

AUDIT COMMITTEE CHARTER TEMPLATE**Audit Committee Authority**

Pursuant to a resolution dated December 12, 2005, the Board of Education of the Hudson City School District has established an 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 shall not be substituted for any required review and acceptance by the Board of Education.

Mission

The Board of Education of the Hudson City School District has established an audit committee to provide independent advice, assistance, and recommendations to the Board in the oversight of the internal and external audit functions of the district.

Composition and Requisite Skills

The Hudson City School District's Audit Committee is comprised of three (3) members, all members of the Board of Education.

The 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. 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 and Responsibilities

The duties and responsibilities of the Hudson City School District Audit Committee includes the following:

- **External Audit Focus**
 - 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 to review the engagement letter.
 - 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, working directly with the external auditor, 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 any corrective action plan developed by the school district and assist the Board of Education in the implementation of such plans.

- **Internal Audit Focus**
 - o Make recommendations to the Board of Education regarding the appointment of the internal auditor.
 - o Assist in the oversight of the internal audit function.
 - o Review significant recommendations and findings of the internal auditor.
 - o Monitor implementation of the internal auditor's recommendations by management.
 - o Participate in the evaluation of the performance of the internal audit function.

- **Administrative Matters**
 - o Hold regularly scheduled meetings.
 - o Review and revise the Audit Committee Charter, as necessary.

Membership

The membership duties of the Hudson City 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 District with such care as a generally prudent person in a similar position would use under similar circumstances.

- **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 Hudson City School District Audit Committee shall meet a minimum of six (6) 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 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 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 committee.
- As appropriate, copies of materials discussed or presented at the meeting.

Decision-Making Process

All decisions shall be reached by a vote of a simple majority of the total membership of the 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 Hudson 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. 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 or a summary of minutes of meetings 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.
- 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.

Review of the Charter

The Hudson City 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.

Adoption date: July 9, 2007