

Audit & Finance Committee Authority

The Board of Education of the Beacon City 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 and finance and 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 Beacon City School District has established an Audit & Finance Committee to provide independent advice, assistance, and recommendations to the Board in the oversight of the internal and external audit functions of the district as well as participate in long term planning and advocacy efforts.

Composition and Requisite Skills

The Beacon City School District Audit Committee comprises 5-6 members. The committee shall include: 3 trustees of the board, the president and up to 2 non-trustee members, giving preference to those with relevant expertise. The Committee members collectively should possess the knowledge in accounting, auditing, financial reporting and/or school district finances needed to understand and evaluate the school district's financial statements, the external audit and the district's internal audit activities. Accordingly, the Audit & Finance Committee's members, collectively, should:

- Possess the requisite knowledge necessary to understand technical and complex financial reporting issues.
- Have the ability to communicate with auditors, public finance officers and the school board.
- Be knowledgeable about internal controls, financial statement audits and management/operational audits.

Duties and Responsibilities

The duties and responsibilities of the Beacon City School School District Audit & Finance Committee include the following:

- **External Audit Focus**
 - Provide recommendations regarding the selection of the external auditor to the Board of Education.
 - Meet with the external auditor prior to commencement of the audit to, among other things, 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.
 - 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.
 - Make a recommendation to the Board of Education on accepting the annual audit report.
 - Review every corrective action plan developed by the District and assist the Board of Education in the implementation of such plans.
- **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, including reviewing the annual internal audit plan to ensure that high risk areas and key control activities are periodically evaluated and tested, and reviewing the results of internal audit activities.
 - Review significant recommendations and findings of the internal auditor.
 - Monitor implementation of the internal auditor's recommendations by management.
 - Participate in the evaluation of the performance of the internal audit function.
- **Administrative Matters**
 - Hold regularly scheduled meetings.
 - Review and revise the Audit & Finance Committee Charter, as necessary

Membership

The membership duties of the Beacon City 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** – An individual, other than members of the Board of Education, may not serve on an audit committee constituted as an advisory committee if he or she:
 - Is employed by the District.
 - Currently provides, or within the prior two years, has provided, goods or services to the district.

- Is an immediate family member (spouse, spouse equivalent or dependent (whether or not related) or close family member (parent, sibling or nondependent child) of an individual who is an employee, officer or contractor providing services to the district.
- Is the owner of or has a direct and material interest in a company providing goods or services to the District.
- 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 - Non-trustee members of the audit committee will take an oath of office with the District Clerk.

Meetings and Notification

The Beacon City School District Audit & Finance Committee shall meet a minimum of 4 times each year. An agenda of each meeting should be clearly determined in advance and the Audit & Finance 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 & Finance Committee, may attend Audit & Finance Committee meetings if authorized by a resolution of the Board.

The Audit & Finance 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 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 Beacon City School District Audit & Finance 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 & 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 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 Beacon City School District Audit & Finance 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 & Finance Committee, should be presented to the Board of Education in writing for their review and action.