

## **AUDIT COMMITTEE CHARTER**

This Audit Committee Charter was originally adopted by the Board of Directors of the Seneca County Economic Development Corporation, hereafter "the Corporation", a public benefit corporation established under the laws of the State of New York, on the 27<sup>th</sup> day of April, 2009.

### **Purpose**

Pursuant to Resolution No. 2006-19, Section 6, the purpose of the Audit Committee shall be to (1) assure that the Corporation's board fulfills its responsibilities for the Corporation's external audit process, the financial reporting process, budgeting process and the system of risk assessment and internal controls over financial reporting; and (2) provide an avenue of communication between management, the independent auditors, the internal auditors, and the board of directors.

### **Powers of the Audit Committee**

The Audit Committee shall:

- Appoint, and oversee the work of any public accounting firm employed by the Corporation.
- Seek any information it requires from Corporation employees, all of whom should be directed by the board to cooperate with committee requests.
- Meet with Corporation staff, independent auditors or outside counsel, as necessary.
- Retain, at the Corporation's expense, such outside counsel, experts and other advisors as the Audit Committee may deem appropriate.
- Review and make recommendations to the Corporation board on all matters pertaining to the Audit Committee's authorized purposes.

### **Composition of Committee and Selection of Members**

The Audit Committee shall be established as set forth in and pursuant the Audit Committee Charter. The Audit Committee shall consist of at least two (2) or more members of the board of directors who are independent as defined in the Public Authorities Accountability Act. The Corporation's board will appoint the Audit Committee members and the Audit Committee chair. Members on the Audit Committee shall possess or obtain a basic understanding of governmental financial reporting and auditing. The Audit Committee shall have access to the services of at least one financial expert. The Audit Committee's financial expert should have 1) an understanding of generally accepted accounting principles and financial statements; 2) experience in preparing or auditing financial statements of comparable entities; 3) experience in

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applying such principles in connection with the accounting for estimates, accruals and reserves; 4) experience with internal accounting controls and, 5) an understanding of Audit Committee functions.

### **Meetings**

The Audit Committee shall meet a minimum of once a year, with the expectation that additional meetings may be required to adequately fulfill all the obligations and duties outlined in this charter. The Audit Committee may invite other individuals, such as members of the Corporation, auditors or other technical experts to attend meetings and provide pertinent information, as necessary. Meeting agendas will be prepared for every meeting and provided to the Audit Committee members along with briefing materials three business days before the scheduled Audit Committee meeting. The Audit Committee will act only on the affirmative vote of a majority of the members at a meeting. Minutes of these meetings may be recorded.

### **Responsibilities**

The Audit Committee shall have responsibilities related to: (a) the independent auditor and annual financial statements; (b) oversight of management's internal controls, compliance and risk assessment practices; (c) special investigations; (d) oversight of the Corporation's budget and (e) miscellaneous issues related to the financial practices of the Corporation.

### **A. Independent Auditors and Financial Statements**

The Audit Committee shall:

- Appoint, compensate and oversee independent auditors retained by the Corporation and pre-approve all audit services provided by the independent auditor.
- Establish procedures for the engagement of the independent auditor to provide permitted audit services. The Corporation's independent auditor shall be prohibited from providing non-audit services unless having received previous written approval from the audit committee. Non-audit services include tasks that directly support the Corporation's operations, such as bookkeeping or other services related to the accounting records or financial statements of the Corporation, financial information systems design and implementation, appraisal or valuation services, actuarial services, investment banking services, and other tasks that may involve performing management functions or making management decisions.
- Review and approve the Corporation's audited financial statements, associated management letter, report on internal controls and all other auditor communications.
- Review significant accounting and reporting issues.

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- Meet with the independent audit firm as needed.
- Review and discuss the independent audit findings and recommendations.

### **B. Internal Controls, Compliance and Risk Assessment**

The Audit Committee shall:

- Review management's assessment of the effectiveness of the Corporation's internal controls and review the report on internal controls by the independent auditor as a part of the financial audit engagement.

### **C. Other Responsibilities of the Audit Committee**

The Audit Committee shall:

- Obtain any information and training needed to enhance the committee members' understanding of the role of internal audits and the independent auditor, the risk management process, internal controls and a certain level of familiarity in financial reporting standards and processes.
- Review the committee's charter as necessary, reassess its adequacy, and recommend any proposed changes to the board of the Corporation. The Audit Committee charter will be updated as applicable laws, regulations, accounting and auditing standards change.