

## Bylaws

**SUBJECT: DUTIES OF THE EXTERNAL (INDEPENDENT) AUDITOR**

The Board by law must obtain an annual audit of its records by an independent certified public accountant (CPA) or an independent public accountant (PA). The audit must also include all extraclassroom activity funds. The independent accountant will present the report of the annual audit to the Board. The Board will adopt a resolution accepting the audit report and file a copy of the resolution with the Commissioner. The District will also file the audit report with the Commissioner for a specific school year by October 15 of the following school year. In addition to the annual audit, the District is subject to state audits conducted by the state comptroller.

The independence and objectivity of the auditor may be enhanced when the Board and audit committee perform an oversight role with respect to the hiring and performance of the auditor, as required by law. Similarly, no audit engagement will be for a term longer than five consecutive years. The District, may, however, permit an independent auditor engaged under an existing contract for those services to submit a proposal for those services in response to a request for competitive proposals or be awarded a contract to provide those services under a request for proposal process.

**Duties and Responsibilities**

The independent auditor must conduct the audit in accordance with Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States. Standards of GAGAS are organized as general, fieldwork, and reporting.

Below are some important considerations the District will expect of the auditor in preparing the audit; however, they should not be considered all-inclusive or a substitute for the auditor's professional judgment.

- a) Independence: The auditor must document that he or she is independent of the District and free of personal and external impairments. The auditor must establish an internal quality control system to identify any personal and external impairment and assure compliance with GAGAS independence requirements.
- b) Internal Quality Control System: The auditor must document that his or her internal quality control processes adequately demonstrate compliance with government auditing standards. He or she must establish an organizational structure, policies, and procedures to provide reasonable assurance of complying with applicable standards governing audits.
- c) Internal Controls: The auditor must obtain a sufficient understanding of the District's internal controls and document such understanding covering the five interrelated components: the control environment, risk assessment, control activities, information and communication, and monitoring.
- d) Planning and Supervision: The auditor's work is to be properly planned and supervised and will consider materiality and/or significance in order to provide reasonable assurance of detecting misstatements resulting from direct and illegal acts and irregularities to financial statements. The auditor should also be aware of the possibility that indirect illegal acts may have occurred.

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- e) **Audit documentation:** In order to meet the GAGAS requirements, the audit documentation should provide a clear understanding of its purpose, the source, and the conclusions the auditor reached. It should be organized to provide a clear link to the findings, conclusions, and recommendations contained in the audit report.
- f) **Reporting on Internal Controls and Compliance:** The auditor must report on and present the results of his or her testing of the District's compliance with laws and regulations and its internal controls over financial reports in light of irregularities, illegal acts, other material noncompliance, significant deficiencies, and material weaknesses in internal controls.

Generally Accepted Government Auditing Standards (GAGAS) Sections 3.50-3.54, 4.03, 4.19-4.24, and 5.07-5.20

Education Law Sections 1709(20-a) and 2116-a

General Municipal Law Sections 33 and 104-b

8 NYCRR Sections 170.2, 170.3, and 170.12