

## **AUDIT COMMITTEE CHARTER**

### **Purpose**

Pursuant to Article VII, Section 7.1 of the By-Laws of the Dormitory Authority of the State of New York (“DASNY”) and Public Authorities Law Section 2824[4], the DASNY Board has established the Audit Committee to the Board. The purpose of the Audit Committee (the “Committee”) is to: (1) recommend to the Board the hiring of a certified independent accounting firm for DASNY, establish the compensation to be paid to said accounting firm and provide direct oversight of the performance of the independent audit performed by the accounting firm; (2) assure that the Board fulfills its responsibilities for DASNY’s internal control, internal audit and external audit functions, the financial reporting process, the system of risk assessment and internal controls over financial reporting and the process for monitoring DASNY’s compliance with related laws and regulations; and (3) provide an open avenue of communication between Internal Audit, the independent auditors, the Chair of the Audit Committee and its members, the Board and management.

### **Composition**

The Committee will consist of four independent members designated by the Chair of the Board. Pursuant to Section 2825(2) of the Public Authorities Law, an “independent member” is an individual who has not been employed by DASNY or an affiliate in an executive capacity over the past two years; has not been employed by an entity that received more than \$15,000 from DASNY or received any other form of financial assistance of more than \$15,000 from DASNY; is not a relative of an executive officer or employee in an executive position of DASNY or an affiliate; and has not been a registered lobbyist paid by a client to influence the actions of DASNY or an affiliate over the past two years.

The Chair of the Committee shall be appointed by the Chair of the Board. The Chair of the Board may appoint himself or herself to serve as a voting member of the Committee but shall not be permitted to serve as Chair of the Committee. Each Member shall possess the necessary skills to understand the duties and functions of the Committee and at least one member shall qualify as a financial expert. Committee members shall serve until successors shall be duly designated by the Chair of the Board.

### **Meetings**

The Committee will meet at least twice a year. The Committee shall meet at least annually in a separate meeting with DASNY’s independent auditor.

## **Authority**

The Committee has the authority to:

- i. Seek any information it requires from staff, all of whom are directed by the Board to cooperate with the Committee's requests.
- ii. Meet with DASNY staff, independent auditors or outside counsel, as necessary.
- iii. Retain, at DASNY's expense, persons having special competencies, including, without limitation, legal, accounting or other consultants and experts, to assist the Committee in fulfilling its responsibilities.

The Board shall ensure that the Audit Committee has sufficient resources to carry out its duties and responsibilities.

## **Responsibilities**

The Committee shall be primarily responsible for:

### **Financial Statements and External Audit**

- i. Reviewing significant accounting and reporting issues, including those associated with complex or unusual transactions.
- ii. Reviewing the annual financial statements to consider whether they are complete, consistent with information known to committee members, and reflect appropriate accounting principles.
- iii. Reviewing with management and the external auditors the results of the audit, including any difficulties encountered.
- iv. Reviewing of the Annual Public Authorities Report as required by the Public Authorities Law.
- v. Reviewing with management and the external auditors all matters required to be communicated to the committee under generally accepted auditing Standards.
- vi. Reviewing the external auditors' proposed audit scope and approach, including coordination of audit effort with internal audit.
- vii. Recommending the appointment, dismissal and compensation of any independent auditor employed by DASNY.
- viii. Confirming and assuring the independence of DASNY's independent auditor.
- ix. Approving non-audit services that may be provided by DASNY's independent auditor.

### **Internal Control**

- x. Overseeing, with respect to financial reporting, DASNY's systems over internal controls and risk assessment, including information technology security and control.
- xi. Understanding the scope of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.

## Internal Audit

- xii. Approving the internal audit charter.
- xiii. Approving the appointment, dismissal and compensation of the Director, Internal Audit.
- xiv. Reviewing with the Director, Internal Audit and approving the Internal Audit budget, resource plan, activities, and organizational structure of the internal audit function.
- xv. Approving the risk-based internal annual audit plan and all major changes to the plan.
- xvi. Receiving communications from the Director, Internal Audit on Internal Audit's performance relative to its plan and other matters.
- xvii. Reviewing the effectiveness of the internal audit function, including conformance with the Institute of Internal Auditors' the Definition of Internal Auditing, Code of Ethics and the *International Standards for Professional Practice of Internal Auditing* and DASNY's compliance with the requirements of Title 8 of Article 9 of the Public Authorities Law.

## Compliance

- xviii. Reviewing the findings of any examinations by regulatory agencies, and any auditor observations.
- xix. Reviewing on an annual basis and making such recommendations as the Committee deems necessary with respect to DASNY's comprehensive Investment Policy and Guidelines adopted pursuant to section 2925 of the Public Authorities Law.

## **Reporting Responsibilities**

The Committee shall:

- i. Report on its proceedings at the next full meeting of the Board.
- ii. Provide an open avenue of communication between Internal Audit, the independent auditors, the Chair of the Audit Committee and its members, the Board and - management.
- iii. Report to the Board the fulfillment of the responsibilities outlined herein.

## **Other Responsibilities**

The Committee shall:

- i. Perform other activities related to this charter as requested by the Board.
- ii. Conduct an annual review and assessment of the adequacy of the Audit Committee charter.

Approved: April 13, 2016