

Audit/Finance Committee Charter

Audit Committee Authority

The Board of Education of the McGraw Central School District has established an audit committee to assist the Board of Education in the oversight of 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.

Mission

The Board of Education of the McGraw CSD 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 external audit functions, including the appointment of the external auditor and the claims auditor.
- Oversee the competitive Request for Proposal Process (RFP) used to solicit quotations for the District's annual external audit.
- Review the scope, plan and coordination of the external audit.
- Review corrective action plans and necessary improvement based on audit findings and recommendations received from external auditor.
- Provide a communications link between the external auditor and the Board.

Composition and Requisite Skills

The McGraw CSD Audit Committee is comprised of no more than three board members and may include a community member with staggered three year terms. The committee shall include:

Cindy Buerkle 2014-17, Cheryl Kenyon 2014-17, Steve Jenney 2013-2016

vThe 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 (not required for the district's size). Accordingly, the Audit Committee's members should:

- Possess the require 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 McGraw CSD Audit committee include the following:

- External Audit Focus
 - Provide recommendations regarding the selection of the external auditor to the BOE on a turnaround basis.
 - 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 (not required at this time)
 - Make recommendations to the Board of Education regarding the appointment of the internal 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.

- Administrative Matters
 - Hold regularly scheduled meetings.
 - Administer other related duties as prescribed by the Board.
 - Review and revise the Audit committee Charter by October 1st of each year.

Membership

The membership duties of the McGraw CSD 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 are as a generally prudent person in a similar position would use under similar circumstances.

- **Independence** – The following individuals would be precluded from being an Audit Committee member;
 - Someone currently or previously employed by the District during the past one year.
 - Someone currently or previously providing services contractually to the District during the past two years.
 - Someone of the immediate family (husband, wife & any children and their spouses) of an individual who is, or has been in any of the past two years, employed by the district *in a permanent or probationary appointment*, providing services contractually to the District or contractually related to the District as a board member or an administrator.
 - Someone who is a partner in, a controlling owner or an executive of, any for profit business to which the district made, or from which the district received, payments that are or have been significant over \$500.00 to the district or the for-profit business entity in any of the past two years.
- **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’s oath of office by the District Clerk.

Meetings and Notification

The MCSD 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, 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 by the business official
- Date, attendance and location of the meeting
- Brief summary of the topics discussed
- Any recommendations forwarded to the Board of Education

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 member ship and meetings will not be conducted unless a quorum is present.

Reporting Requirements

The McGraw CSD 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:

- 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 and any recommendations of the Committee.
- Report on their review of the District's draft annual audit report and accompanying management letter (and their review of any findings and recommendations of the internal auditor).
- Report on suspected fraud, waste, or abuse or material defects in the internal control systems.
- Report on material or non-compliances with laws or District policies and regulations.
- Report on any other matters that should be disclosed to the Board.

Review of the Charter

The McGraw Central School District 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 6/30/15