

## AUDIT COMMITTEE CHARTER

---

### Audit Committee Authority

Pursuant to Board resolution dated April 4, 2006, the Board of Education of the Hauppauge School District has established an audit 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(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 independent audit functions, including the appointment of the internal and external and claims auditors.*
- Oversee the competitive Request for Proposal Process (RFP) used to solicit quotations for the District's independent audit functions.
- Review the scope, plan and coordination of the independent audit functions.
- *Review corrective action plans and necessary improvement based on audit findings and recommendations received from independent auditors.*
- Provide a communications link between the independent auditors and the Board.

### Composition and Requisite Skills

The District's Audit Committee is comprised of 6 members who will serve without compensation in staggered three year terms. The committee shall include:

- Three Board of Education Members
  - Three Community Members
- The term of any board member shall not exceed the member's term on the board.

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 school district's financial statements, the external audit of those statements and the district's internal audit activities. Accordingly, the Audit Committee's members should:

- Possess the requisite skills and experience necessary to understand technical and complex financial reporting issues.
- Have the ability to communicate with, and offer advice and assistance to, public finance officers and auditors.
- Be knowledgeable about internal controls, financial statement audits and management/operational audits.

### **Duties and Responsibilities**

The duties and responsibilities of the District's Audit Committee include the following:

#### **• External Audit Focus**

- o *Recommend selection of the external auditor to the Board of Education.*
- o *Meet with the external auditor prior to commencement of the audit to review the engagement letter.*
- o *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.*
- o *Review the external auditor's assessment of the district's system of internal controls.*
- o *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.*
- o *Make a recommendation to the Board of Education on accepting the annual audit report.*
- o *Review any corrective action plan developed by the school district and assist the Board of Education in the implementation of such plans.*
- o *Monitor implementation of the external auditor's recommendations by management.*

#### **• Internal Audit Focus to Include Internal and Claims Auditors**

*Assist in the oversight of the internal audit function, including but not limited to:*

- o *Make recommendations to the Board of Education regarding the appointment of the internal auditors.*
- o *Review the annual internal audit plan to ensure that high risk areas and key control activities are periodically evaluated and tested.*
- o *Review the results of internal audit activities and significant recommendations and findings of the internal auditors.*
- o *Review the results of claims audit activities and significant recommendations and findings of the claims auditor.*
- o *Monitor implementation of the internal auditor's recommendations by management.*

o *Provide input on the performance evaluation of the internal auditor.*

- **Administrative Matters**

- o Hold regularly scheduled meetings.
- o Administer other related duties as prescribed by the Board of Education.
- o Review and revise the Audit Committee Charter.
- o Ensure that all board members comply with financial training requirements set forth within the regulation of the Commissioner of Education.
- o Ensure all community members of the audit committee comply with the fiscal training required of the Board of Education members

## **Membership**

The membership duties of the Hauppauge 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 trustees or board members who serve on an advisory committee shall be independent and shall not be:
  - o Someone currently or previously employed by the District during the past two years.
  - o Someone who, within the last two years, provided or currently provides goods or services to the district.
  - o Someone in the immediate family (husband, wife & any children and their spouses) of an individual who is, or has been employed by the district in the past two years, providing services contractually to the District, a board member, or an administrator.
  - o Be the owner of or have a direct and material interest in a company providing goods or services to the district.
- **Confidentiality** – During the exercise of duties and responsibilities, the Committee members may not reveal any confidential information obtained during the exercise of their duties. By accepting appointment to the Audit Committee, the Audit Committee members shall be subject to the confidentiality requirements of General Municipal Laws § 801-a(1)(b) and shall execute a confidentiality agreement with the school district..
- **Oath of Office** - All non-board members, who are members of the Audit Committee, should be administered the district's oath of office by the District Clerk.

## Meetings and Notification

The Hauppauge School District Audit Committee shall meet a minimum of four 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 if authorized by a resolution of the Board.*

The Audit Committee shall prepare minutes of each meeting. 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 Hauppauge Audit Committee has the duty and responsibility to report its activities to the Board of Education. 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:

- Report on the scope and breadth of committee activities so that the Board of Education is kept informed of its work.
- Provide 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 external 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 Hauppauge Audit 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 Committee, should be presented to the Board of Education in writing for their review and action.

New

First Reading: June 20, 2006  
Revised and Adopted: November 14, 2006

Revised: June 25, 2012  
Adopted: July 10, 2012

Revised: June 18, 2013  
Adopted: June 18, 2013