LIVERPOOL CENTRAL SCHOOL DISTRICT

AUDIT COMMITTEE CHARTER
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STATEMENT OF PURPOSE

By resolution duly adopted on June 5, 2006, the Board of Education (the “Board”) has created an advisory Audit Committee for the purpose of assisting the Board to oversee the internal and external auditing of the Liverpool Central School District’s (the “District”) fiscal operations. The Audit Committee shall provide independent advise and recommendations to the Board regarding oversight of the District’s fiscal operations and to facilitate communications between the Board and the District’s external and internal auditors.

THE AUDIT COMMITTEE’S AUTHORITY

The Audit Committee has been formed pursuant to Education Law §2116-c and Commissioner's Regulation §170.12(d), and is subject to the requirements and limitations of such statute and regulation. Consistent with Education Law §2116-c (4), the role of the Audit Committee is advisory only. Any recommendations the Audit Committee provides to the Board may not be a substitute for action required of the Board.

APPOINTMENT OF COMMITTEE MEMBERS

At the annual reorganization meeting, the Board shall designate three (3) or more members of the Audit Committee and may, in its discretion, appoint two members of the Board to serve as ex officio, non-voting members of the Audit Committee. The term of appointment is to be for the balance of the fiscal year and until a successor committee is appointed. The number of members shall be determined by the Board at the reorganization meeting and may be changed at any point during the fiscal year, provided the Audit Committee has a minimum of three (3) members at all times. The Audit Committee shall select one of its members to serve as the Chairperson of the committee.

All members of the Audit Committee serve at the pleasure of the Board and may be removed by resolution of the Board. A member of the Audit Committee may resign upon written notice delivered to the Clerk of the Board. Upon removal or resignation of a committee member, the Board shall appoint a successor member to complete the unexpired portion of said member's term.

The members of the Audit Committee shall serve without compensation. The members of the committee shall, however, be entitled to reimbursement for actual and necessary expenditures incurred in relation to their attendance at meetings.
QUALIFICATIONS AND REQUISITE SKILLS OF MEMBERS

A. The Basic Required Qualifications
   The members of the Audit Committee shall possess the following qualifications and basic skills:

1. Each member of the Audit Committee must have the ability to read and understand fundamental financial statements (or become able to do so within a reasonable time after joining the Audit Committee) so as to be or to become knowledgeable about internal controls, financial statement audits and management audits.

2. At least one member should have prior experience in accounting, financial management, or oversight of public school district financial operations.

3. The members should collectively possess the expertise and experience in accounting, auditing, financial reporting and school district finances necessary to understand and evaluate the District's financial statements, the external audit of those statements and the District's internal audit activities.

4. The members should possess the requisite skills and experience necessary to communicate with, and offer advice and assistance to, the District administration, the Board and the auditors.

5. The members of the Audit Committee shall not be required to be residents of the District.

B. Prohibitions on Membership
   No member should have any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Audit Committee. In consideration of the necessity for members of the Audit Committee to be independent, the following individuals may not serve as a member of the committee:

1. A person employed by the District;

2. An individual who within the last two years provided or currently provides goods or services to the district;

3. A close or immediate family member of an employee, officer, or contractor providing services to the district. For purposes of this subparagraph, a close “family member” shall be defined as a parent, sibling or nondependent child, and an “immediate family member” shall be defined as a spouse, spouse equivalent, or dependent (whether or not related); and

4. Anyone who is an owner of or has a direct and material interest in a company providing goods or services to the district.

5. In adherence with District Policy, each Audit Committee member shall annually disclose any conflict of interest by executing the Conflict of Interest statement. This statement shall be filed with the District Clerk.
THE COMMITTEE’S DUTIES AND RESPONSIBILITIES

The Audit Committee shall have the following duties and responsibilities:

A. External Audit Focus

With regard to the annual external audit of District financial operations, the Audit Committee shall,

1. Consult with the District administration on any Request for Proposal (RFP) process used to solicit quotations for the District's annual external audit, including the frequency of issuing RFPs.

2. Recommend selection of the external auditor to the Board.

3. Meet with the external auditor prior to the audit to assist in developing the scope, plan and coordination of the external audit.

4. 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 applicable auditing standards.

5. Review the external auditor's assessment of the District's system of internal controls with the auditor and make recommendations to the Board to improve the effectiveness of the internal control system.

