

**Auburn Local Development Corporation**  
**Audit Committee Charter**  
Adopted: June 17, 2015

This Audit Committee Charter was adopted by the Board of Directors of the Auburn Local Development Corporation (“Corporation”), a public benefit corporation established under the laws of the State of New York, on this 17<sup>th</sup> day of June, 2015.

**I. Purpose**

In accordance with the Public Authorities Accountability Act of 2005 and Public Authority reform Act of 2009, the purpose of the audit committee shall be to (1) assure that the Corporation’s Board fulfills its responsibilities for the Corporation’s internal and external audit process, the financial reporting 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.

**II. Powers of the Audit Committee**

It shall be the responsibility of the audit committee to:

- Recommend to the Board the hiring of a certified independent accounting firm for the Corporation, establish the compensation to be paid to the accounting firm, and provide direct oversight of the performance of the independent audit performed by the accounting firm hired for such purposes.
  - Conduct or authorize investigations into any matters within its scope of responsibility.
  - Seek any information it requires from Corporation staff provided through the CEDA contract, all of whom should be directed by the Board to cooperate with committee requests.
  - Meet with Corporation staff provided through the CEDA contract, independent auditors or outside counsel, as necessary.
  - Retain, at the Corporation’s expense subject to Board approval, such outside counsel, experts and other advisors as the audit committee may deem appropriate.
- The Corporation Board will ensure that the audit committee has sufficient resources to carry out its duties.

**III. Composition and Selection**

The audit committee shall be comprised of at least three (3) independent members, and may not include the Chair of the Corporation’s Board. The Corporation’s Board will appoint the audit committee members and the audit committee chair. Audit committee members shall serve staggered three-year terms. At least one member of the audit committee shall not be a member of the finance committee.

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

relationships with the Corporation.

Ideally, all 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; whose name shall be disclosed in the annual report of the Corporation.

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 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.

#### **IV. Meetings**

The audit 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.

Members of the audit committee are expected to attend each committee meeting, in person or via telephone or videoconference. The audit 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 committee will meet with the Corporation's independent auditor at least annually to discuss the financial statements of the Corporation.

Meeting agendas will be prepared for every meeting and provided to the audit committee members along with briefing materials five (5) 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 or by unanimous consent. Minutes of these meetings will be recorded.

#### **V. Responsibilities**

The audit committee shall have responsibilities related to: (a) the independent auditor and annual financial statements; (b) undertake the internal audit function described in section B below; (c) oversight of management's internal controls, compliance and risk assessment practices; (d) special investigations and whistleblower policies; and (e) miscellaneous issues related to the financial practices of the Corporation.

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

The audit committee shall:

- Recommend to the Board the hiring of a certified independent accounting firm for the Corporation, establish the compensation to be paid to the accounting firm, and provide direct oversight of the performance of the independent audit performed by the accounting firm hired for such purposes.
- 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, 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 on a regular basis 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 Audit Function

The audit committee shall:

- Provide internal audit functions with the assistance, as necessary, of independent members of the Board, Corporation Staff provided through CEDA contract, and/or third parties. To maintain independence from Corporation operations, the Corporation's Board Chair, Vice-Chair, and Treasurer, as well as the Executive Director and Assistant Treasurer provided through CEDA contract, shall not be involved in the implementation of the internal audit function outside of providing requested information.
- Review with management, the charter, activities, staffing provided through CEDA contract and organizational structure of the Corporation.
- Ensure that the internal audit function is organizationally independent from Corporation operations.
- Review the reports of other external auditors, including government auditors, and have authority to review and approve the annual internal audit plan.
- Document and report to the Corporation's Board any adverse findings.

#### C. 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.

#### D. Special Investigations

The audit committee shall:

- Ensure that the Corporation 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 Corporation or any persons having business dealings with the Corporation 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.

#### E. Other Responsibilities of the Audit Committee

The audit committee shall:

- Present annually to the Corporation's Board a report of how it has discharged its duties and met its responsibilities as outlined in the charter.
- 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 annually, 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.
- Conduct an annual self-evaluation of its performance, including its effectiveness and compliance with the charter and request the Board approval for proposed changes.