

## **Audit Committee Charter**

Edward M. Spiro, Chair

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### **COMMITTEE PURPOSE**

The primary role of the Audit Committee is to assist the Board of Trustees in fulfilling its fiduciary responsibilities relating to the University's financial statements, financial reporting process, systems of risk management, internal controls, compliance, and the internal and external audit process. This is accomplished by meeting periodically to discuss and assess the University's:

- Financial statements and other relevant information;
- Systems of internal controls regarding finance, accounting, legal compliance, and ethics;
- Auditing, accounting, and financial reporting processes; and
- Risk assessment and management processes (Enterprise Risk Management Program).

The Audit Committee should encourage continuous process improvement and compliance with laws, regulations, policies, procedures, and practices. The Audit Committee should provide for communication among management, the independent auditors, the internal auditors, and the Board of Trustees.

### **COMPOSITION**

The Audit Committee shall consist of at least three members who shall be appointed by the Chairman of the Board of Trustees, one of whom shall be designated by the Chairman of the Board to serve as chairman of the Committee. The members should have an understanding of financial matters and should be comfortable reviewing financial reports. The members shall serve at the pleasure of the Chairman of the Board of Trustees for terms of three years.

### **MEETINGS AND QUORUM**

The Committee shall meet at least twice a year, with the expectation that additional meetings may be required to adequately fulfill the obligations and duties outlined in the charter.

Members of the Audit Committee are expected to attend each committee meeting, in person or via 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 independent auditors of both the University and the University Hospitals at least twice a year to discuss audit planning and the results of the audit of the financial statements.

Meeting agendas will be prepared for every meeting and minutes of those meetings will be recorded.

The presence of a majority of the appointed members of the Committee shall constitute a quorum for the transaction of business, and the act of a majority of the members present shall be the act of the Committee.

## **REPORTING**

The Audit Committee shall report periodically to the Board of Trustees on its activities, and present annually to the Board of Trustees a written report of how it has discharged its duties and met its responsibilities as outlined in the charter.

## **RESPONSIBILITIES AND DUTIES**

The Audit Committee's primary responsibilities and duties are to:

- Oversee the selection of the independent external auditors of the annual financial statements of the University and the University Hospitals, review the external auditors' findings, and provide the Board of Trustees with appropriate reports;
- Review comments applicable to the University set forth in any internal or external audits of the State of New York and provide the Board of Trustees with appropriate reports.
- Review and approve the organization, responsibilities and activities of the Office of the University Auditor and provide the Board of Trustees with appropriate reports on the Office's activities.
- Render advice and assistance to the Board of Trustees in fulfilling its fiduciary responsibilities for University accounting and reporting practices, risk management and internal controls, and undertake such other activities and responsibilities as shall be requested from time-to-time by the Board of Trustees.
- Foster direct communications with independent accountants and external auditors, and provide for direct access and reporting from the Office of the University Auditor.

The Audit Committee shall assist the Board of Trustees with its governance responsibilities by performing the following functions:

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

- Oversee the independent auditors and approve non-audit services provided by the independent auditors;
- Review the University and University Hospitals' audited financial statements and associated management letter, report on internal controls and compliance, and on all other auditor communications; and

- Meet with the independent audit firms to discuss the financial statements and any significant issues that may have surfaced during the course of the audit.

## **2. Office of the University Auditor**

- Review with management and the Office of the University Auditor the charter, activities, staffing, and the organizational structure of the internal audit function;
- Ensure that the Office of the University Auditor is organizationally independent from University operations and its affiliates;
- Review and approve the annual internal audit plan; and
- Review the results of the work of the Office of the University Auditor and campus-based auditors.

## **3. Internal Controls, Compliance and Risk Management**

- Review management's assessment of the effectiveness of the University's internal controls;
- Review the independent auditor's report on internal controls and compliance;
- Ensure that the University has an appropriate confidential mechanism for individuals to report suspected fraudulent activities, allegations of corruption, fraud, criminal activity, and conflicts of interest or abuse;
- Ensure there are procedures for the receipt, retention, investigation and referral of complaints concerning accounting, internal controls, auditing, and other matters; and
- Review management's risk assessment process and plans to manage and mitigate key risks (Enterprise Risk Management Program).

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

- Present annually to the University's Board of Trustees 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 the independent auditors, the financial statements, internal audit, internal controls, compliance, risk assessments, and other areas as appropriate;
- Review the Audit Committee's charter annually, reassess its adequacy, and recommend any proposed changes to the Board of Trustees and
- Stay informed regarding issues and concerns related to the University and campus-related entities, and provide input on issues, as appropriate.