Policy Name: Appointment of Independent Auditors and Conduct of Independent Audit

Policy Number: G-2

Functional Area(s) Responsible: Administration & Finance

Owner(s) of Policy: Administration & Finance

Most Recent BOT Approval Date: July 2015

Most Recent Review Date: Spring 2023

Most Recent Review/Revision Type: ☒ none   ☐ minor/non-substantive   ☐ substantive/extensive

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Policy Statement:

New York State law requires that community college records and accounts be audited annually by an independent certified public accounting firm. Finger Lakes Community College shall establish requirements for appointment of the College's independent auditors and the conduct of the audit in compliance with state and federal laws and regulations. The independent auditor shall report directly to the Audit and Enterprise Risk Management Committee of the Board of Trustees.

The Audit and Enterprise Risk Management Committee's oversight role shall include, without limitation, a review and discussion with the administration and the independent auditor of:

a) Significant financial reporting issues and judgments made in connection with the preparation of the College's financial statements;

b) Clarity of financial disclosures made by the College;

c) development, selection and disclosure of critical accounting assumptions or estimates, the analyses of alternative assumptions or estimates, and the effect of such estimates on the College's financial statements;

d) Potential changes in applicable accounting conventions and the effect such changes would have on the College's financial statements;

e) Significant changes in accounting principles, financial reporting policies and internal controls implemented by the College;

f) Significant litigation, contingencies and claims against the College and material accounting issues that require disclosure in the College's financial statements;

g) Information regarding any "second" opinions sought by the administration from the Independent Auditor with respect to the accounting treatment of a particular event or transaction;

h) College administration compliance with College processes, procedures and internal controls;

i) Adequacy and effectiveness of the College's internal accounting and financial controls and the recommendations of the administration and the Independent Auditor for the improvement of accounting practices and internal controls;

j) Difficulties encountered by the Independent Auditor in the course of the audit, including any restrictions on the scope of activities or access to requested information, and any significant disagreements with the administration; and

k) Material written communications between the Independent Auditor and the administration, such as any

management letter or schedule of unadjusted differences.

Reason(s) for Policy:

The College's independent auditor must be appointed in accordance with the procedures set forth in this policy. The policy also sets forth the respective roles of the FLCC Board of Trustees and its Finance & Facilities Committee and the College administration in connection with the conduct of the annual audit.

Applicability of Policy:

Members of the FLCC Board of Trustees, College officers and employees responsible for finance and audit functions should be familiar with this policy.

Definitions:

Audit and Enterprise Risk Management Committee: the FLCC Board of Trustees Audit and Enterprise Risk Management Committee as it may be duly constituted from time to time.

Independent Auditor: the independent certified public accounting firm selected by the Audit and Enterprise Risk Management Committee and approved by the Board of Trustees to conduct the College's annual audit, in accordance with this Policy.

Related Documents:

NYS Education Department regulations: 8 NYCRR Part 602.1 (c)

Procedures:

None

Forms/Online Processes:

None

Appendix:

None