

**AUDIT/FINANCE COMMITTEE**

The Board of Education will designate and appoint an Audit/Finance Committee for purposes of overseeing and carrying out the Board’s audit policies and the performance of related duties and responsibilities. The district’s Audit/Finance Committee shall be comprised of at least three members. At least three members shall be appointed to serve on the committee on an annual basis. Employees of the school district are prohibited from serving on the committee.

The Audit/Finance Committee shall:

1. Recommend internal and external audit plans to the Board, specifying the areas of District operations to be reviewed for compliance with legal and regulatory requirements, operating efficiency and effectiveness;
2. Receive and review the resulting audit reports; and propose recommendations to the Board for action as may be necessary and appropriate;
3. Receive and review the report of the external auditor on any findings commented on during the annual audit report, and the management response thereto, and propose recommendations to the Board for action as may be necessary and appropriate;
4. Oversee the selection of the internal auditor and the external auditor, pursuant to the relevant Board policies, and make recommendations to the Board for appointment to said positions; and
5. Perform any other responsibilities outlined by the Board and/or as listed in the District’s Audit/Finance Committee Charter (see attached exhibit, 6690-E).

The Audit/Finance Committee may conduct an executive session in accordance with law and Commissioner’s regulation. Any member of the board of education who is not a member of the Audit/Finance Committee may be allowed to attend an executive session if authorized by a resolution of the board of education.

It is not the intent of the Board of Education that the Audit/Finance Committee participate in or be responsible for the day to day operations of the school district or in the decisions that are the responsibility of the Superintendent of Schools or Business Manager, or the other district administrators.

Ref: Education Law §2116-c  
8 NYCRR §170.12 (d)

Effective Date January 10, 2017

**Audit/Finance Committee Charter (Exhibit)****Audit/Finance Committee Authority**

Pursuant to resolution dated August 25, 2006, the Board of Education of Kinderhook Central School District (aka Ichabod Crane Central School District) has established an Audit/Finance 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-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 Ichabod Crane Central School District has established an Audit/Finance Committee to provide independent assistance to the Board in the oversight of the following matters:

- Assist the Board in providing oversight of the internal and external audit functions, including the appointment of the internal and external auditors.
- 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 and internal auditors.
- Provide a communications link between the external, internal and claims auditors and the Board.
- Provide a communications link to the Board regarding District fiscal matters.

**Composition and Requisite Skills**

The Ichabod Crane Central School District Audit/Finance Committee is comprised of at least three Board members (Board Sub-Committee) with one-year terms and any other community members as appointed by the Board.

The Committee members collectively should possess some general knowledge 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.

## **Duties and Responsibilities**

The duties and responsibilities of the Ihabod Crane Central School District Audit/Finance Committee include the following:

- **External Audit Focus**
  - Recommend selection of the external auditor to the Board of Education.
  - 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 interpreting such documents.
  - Make a recommendation to the Board of Education on accepting the annual audit report.
  - Work with the administration on any corrective action plan developed by the school district and assist the Board of Education in the implementation of such plans.
  - Receive regular reports from the internal auditor and claims auditor.
  
- **Internal Audit Focus**
  - 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.
  
- **Financial Focus**
  - Review and discuss as necessary District financial matters, including but not limited to: Capital Planning, Grant Funding, Budgeting, State Aid, Taxes and Reserve Management
  
- **Administrative Matters**
  - Hold regularly scheduled meetings.
  - Administer other related duties as prescribed by the Board of Education.
  - Review and revise the Audit/Finance Committee Charter.

## Membership

The membership duties of the Ichabod Crane Central School District Audit/Finance 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** – the following individuals would be precluded from being an Audit Committee member:
  - Someone currently employed by the District.
  - Someone currently or previously providing services contractually to the District during the past year.
  - 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 (\$1,000 or greater) to the district or the for-profit business entity in any of the past five 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/Finance Committee should be administered the District's oath of office by the District Clerk.

## Meetings and Notification

The Ichabod Crane Central School District Audit/Finance Committee shall meet a minimum of four (4) times each year. Any member of the Board of Education who is not a member of the Audit/Finance Committee may attend an executive session of the Audit/Finance Committee if authorized by a resolution of the Board of Education.

The Audit/Finance 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.

## **Reporting Requirements**

The Ichabod Crane Central School District Audit/Finance Committee has the duty and responsibility to report its activities to the Board of Education. Periodic Audit/Finance Committee activities are an important communication link between the Audit/Finance Committee and the Board on key decisions and responsibilities. The Audit/Finance 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 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-compliance 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 Ichabod Crane Central School District Audit/Finance Committee shall assess and report to the Board of Education on the adequacy of this charter on an annual basis or as necessary. Charter modifications, as recommended by the Audit/Finance Committee, should be presented to the Board of Education in writing for their review and action.

Effective Date January 10, 2017