

TOWN OF CLARENCE, ERIE COUNTY, INDUSTRIAL DEVELOPMENT AGENCY

FINANCE AND AUDIT COMMITTEE CHARTER

(Adopted- January 24, 2008)

**Purpose.**

The purpose of the Finance and Audit Committee shall be to (1) assure that the Agency's board fulfills its responsibilities for the Agency'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 CFO, and the Board of Directors.

**Powers of the Finance and Audit Committee.**

It shall be the responsibility of the Finance and Audit Committee to:

- Appoint, compensate, and oversee the work of any public accounting firm employed by the Agency.
- Conduct or authorize investigations into any matters within its scope of responsibility.
- Seek any information it requires from Agency employees, all of whom should be directed by the board to cooperate with committee requests.
- Meet with Agency staff, independent auditors or outside counsel, as necessary.
- Retain, at the Agency's expense, such outside counsel, experts and other advisors as the Finance and Audit Committee may deem appropriate.

The Agency's board will ensure that the Finance and Audit Committee has sufficient resources to carry out its duties.

**Composition of Committee and Selection of Members.**

The Finance and Audit Committee shall consist of the Chairman and at least two other independent members of the Board of Directors as defined in the Public Authorities Law. The Agency's Chairman shall appoint the other members with the consent of the Board of Directors and shall serve as Chair of the Finance and Audit Committee.

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

The members shall serve until their resignation, retirement, removal by the Board of Directors or until their successors shall be appointed and qualified. When feasible, the immediate past audit committee chair will continue serving as a member of the Finance and Audit Committee for at least one year to ensure an orderly transition.

Ideally, all members on the Finance and Audit Committee shall possess or obtain a basic understanding of governmental financial reporting and auditing.

The Finance and 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 Agency.

The Finance and 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 Finance and Audit Committee functions.

### **Meetings.**

The Finance and 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 Finance and Audit Committee are expected to attend each committee meeting, in person or via telephone or videoconference. The Finance and 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 Finance and Audit Committee will meet with the CFO at least annually to discuss the financial statements of the Agency.

Meeting agendas will be prepared for every meeting and provided to the Finance and Audit Committee members along with briefing materials 5 business days before the scheduled Finance and Audit Committee meeting. The Finance and 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.

### **Responsibilities.**

The Finance and Audit Committee shall have responsibilities related to: (a) the independent auditor and annual financial statements; (b) the CFO (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 Agency.

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

The Finance and Audit Committee shall:

- Appoint, compensate and oversee independent auditors retained by the Agency 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 Agency'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 Agency's operations, such as bookkeeping or other services related to the accounting records or financial statements of the Agency, 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 Agency'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 Review.

The Finance and Audit Committee shall:

- Review with management and the CFO, the charter, activities, staffing and organizational structure of the internal audit function. The Finance and Audit Committee shall review and make recommendations to the Board of Directors with respect to the appointment, dismissal, compensation and performance reviews of the CFO.
- Ensure that the internal audit function is organizationally independent from Agency operations.
- Review the reports of the CFO, and have Agency to review and approve the annual internal audit plan.
- Review the results of internal audits and approve procedures for implementing accepted recommendations of the CFO.

C. Internal Controls, Compliance and Risk Assessment .

The Finance and Audit Committee shall:

- Review management's assessment of the effectiveness of the Agency'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 Finance and Audit Committee shall:

- Ensure that the Agency 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 Agency 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.

E. Other Responsibilities of the Finance and Audit Committee.

The Finance and Audit Committee shall:

- Present annually to the Agency's board a written 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 CFO, the risk management process, internal controls and a certain level of familiarity in financial reporting standards and processes.
- Review the Finance and Audit Committee's charter annually, reassess its adequacy, and recommend any proposed changes to the Board of Directors. The Finance and 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 of Director approval for proposed changes.

TOWN OF CLARENCE, ERIE COUNTY, INDUSTRIAL DEVELOPMENT AGENCY  
FINANCIAL DISCLOSURE POLICY

The Town of Clarence, Erie County, Industrial Development in compliance with the requirements of the Town of Clarence and the Public Authorities Accountability Act require that all members and employees with executive positions complete an annual disclosure form and that the disclosure form be filed with the Town of Clarence and the Board of Ethics for the County of Erie.

