise. Members will serve without compensation. Members may be reimbursed for their actual and necessary expenses related to attending Audit Committee meetings.

The Audit Committee shall include:

1. Up to two members who are members of the Board of Education
2. The balance of the Audit Committee members shall be residents of the Manhasset School District

The Committee members collectively should possess the expertise and experience 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 should:

1. Possess the requisite skills and experience necessary to understand technical and complex financial issues and/or financial reporting issues in order to resolve concerns raised either by the external or internal auditor
2. Have the ability to communicate with, and offer advice and assistance to, the **district's** business officials and auditors
3. Be knowledgeable about internal controls, financial statement audits and management/operational audits

The Superintendent of Schools and the Assistant Superintendent for Business shall serve as administrative liaisons to the Audit Committee, and shall attend Audit Committee meetings as needed.

The Chairperson of the Audit Committee shall be voted on by the Audit Committee members on an annual basis at an organizational meeting held no later than September 30th of each year. The Chair shall serve from each July 1st through June 30th of the following calendar year. A member of the Audit Committee shall be appointed by the Chairperson to serve as its Secretary.

#### **IV. Duties and Responsibilities**

The duties and responsibilities of the Audit Committee are advisory in nature and include the following:

##### **A. External Audit Focus**

1. Recommend selection of the independent external auditor to the Board
2. Meet with the external auditor prior to commencement of the audit to review the engagement letter
3. 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

4. Review the external auditor's findings and assessment of the district's system of internal controls
5. Receive and review the draft annual audit report and accompanying draft management letter and, working directly with the external auditor, assist the Board in interpreting such documents
6. Make a recommendation to the Board on whether to accept the annual audit report
7. Review any corrective action plan developed by the District in connection with any audit, including an audit by a governmental entity, and assist the Board in the implementation of such plans within 90 days after receipt of the audit findings each year.
8. **Monitor management's implementation of the external auditor's recommendations**

**B. Internal Audit & Claims Audit Focus**

1. Make recommendations to the Board regarding the appointment of the internal auditor and the claims auditor
2. Assist in the oversight of the internal audit and claims audit function
3. Review the annual internal audit plan to ensure that high risk areas and key control activities are periodically evaluated and tested
4. Review the results of internal audit activities and significant recommendations and findings of the internal auditor and the claims auditor
5. Monitor **management's** implementation of the internal auditor's recommendations
6. Provide input to and participate in the annual performance evaluation of the internal auditor and the claims auditor
7. Review any corrective action plan developed by the District in connection with any audit, including an audit by a governmental entity, and assist the Board in the implementation of such plans within 90 days after receipt of findings by the internal auditor or claims auditor

**C. Administrative Matters**

1. Hold regularly scheduled meetings. At a minimum, meetings should be held four (4) times throughout the school year.
2. Administer other related duties as prescribed by the Board
3. Review and recommend to the Board revisions to the Audit Committee Charter
4. Ensure that all Board members are in compliance with the fiscal training requirements as set forth in the regulations of the New York State Commissioner of Education

**V. Membership Requirements and Ethics**

The membership duties of the Audit Committee are established to demonstrate the following:

**A. Good Faith**

Members of the Audit 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.

**B. Independence**

The following individuals would be precluded from being an Audit Committee member:

1. An individual currently employed or previously employed by the District during the past two (2) years.
2. An individual who within the prior two (2) years has provided goods or services to the District on a contractual basis or has a current contractual relationship with the District for the provision of goods and services. This would include an individual who is a partner in, a controlling owner of, an executive of, or has a direct and material interest in providing goods or services to the District
3. An individual who is an immediate family member (husband, wife, child or their spouses, spouse equivalent, or dependent whether or not related) or close family member (parent, sibling or nondependent child) of an individual who is, or has in the past two (2) years been, either employed by the District, an officer of the District, or a contractor providing goods and services to the District
4. An individual who is a partner in, a controlling owner, an executive of, or has a direct and material interest in any for-profit business to which the District made payments, or from which the District received payments that are or have been in excess of ten thousand dollars \$10,000 in any of the past five (5) years

On an annual basis, Audit Committee members should file a form with the District, certifying that they do not have any conflict of interests that would preclude them from serving on the Audit Committee.

**C. Confidentiality**

During the exercise of duties and responsibilities, the Audit Committee members may have access to confidential information. The Committee shall have an obligation to the District at all times to maintain the confidentiality of such information.

**D. Oath of Office**

Audit Committee members are considered District office-holders under the law and are therefore covered by District policies and indemnity powers. All members of the Audit Committee who are not Board members must take the District's oath of office as administered by the District Clerk.

## **VI. Meetings and Notification**

The Audit Committee shall meet a minimum of four (4) times each year, depending upon the matters that require review. An agenda of each meeting should be clearly determined in advance by the Audit Committee Chairperson and circulated to the Audit Committee. Members should receive supporting documents in advance of meetings, to allow for reasonable review and consideration.

As a public body, the Audit Committee is subject to the requirement of the Open Meetings Law. As provided by Education Law 2116-c, under certain circumstances meetings may be conducted in executive session, including but not limited to:

1. Meetings with the external auditor prior to the commencement of the audit
2. Discussions with the external auditor or internal auditor concerning any risk assessment of the **District's** financial operations
3. Meetings with the external auditor to receive, review or discuss the draft annual audit report and management letter and, working directly with the external auditor to assist the Board in interpreting these documents
4. Meetings with the internal auditor prior to commencement of specific audit tasks
5. Meetings with the internal auditor to receive, review or discuss draft reports

Any member of the Board, who is not a member of the Audit Committee, may attend executive sessions of the Audit Committee meetings, if so authorized by a resolution of the Board.

The Secretary of the Audit Committee shall prepare minutes of each meeting. Subsequent to each meeting, minutes shall be prepared in draft form and circulated to the Audit Committee members for review and comment. The draft should be clearly labeled as such and may be shared with the Board. Minutes may be amended and shall be approved at the next meeting of the Audit Committee.

At a minimum, the minutes will include the following:

1. Copies of the meeting agenda
2. Date, attendance and location of the meeting
3. A brief summary of the topics discussed
4. Copies of materials discussed or presented at the meeting
5. A record of all actions or recommendations agreed to by the Audit Committee

## **VII. 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 a simple majority will rule. A quorum shall consist of three (3) members attending in person and meetings will not be conducted unless a quorum is present.

### **VIII. Reporting Requirements**

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

1. Report on the scope and breadth of the Audit Committee activities so that the Board is kept informed of its work
2. Provide minutes of meetings and work sessions which clearly record the actions and recommendations of the Audit Committee
3. 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
4. Report on suspected fraud or abuse or material defects in the internal control systems
5. Report on material or significant non-compliances with laws or District policies and regulations
6. Report on any other matters that should be disclosed to the Board

### **IX. Review of the Charter**

The Audit Committee shall assess and report to the Board on the adequacy of this Charter as necessary, on no less than an annual basis. Charter modifications, as recommended by the Audit Committee, should be presented to the Board in writing for Board review and action. The annual review should include the Audit Committee's self-review of the activities it conducted during the year.

### **Reference:**

Education Law §2116 (b) and (c)

**Adopted:** August 31, 2006

**Amended:** March 1, 2012

**Further Amended:** September 24, 2015