

Stamford Central School

**Audit
Committee
Charter**

STAMFORD CENTRAL SCHOOL

AUDIT COMMITTEE CHARTER

PURPOSE — Provisions of Education Law Chapter 263 of the Laws of 2005, require the Board of Education of School Districts to establish an audit committee to oversee and report upon the annual independent audit of the school district's records. Education law also requires school districts to establish an internal audit function and for the audit committee to assist the board of education in the oversight of that function. This charter provides a framework and guidance for the audit committee.

AUDIT COMMITTEE AUTHORITY — The requirement to create an audit committee was established by Education Law 2116-C. Pursuant to a resolution June 8, 2006, the Board of Education of the Stamford Central School District has established itself as the audit committee to assist in the oversight of both the internal and external audit functions. The role of the audit committee is to advise and monitor issues relating to these functions. The ultimate responsibility for review and action on audit reports remains with the full board. According to Education Law 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 Stamford Central School District has established an Audit Committee to provide assistance to the Board of Education in overseeing the following activities:

- Assist the Board in providing oversight of the internal and external audit functions.
- Review the competitive Request for Proposal (RFP) process used to solicit quotations for the school district's annual external audit.
- Recommend the appointment of the internal and external auditors.
- Review the scope, plan, and coordination of the external audit.
- Review corrective action plans and necessary improvements, based on audit findings and recommendations, received from external and internal auditors.
- Provide the communications link between the external and internal auditors, and the Board.

COMPOSITION & REQUISITE SKILLS — The Stamford Central School District

Audit Committee is comprised of five members and is assigned on an annual basis by the Board of Education.

The committee members should collectively possess the expertise and experience in accounting, auditing, financial reporting, and school district finances, needed to understand and evaluate the school district financial statements and to resolve concerns expressed by either the external auditors or the school district's internal auditor.

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 & RESPONSIBILITIES — The Audit Committee has two primary functions to oversee: the annual external audit and the internal audit function. Specifically, the duties and responsibilities of this committee include the following:

External Audit Activities:

- 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 school 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.
- Review the external auditor's assessment of the school 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 Stamford Central school district and assist the Board of Education in the implementation of such plans.

Internal Audit Activities:

- 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 Stamford Central's 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 Activities:

- Hold regularly scheduled meetings.
- Administer other related duties as prescribed by the Board of Education.
- Review and make recommendations of the Audit Committee Charter.

MEMBERSHIP — The membership duties of the Stamford Central School District 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 school district with such care as a generally prudent person in a similar position would use under such circumstances.
- Independence — The following individuals are not eligible to be an Audit Committee member:
 - Someone currently or previously employed by the school district during any of the past two full fiscal years.
 - Someone currently or previously providing services contractually to the school district during any of the past two full fiscal years.
 - Someone of the immediate family (husband, wife and any children and their spouses) or close family member (parent, sibling or non-dependent child) of an individual who is, or has been in any of the past two full fiscal years, employed by the school district, providing services contractually to the school district or contractually related to the school 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 school district received, payments that are or have been significant (\$50,000) to the school district or the for-profit business entity in any of the past five years.

-Confidentiality— During the exercise of duties and responsibilities, the Audit Committee members may have access to confidential information. The Committee members shall have an obligation to the school district to maintain confidentiality of all such information.

-Oath of Office — All non-board members, who are members of the Audit Committee, shall be administered the school district's oath of office by the District Clerk.

MEETINGS & NOTIFICATIONS — The School District Audit Committee shall meet a minimum of two times each year. An agenda for each meeting should be determined in advance and the Audit Committee should receive supporting documentation in advance, for reasonable review and consideration.

Any member of the Board of Education, who is not a member of the Audit Committee, may be allowed to attend audit committee meetings if authorized by a resolution of the Board of Education.

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 be the committee.

COMPENSATION & EXPENSES - Audit Committee members serve without compensation. However, reimbursement is allowed for any actual and necessary expenses, such as mileage, that are incurred in relation to attendance at committee meetings.

DECISION-MAKING PROCESS — All decisions shall be reached by consensus of those members present at each 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 a simple majority will rule. A quorum constitutes a simple majority of the total membership and meeting will not be conducted unless a quorum is present.

REPORTING REQUIREMENTS — The Stamford Central School District 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 of Education, on key decisions, responsibilities, and recommendations. The Audit Committee's reporting requirements are to:

-Report on the committee activities so that the Board of Education is kept informed of its work.

-Provide minutes of meetings which clearly record the actions and recommendations of the committee.

-Report on their review of the school district's draft annual audit report and accompanying management letter.

-Report on 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 and regulations, or the Stamford Central School District's policies and procedures.

-Report on any other matters that should be disclosed to the Board of Education.

REVIEW OF THE CHARTER — The Stamford Central School District Audit Committee shall assess and report to the Board of Education on the adequacy of this Charter, no less than on an annual basis or as necessary. Charter modification as recommended by the Audit Committee, shall be presented to the Board of Education in writing for their review and action.