

## **AUDIT & FINANCE COMMITTEE CHARTER**

This Audit & Finance Committee Charter was adopted by the Board of Directors of the Washington County Local Development Corporation ("WCLDC"), a public benefit corporation established under the laws of the State of New York, on this 16th day of February, 2018.

### **Purpose**

Pursuant to Article IV, Section 1(c) of the WCLDC's bylaws, the purpose of the audit & finance committee shall be to:

- Assure that the WCLDC's board fulfills its responsibilities for the WCLDC's internal and external audit process, the financial reporting process and the system of risk assessment and internal controls over financial reporting;
- Review Proposals from certified, independent accounting and auditing firms and recommend to the Board the hiring of certified, independent accounting and auditing firms to undertake the annual audit;
- Establish compensation to be paid and the terms under which the accounting firm is bound in completing the Audit;
- Provide an avenue of communication between management, the independent auditors, the internal auditors, and the board of directors.
- Report to the Board any issues that require Board action relating to the Audit.

### **Powers/Duties of the Audit & Finance Committee**

It shall be the responsibility of the audit & finance committee to:

- Appoint, compensate, and oversee the work of any public accounting firm employed by the WCLDC.
- Seek any information it requires from WCLDC employees, all of whom should be directed by the board to cooperate with committee requests.
- Meet with WCLDC staff, independent auditors or outside counsel, as necessary.
- Retain, at the WCLDC's expense, such outside counsel, experts and other advisors as the audit committee may deem appropriate.
- Review and sign off on monthly bookkeeping reports prepared by WCLDC staff.
- Review and make recommendations to the Board regarding monthly P&L financial reports prepared by WCLDC staff.
- Annually review the WCLDC's financing guidelines and make recommendations to the board concerning criteria that should govern its financings. These should include security provisions required for a bond financing undertaking, specific requirements of credit enhancements or additional guarantees used, such as a pledge of revenues, financial covenants or debt service reserves

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

The audit & finance committee shall be established as set forth in and pursuant to Article IV, Section 1(c) of the WCLDC's bylaws. The audit & finance committee shall consist of at 5 members of the board of directors who are independent of WCLDC operations. The WCLDC's board will appoint the audit & finance committee members and chair.

Audit & Finance committee members shall be prohibited from being an employee of the WCLDC or an immediate family member of an employee of the WCLDC. In addition, audit & finance committee members shall not engage in any private business transactions with the WCLDC or receive compensation from any private entity that has material business relationships with the WCLDC, or be an immediate family member of an individual that engages in private business transactions with the WCLDC or receives compensation from an entity that has material business relationships with the WCLDC.

### **Committee Meetings**

The audit & finance committee will meet a minimum of twice a year, with the expectation that additional meetings may be required to adequately fulfill all the obligations and duties outlined in the charter.

The audit & finance committee may invite other individuals, such as members of management, auditors or other technical experts to attend meetings and provide pertinent information, as necessary.

The audit & finance committee will meet with the authority's independent auditor as needed to discuss the financial statements of the authority.

Meeting agendas will be prepared for every meeting and provided to the audit & finance committee members at least five days in advance of the scheduled meeting, along with the appropriate materials needed to make informed decisions.

The audit & finance committee will act only on the affirmative vote of a majority of the members at a meeting or by unanimous consent.

Minutes of these meetings will be taken.

A report of the committee's meeting shall be prepared and presented to the board at its next scheduled meeting following the meeting of the committee.

Meetings of the committee are open to the public, and the committee shall be governed by the rules regarding public meetings set forth in the applicable provisions of the Public Authorities Law and Article 7 of the Public Officers Law that relate to public notice and the conduct of executive session.

### **Responsibilities**

The audit & finance 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 and whistleblower policies;
- (d) Review WCLDC annual budget and make recommendations to the Board; and
- (e) review financial and Procurement Thresholds;

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

The audit & finance committee shall:

- Appoint, compensate and oversee independent auditors retained by the WCLDC 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 WCLDC's independent auditor shall be prohibited from providing non-audit services unless having received previous written approval from the audit & finance committee. Non-audit services include tasks that directly support the authority's operations, such as bookkeeping or other services related to the accounting records or financial statements of the authority, 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 WCLDC's audited financial statements, associated management letter, report on internal controls and all other auditor communications.
- Review significant accounting and reporting issues, including complex or unusual transactions and management decisions, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- Meet with the independent audit firm as needed to discuss any significant issues that may have surfaced during the course of the audit.

- Review and discuss any significant risks reported in the independent audit findings and recommendations and assess the responsiveness and timeliness of management's follow-up activities pertaining to the same.

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

The Audit & finance committee shall:

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

#### **C. Special Investigations**

The Audit & finance committee shall:

- Ensure that the authority has an appropriate confidential mechanism for individuals to report suspected fraudulent activities, allegations of corruption, fraud, criminal activity, conflicts of interest or abuse by the directors, officers, or employees of the authority or any persons having business dealings with the authority or breaches of internal control.
- Develop procedures for the receipt, retention, investigation and/or referral of complaints concerning accounting, internal controls and auditing to the appropriate body.
- Request and oversee special investigations as needed and/or refer specific issues to the appropriate body for further investigation (for example, issues may be referred to the State Inspector General or, other investigatory organization.)
- Review all reports delivered to it by the Inspector General and serve as a point of contact with the Inspector General.

#### **D. Review WCLDC's Budget**

The Audit & finance committee shall:

- Review the Authority's proposed annual operating budget as presented by WCLDC management for the upcoming fiscal year.
- Recommend the annual budget to the board for approval after incorporating necessary amendments.
- Monitor and report to the Board on the WCLDC's compliance with its adopted budget during the fiscal year (actual versus estimated budget) on a monthly/quarterly basis.

#### **E. Review Financial and Procurement Thresholds**

- Review and make recommendations to the board regarding any proposed procurements submitted to the committee by the WCLDC's procurement officer.
- Review and recommend changes to the Authority's thresholds for procuring goods and services and procurement policy.
- Review and recommend changes to the Authority's fee schedules.
- Review the scope and terms of the WCLDC's insurance policies and liability coverage.