

# NASSAU COUNTY LOCAL ECONOMIC ASSISTANCE CORPORATION

## AUDIT COMMITTEE CHARTER

This Audit Committee Charter (this “Charter”) was revised and re-adopted by the board of directors of the Nassau County Local Economic Assistance Corporation (the “Corporation”), a not-for-profit local development corporation established under the laws of the State of New York, on this 25<sup>th</sup> day of February, 2021. This Charter amends the Audit Committee Charter adopted by the board of directors of the Corporation on May 4, 2017.

### **Purpose of the Committee**

The purposes of the Corporation’s Audit Committee (the “Committee”) shall be to (1) assure that the Corporation 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, independent auditors, internal auditors, and the board of directors of the Corporation.

### **Powers of the Committee**

The Committee shall have the power and is hereby authorized to:

- Perform the duties imposed on the Committee pursuant to the Corporation’s by-laws and by all applicable laws, including, without limitation, the Public Authorities Accountability Act of 2005 (Chapter 766 of 2005 Laws of New York) (the “Accountability Act”) and the Public Authorities Reform Act of 2009 (Chapter 506 of 2009 Laws of New York) (the “Reform Act”), to the extent applicable.
- Recommend the appointment and compensation of and oversee the work of all independent auditors of the Corporation.
- Annually prepare and submit to the board of directors of the Corporation a proposed preliminary budget for employee compensation, if any, for the next succeeding fiscal year. Notwithstanding any provision of this Charter to the contrary, the compensation and/or benefits of any officer or employee of the Corporation, if any, may be modified during the fiscal year upon adoption of a resolution of the board of directors of the Corporation approving such modification.
- Conduct or authorize investigations into any matters within its scope of responsibility.
- Seek any information it requires from Corporation’s officers and employees, all of whom are authorized to cooperate with Committee requests, and meet with Corporation staff, auditors or outside counsel, as necessary.
- Retain, at the Corporation’s expense, such outside counsel, experts and other advisors as the Committee may deem appropriate.
- Request, from time to time, the Corporation’s external auditors to perform an internal review of controls (each, an “Internal Audit”).
- Perform such other duties and exercise such other powers as the board of directors of the Corporation shall delegate to the Committee from time to time.

The directors of the Corporation shall ensure that the Committee has sufficient resources to carry out its duties.

### **Members of the Committee**

The selection of members to serve on the Committee and the activities of the Committee and its members shall in all respects be in compliance with the Corporation's by-laws and applicable law, including, without limitation, the Accountability Act and the Reform Act, to the extent applicable. The board of directors of the Corporation shall designate one (1) member of the Committee as its Chair. The members of the Committee shall serve until their resignation or removal by the directors of the Corporation.

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, 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.

All members of the Committee shall possess or obtain a basic understanding of governmental financial reporting and auditing.

### **Meetings**

Members of the Committee are expected to attend each Committee meeting, in person or via videoconference. The Committee may invite other individuals, such as members of management, auditors or other technical experts to attend meetings and provide pertinent information.

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

An agenda shall be prepared for each meeting of the Committee and, to the extent feasible, provided to the members of the Committee at least five (5) days in advance of the meeting date, together with the appropriate materials required for members to make informed decisions at such meeting. Minutes of each meeting shall be in writing.

In addition to the Corporation's auditors, the Committee shall, at its option, have access to the services of at least one financial expert selected by the Committee, whose name shall be disclosed in the annual report of the Corporation. The 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 accounting for estimates, accruals and reserves, (4) experience with internal accounting controls, and (5) an understanding of audit committee functions.

The Committee shall meet with the Corporation's independent auditor at least annually to discuss the financial statements of the Corporation.

## **Responsibilities of the Committee**

The Committee shall from time to time:

- 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 the Committee gives its prior written approval. 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 and meet with the independent audit firm as required 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.
- 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.
- Review with Chief Financial Officer and the Chief Executive Officer, the charter, activities, staffing and organizational structure of the Internal Audit function; review the reports of internal auditors, and have authority to review and approve the Internal Audit plan; review the results of the Internal Audit and approve procedures for implementing accepted recommendations of internal auditors; review management's assessment of the effectiveness of the Corporation's internal controls and review the report on internal controls by independent auditors as a part of the financial audit engagement. Ensure that the Internal Audit function is organizationally independent from the Corporation's day-to-day operations.
- 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.
- Oversee special investigations as needed and/or refer specific issues to the appropriate body for further investigation; review all reports delivered to it by appropriate oversight bodies and serve as a point of contact with such bodies. Review all reports delivered to it by any oversight body.

- At the Corporation's option, obtain any information and training needed to enhance the Committee members' understanding of the role of audits and auditors, the risk management process, internal controls and an adequate level of familiarity in financial reporting standards and processes.
- Review this Charter annually, reassess its adequacy and recommend any proposed changes to the board of directors of the Corporation.
- Annually review and approve general and overhead expense "charge backs" with the Nassau County Industrial Development Agency.