6. Receive and review the draft annual audit report and draft management letter and, working directly with the external auditor, assist the Board in interpreting such documents.

7. Make recommendation to the Board on accepting the annual audit report.

8. Review with the independent auditors any audit problems or difficulties, and the District's response to the same.

9. Review any corrective action plan developed by the District based on audit findings and recommendations received from the external auditor and assist the Board in the implementation of such plan.

10. Meet with the external auditors at least once a year to discuss the fullness and accuracy of the financial records and statements and any other matter that the Audit Committee believes should be discussed with the external auditors.
B. **Internal Audit Focus**

With regard to the District's internal audit function, the Audit Committee shall:

1. Consult with the District administration on any Request for Proposal (RFP) process used to solicit quotations for the District’s annual internal audit, including the frequency of issuing RFPs.

2. Make recommendations to the Board regarding the appointment of the internal auditor.

3. Assist in the oversight of the internal audit function.

4. Review the annual internal audit plan to ensure that high-risk areas and key control activities are periodically evaluated and tested.

5. On a regular basis and at least quarterly, receive and review reports from the internal auditor.

6. Review the results of internal audit activities and significant recommendations and findings of the internal auditor.

7. Monitor the District's implementation of the internal auditor's recommendations.

8. Provide input on evaluating the performance of the internal auditor.

9. Review corrective action plans and follow up actions based on audit findings and recommendations received from the internal auditor.

10. Review the responsibilities, budget, and staffing of the internal audit function and make recommendations to the Board relative to the same.

11. Annually review the internal audit function of the District, including the independence and authority of its reporting obligations and the coordination between the District's internal and external auditors.

12. Discuss with the internal auditors and the District administration their periodic reviews of the adequacy of the School District's accounting and financial reporting processes and systems of internal control.
C. Administrative Matters

With regard to other matters, the Audit Committee shall:

1. Where appropriate, consult with the District's Ethics Committee on matters related to the District's internal and external audit functions that raise ethical questions. The Audit Committee shall keep the Board and the District administration informed of such discussions.

2. Review proposed procedures for receiving and responding to complaints regarding accounting, internal accounting controls or auditing matters, including provisions to allow such complaints to be submitted by District employees on an anonymous basis in accordance with the Board of Education Policy 6190 Whistleblower Policy. The proposed procedures shall be submitted to the Board for approval or modification.

3. When requested by the Board, provide recommendations regarding proposed policies and/or administrative regulations.

4. Stay abreast of developments and trends relative to the internal and external auditing of public school district financial operations and audits conducted by the New York State Comptroller's office and periodically report to the Board on such developments and trends.

5. Perform other related duties as prescribed by the Board that are within the scope of the Audit Committee as contemplated by Chapter 263 of the Laws of 2005.

It is not the duty of the Audit Committee or its members to plan or conduct audits, or to conduct "field work" or other types of auditing or accounting reviews or procedures, or to set auditor independence standards, or to determine that the District's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. These tasks are the responsibilities of the District administration and the District's independent auditors. Nor is it the duty of the Audit Committee to conduct investigations, to resolve disagreements, if any, between the administration and the District's independent auditors, or to assure compliance with applicable laws, regulations and District's policies and procedures.

CONFIDENTIALITY REQUIREMENT

The Audit Committee members may be given access to confidential information during the performance of their duties and responsibilities. Each member of the Audit Committee shall maintain the confidentiality of such information and may not publish or discuss the same with anyone except as provided in this Charter or as otherwise required by law. The intent of this provision is that the Board and/or the District administration will have the initial opportunity to address any matter that is of concern to the Audit Committee before any information regarding that concern is publicly disseminated.
DUTY OF GOOD FAITH

The 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 District, and shall exercise such care in fulfilling their responsibilities, as a generally prudent person in a similar position would use under similar circumstances.

Absent actual knowledge to the contrary (which shall be promptly reported to the Board), each member of the Audit Committee shall be entitled to rely on (i) the integrity of those persons within the District from which he or she receives information, and (ii) the accuracy of the financial and other information provided to the Audit Committee by such persons.

INDEMNIFICATION

Provided they perform their duties in good faith, the District shall indemnify the members of the Audit Committee pursuant to and in accordance with the provisions of Education Law §§ 3811 through 3813, Education Law §3023 and Public Officers Law §18 for the cost of defense and any financial loss arising out of any claim, demand, suit or judgment for injury caused to a third person by reason of the alleged negligence or other act performed in the discharge of his or her duties and responsibilities as a member of the Audit Committee.

