

## AUDIT COMMITTEE CHARTER

### A. MEMBERSHIP AND ORGANIZATION

#### (1) Committee Composition

The Committee shall be comprised of ~~two~~ three (~~3~~) members of the Board of Trustees[, neither of whom serves as [Chief Executive Officer] Chairman or in any other position of Authority management]. Committee members shall be nominated by the Chairman and selected from eligible Trustees by vote of the Trustees.

#### [Method of Selection]

~~Committee members shall be selected from eligible Trustees by vote of the Trustees.]~~

#### (2) Term

Committee members shall serve for a period of [~~two~~] four years subject to their term of office under Section 1003 of the Public Authorities Law. Committee members may be reelected to serve for additional periods of [~~one year~~] four years subject to their term of office. A Committee member may resign his or her position on the Committee while continuing to serve as a Trustee. In the event of a vacancy on the Committee due to death, resignation or otherwise, a successor shall be selected in the manner and for the period described above.

(3) **Removal**

Committee members may be removed only if they are removed as Trustees for cause, subject to Section 2827 of the Public Authorities Law.

(4) **Meetings and Quorum**

The Committee shall meet at regularly scheduled meetings at least three times per year. One Committee member may call a special meeting of the Committee if requested to do so by [either] the Authority's President and Chief Executive Officer, General, General Counsel, the Inspector General/ Director of Security, the Chief Financial Officer, the Controller or head of Internal Audit.

One Committee member at a regular or special meeting of the Committee shall constitute a quorum for the purposes of conducting the business of the Committee and receiving ~~reports~~ reports [at a regularly scheduled or special meeting of the Committee].

Any meeting of the Committee may be conducted by video conferencing.

To the extent permitted by law, the Committee may hold meetings or portions of meetings in executive session.

**B. FUNCTIONS AND POWERS**

(1) **General Powers**

The Committee may call upon the resources of the Authority to assist the Committee in the discharge of its oversight functions. Such assistance may include the assignment of Authority employees to assist the Committee, and the retention of external advisors subject to Section 2879 of the Public Authorities Law and the Authority's Expenditure Authorization Procedures.

The Committee may direct any Authority employee to make oral or written reports to the Committee on issues and items within the Committee's purview. The Committee may direct the Authority's internal auditors to conduct special audits of items and issues of concern to the Committee.

~~The Committee appoint the Internal and [may] make recommendations concerning the staffing of Internal Audit and related functions.~~

**(2) Relationship to the Independent Accountants**

The Committee shall seek to enhance of the integrity, quality, reliability, thoroughness and fairness of the Authority's financial statements and accompanying notes, and shall oversee the relationship with the Authority's independent accountants. To effect this objective, the Committee shall advise the Trustees in the selection and discharge of the independent accountants and shall meet at least twice a year with such independent accountants to discuss the independent accountants' work plans, objectives, opinion, and recommendations. Individual Committee members may have additional meetings with the independent accountants.

The Committee shall annually review the scope, objectives and results of the independent accountants' examination of the annual financial statement and accompanying notes, and shall report its findings to the Trustees. The Committee may at any time report on and make recommendations to the Trustees on any matter in connection with the independent accountant's audit process.

**(3) Relationship to Internal Audit and Controller**

The Committee shall appoint the Director of Internal Audit and Corporate Compliance, establish his compensation and benefits and [may] make recommendations concerning the staffing of Internal Audit and related functions.

The Committee shall have oversight of the Office of- Internal Audit, its resources and activities so that Internal Audit is directed toward those activities and processes where the potential benefit to improving internal controls is the greatest. The Committee shall promote coordination between the internal auditors and independent accountants so that all material areas of activities are adequately covered.

The Committee shall meet at least [twice] three times a year with the Authority's ~~head-Director~~ of Internal Audit and Corporate Compliance and the Controller, and may direct the aforementioned individuals to attend any meeting of the Committee, and to prepare and deliver such reports as requested.

The Committee shall report at least annually to the Trustees as to its findings concerning the internal audit function, and may make recommendations at any time as it deems appropriate.

~~(4) [Oversight of Issues Arising Under the Authority's Code of Conduct]  
Oversight of Issues Arising in the Office of Inspector General~~

C. STAFF REPORTS

The Committee shall have oversight of issues relating to compliance with the Authority's policies and procedures arising [under the Authority's Code of Conduct, and statutory enactments such as Sections 73, 73-a and 74 of the Public Officers Law, and compliance therewith.] through complaints to or investigations of the Office of Inspector General. The Inspector General/Director of Security shall report to the Committee at least three times a year as to complaints received by the Authority relating to corruption,

fraud, criminal activity, waste or abuse and as to any reports received from the Office of the State Inspector General. The Committee shall establish procedures for the receipt, retention, investigation and referral of such complaints and to ensure that all Authority employees report promptly to the OIG any information concerning allegations of corruption, fraud, criminal activity, waste or abuse.

The Committee may direct [Authority employees] the Inspector General/Director of Security to prepare and deliver reports to the Committee and to meet with the Committee regarding compliance issues[, and may direct the General Counsel to prepare such revisions to the Code of Conduct as the Committee may deem appropriate to enhance its objectives, for approval by the Trustees].