

## **Putnam Valley Central School District Audit Committee Charter**

### **Audit Committee Authority**

Pursuant to the resolution establishing the Audit Advisory Committee dated December 15, 2005, and as amended dated July 13, 2006, the Board of Education (the "Board of Education") of the Putnam Valley Central School District (the "District") has established an audit committee (the "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. In accordance with Education Law § 2116-c (4), the role of an audit committee shall be advisory and any recommendations it provides to the Board of Education shall not be substituted for any required review and acceptance by the Board of Education.

### **Mission**

The Board of Education has established the Audit Committee to provide independent advice, assistance, and recommendations to the Board of Education in the oversight of the internal and external audit functions of the District.

### **Composition and Requisite Skills**

The Audit Committee shall be comprised of at least three, but no more than five, members each of whom shall serve without compensation and one of whom shall be a non-trustee. The non-trustee member of the Audit Committee shall have a background in accounting and have auditing expertise.

The Audit Committee shall be an advisory committee.

The Audit Committee members collectively should possess the knowledge in accounting, auditing, financial reporting and District finances needed to understand and evaluate the District's financial statements, the external audit and the District's internal audit activities. Accordingly, the Audit Committee's members, collectively, should:

- Possess the requisite knowledge necessary to understand technical and complex financial reporting issues.
- Have the ability to communicate with auditors, public finance officers and the Board of Education.

- Be knowledgeable about internal controls, financial statement audits and management/operational audits.

## **Duties and Responsibilities**

The duties and responsibilities of the Audit Committee include the following:

### **• External Audit Focus**

- + Provide to the Board of Education recommendations regarding the selection of the external auditor for the District.
- + Meet with the external auditor prior to commencement of the audit to, among other things, 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.
- + Receive and review the draft annual audit report and accompanying draft management letter, including the external auditor's assessment of the District's system of internal controls, 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 and provide comment to the Board of Education on the District's response to the management letter and assist the Board of Education in the implementation of all applicable responses/actions.

### **• Internal Audit Focus**

- + Make recommendations to the Board of Education regarding the appointment of the internal auditor for the District.
- + Assist in the oversight of the internal audit function, including reviewing the annual internal audit plan to ensure that high risk areas and key control activities are periodically evaluated and tested, and reviewing the results of internal audit activities.
- + Review recommendations and findings of the internal auditor.
- + Monitor implementation of the internal auditor's recommendations by management.
- + Assist in the evaluation of the performance of the internal audit function.

- **Administrative Matters**

- + Hold regularly scheduled meetings and report any recommendations to the Board at the next Board of Education meeting.
- + Review and revise the Audit Committee Charter, as necessary.
- + Conduct an annual self-evaluation of its performance, including its effectiveness and compliance with the charter.

## **Membership**

The membership duties of the Audit Committee include the following:

- **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 Audit Committee and the District with such care as a generally prudent person in a similar position would use under similar circumstances.
- **Independence** – An individual, other than members of the Board of Education, may not serve on the Audit Committee if he or she:
  - + Is employed by the District.
  - + Currently provides, or within the prior two years, has provided, goods or services to the District.
  - + Is an immediate family member (e.g., spouse, spouse equivalent or dependent whether or not related) or a close family member (e.g., parent, sibling or nondependent child) of an individual who is an employee, officer or contractor providing services to the District.
  - + Is the owner of or has a direct and material interest in a company providing goods or services to the District.
- **Confidentiality** – During the exercise of duties and responsibilities, the Audit Committee members may have access to confidential information. Each member of the Audit Committee shall have an obligation to the District to maintain the confidentiality of such information in accordance with applicable law.

## **Meetings and Notification**

The Audit Committee shall meet a minimum of three times each fiscal year of the District. An agenda, including supporting documents, of each meeting shall be available or distributed to each member of the Audit Committee for reasonable review and consideration in advance of each such meeting. 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 of Education.

Members of the Audit Committee are expected to attend each committee meeting, in person or via telephone or videoconference. The audit committee may invite other individuals such as members of management, auditors or other technical experts to attend meetings and provide pertinent information, as necessary.

The Audit Committee shall give notice and prepare minutes of each meeting. At a minimum, the minutes will include the following:

- The meeting agenda
- Date, attendance and location of the meeting
- Except as otherwise provided by law in connection with executive sessions, summaries of the topics discussed, and all motions, proposals, resolutions and any other matter formally voted upon and the vote thereon, including recommendations agreed to by the Audit Committee.
- As appropriate, copies of materials discussed or presented at the meeting.

### **Decision-Making Process**

All decisions for recommendations shall be reached by vote of a simple majority of the total membership of the Audit Committee. A quorum constitutes a simple majority of the total membership and meetings will not be conducted unless a quorum is present.

### **Reporting Requirements**

The Audit Committee has the duty and responsibility to report its activities to the Board of Education as needed, but not less than annually. Periodic written reports of Audit Committee activities are an important communication link between the Audit Committee and the Board of Education on key decisions and responsibilities.

The Audit Committee's reporting requirements are to:

- Report on the scope and breadth of Audit Committee activities so that the Board of Education is kept informed of its work.
- Provide minutes or a summary of minutes of meetings which clearly record the actions and recommendations of the Audit Committee.
- Report on their review of the District's draft annual audit report and

accompanying management letter and their review of significant findings.

- Report on suspected fraud, waste or abuse, or significant internal control findings and activities of the internal control function.
- Report on indications of material or significant non-compliances with laws or District policies and regulations.
- Report on any other matters that the Audit Committee believes should be disclosed to the Board of Education.

### **Review of the Charter**

The 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.

Revised Document Adopted: September 7, 2017