

RYE CITY SCHOOL DISTRICT**Audit Committee Charter**

The Board of Education of the Rye City School District has established an audit committee as required by Education Law §2116-c. In accordance with Education Law §2116-c (4), the role of the 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 audit committee of the Rye City School District shall act in an advisory capacity to assist the Board of Education in oversight and review of the District's internal and external audit functions.

Membership

The audit committee shall be composed of a minimum of three members, who will include: a minimum of two or a maximum of three trustees currently sitting on the Board of Education and a minimum of one and a maximum of nine community members. Members of the audit committee are school district officers who shall be required to take an oath of office. As such, committee members may not reveal any confidential information obtained in the exercise of their duties. The audit committee members should collectively possess the knowledge in accounting, auditing, financial reporting and school district finances needed to understand and evaluate the District's financial statements and the external and internal audits. All members of the audit committee are appointed to one year terms that can be renewed at the discretion of the Board of Education. Committee members serve without compensation.

Persons other than trustees or board members who serve on an advisory committee shall be independent and shall not be:

- An employee of the District;
- An individual who within the last two years has provided or currently provides services or goods to the District;
- An individual who owns or has a direct and material interest in a company providing goods or services to the District;
- A close or immediate family member of an employee, officer or contractor providing goods or services to the District. The term "close or immediate family member" includes parent, sibling, nondependent child, spouse, spouse equivalent, or dependent, whether or not related.

Responsibilities and Duties

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

The duties of the Rye City School District audit committee shall include the following:

Assist in the oversight of the **external audit** function, including:

- o Provide recommendations regarding the selection of the external auditor to the Board of Education.
- o Meet with the external auditor prior to commencement of the audit.
- 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 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 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 every corrective action plan developed by the school district and assist the Board of Education in the implementation of said plan(s) to the extent necessary.

Assist in the oversight of the **internal audit** function, including:

- o Make recommendations to the Board of Education regarding the appointment of the internal auditor.
- o Review annual risk assessment for implementation progress of previous recommendations and new findings or significant recommendations of the internal auditor.
- o Based on risk assessment findings, participate in the selection of the annual area of focus, AUP (Agreed Upon Procedures) Audit.
- o Participate in the evaluation of the performance of the internal audit function.

Participate in committee functions, including:

- o Attend meetings sufficient to fulfill all committee duties.
- o Review the audit committee charter annually.

Meetings and Notification

The Rye City School District audit committee shall meet a minimum of three times each year. Audit committee members should receive supporting documents in advance, for reasonable review and consideration. A quorum (simple majority) of audit committee members must be present to conduct a meeting. All committee decisions must be made by a simple majority of the total membership. 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 is subject to the requirements of the Open Meetings Law and may convene in Executive Session for the following purposes:

- Meeting with the external auditor prior to the commencement of the audit.
- Reviewing and discussing with the external auditor any risk assessment of the district’s fiscal operations.
- Receiving and reviewing the draft annual audit report and accompanying draft management letter and, working directly with the external auditor, assist the Board in interpreting these documents.

Reporting Requirements

The Rye City School District audit committee has the duty and responsibility to report its activities to the Board of Education as needed, but not less than annually. The chairperson of the audit committee shall report to the Board of Education on the work of the audit committee, including:

- Report on the scope and breadth of committee activities so that the Board of Education is kept informed of its work.
- 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 committee believes should be disclosed to the Board of Education.

Board Adoption Date: May 16, 2017