The District's obligation to indemnify any member of the Audit Committee is expressly conditioned upon (i) said member delivering a written request that the District provide for his or her defense, together with the original or a copy of any summons, complaint, process, notice, demand or pleading, to the attorney for the Board, the Board of Education and the Superintendent of Schools within five (5) days after he or she is served with such document, (ii) thereafter fully cooperating in the defense of any action or proceeding against the District and in the prosecution of any appeal regarding the same, and (iii) otherwise complying with the requirements of said statutes.

MEETINGS OF THE AUDIT COMMITTEE

The Audit Committee shall meet a minimum of four (4) times during the fiscal year and shall provide public notice of all meetings in accordance with the requirements of the Open Meetings Law. A quorum is a simple majority of the total committee membership, and meetings will not be conducted unless a quorum is present. The agenda for each meeting should be clearly determined prior to the meeting and the members of the Audit Committee should receive supporting documents in advance to enable reasonable review and consideration. Any member of the public may attend the public portion of an audit committee meeting. Any member of the Board of Education is authorized to attend meetings of the Audit Committee.
EXECUTIVE SESSIONS

The Audit Committee may conduct an executive session pursuant to §105 of the Public Officers Law pertaining to any matter related to (i) the committee's meeting with the external auditor prior to commencement of the audit; (ii) the external auditor's risk assessment of the District's fiscal operations; (iii) the draft annual audit report or draft management letter; (iv) the committee's recommendation to the Board on accepting the annual audit report; and (v) such other matters as counsel for the Board shall determine are appropriate topics for executive session discussion. Any member of the Board may attend an executive session of the Audit Committee unless the committee determines otherwise.

MINUTES OF THE AUDIT COMMITTEE MEETINGS

The Audit Committee shall prepare and maintain minutes of every meeting of the committee. At a minimum, the minutes will include the following:

1. Copies of the meeting agenda;
2. the date, attendance and location of the meeting;
3. a brief summary of the topics discussed;
4. copies of materials discussed or presented at the meeting; and
5. a record of all actions or recommendations agreed to by the committee.

DECISION MAKING PROCESS

Whenever possible, decisions of the Audit Committee shall be reached by consensus of those members present at a meeting of the committee. If consensus cannot be reached, decisions will be made by the simple majority vote of the Audit Committee members present at the meeting. All actions of the Audit Committee shall take place at a duly convened meeting of the committee; there shall be no votes by proxy or absentee ballot.

COMMUNICATION BETWEEN MEETINGS

The Superintendent of Schools, the Assistant Superintendent for Administrative Services, and such other employees of the District as may be appropriate will communicate with the Chairperson of the Audit Committee between meetings as requested. In addition, the Superintendent of Schools will keep the Chairperson of the Audit Committee and the Board of Education informed of all material matters related to the responsibilities of said committee which, in the Superintendent's judgment, should be known by the Chairperson prior to the next regularly scheduled meeting of the Audit Committee.
REPORTING REQUIREMENTS

The Audit Committee has the duty and responsibility to report annually its activities to the Board. Periodic written reports of Audit Committee activities are an important communication link between the Audit Committee and the Board. The topics to be reported on by the Audit Committee include the following:

1. Reports on the scope and breadth of committee activities so that the Board is kept informed of its work.

2. Reports on the committee's review of the District's draft annual audit report and accompanying management letter and on its review of the significant findings and recommendation of the internal auditor.

3. Reports on suspected fraud or abuse or material defects or deficiencies in the internal control systems.

4. Reports on material or significant non-compliances with laws or District policies and regulations that they become aware of.

5. Reports on any other matter within the scope of the Audit Committee's purpose as contemplated by this Charter and Chapter 263 of the Laws of 2005.

REVIEW OF THE CHARTER

The Audit Committee shall review this Charter upon its initial formation and at least annually thereafter. It shall recommend any proposed changes to the Board for its consideration.

Adopted: June 5, 2006
Reviewed: July 10, 2007
Reviewed and Revised: January 23, 2012
Reviewed and Revised: December 11, 2014 (BOE approved January 26, 2015)
Reviewed: June 16, 2016