

AUDIT COMMITTEE CHARTER

This Audit Committee Charter was adopted by the Board of Directors of the Oneida County Industrial Development Agency (AGENCY), a public benefit corporation established under the laws of the State of New York, on this - day of (Month, Year).

Purpose:

The purpose of the audit committee shall be to (1) assist the AGENCY'S board in fulfilling its responsibilities for the AGENCY'S 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, the independent auditors, any contract agencies involved in financial reporting and the board of directors.

Powers of the Audit Committee:

It shall be the responsibility of the audit committee to:

- Appoint, agree to fees, and oversee the work of any public accounting firm employed by the AGENCY.
- Conduct or authorize investigations into any matters within its scope of responsibility.
- Seek any information it requires from AGENCY employees, all of whom should be directed by the board to cooperate with committee requests.
- Meet with AGENCY staff, independent auditors or outside counsel, as necessary.
- Retain, at the AGENCY'S expense, such outside counsel, experts and other advisors as the audit committee may deem appropriate.

The AGENCY board will ensure that the audit committee has sufficient resources to carry out its duties.

Composition of Committee and Selection of Members:

The audit committee shall consist of at least three members of the board of directors who are independent of AGENCY operations. The AGENCY'S board will appoint the audit committee members and the audit committee chair.

Audit committee members shall be prohibited from being an employee of the AGENCY or an immediate family member of an employee of the AGENCY. In addition, audit committee members shall not engage in any private business transactions with the AGENCY, or be an immediate family member of an individual that engages in private business transactions with the AGENCY.

Approved August 9, 2007

Ideally, all members on the audit committee shall possess or obtain a basic understanding of financial reporting and auditing. The audit committee shall have access to the services of at least one financial expert; whose name shall be disclosed in the annual report of the AGENCY. The audit committee's financial expert should have 1) an understanding of generally accepted accounting principles and financial statements; 2) experience with internal accounting controls; and, 3) an understanding of audit committee functions.

Meetings:

The audit committee will meet a minimum of twice a year, with the expectation that additional meetings may be required to adequately fulfill all the obligations and duties outlined in the charter.

Members of the audit committee are expected to attend each committee meeting, in person or via telephone or videoconference. The audit committee may invite other individuals, such as members of management, auditors or other technical experts to attend meetings and provide pertinent information, as necessary. The audit committee will meet with the AGENCY's independent auditor at least annually to discuss the financial statements of the AGENCY.

Meeting agendas will be prepared for every meeting and provided to the audit committee members along with briefing materials 5 business days before the scheduled audit committee meeting. The audit committee will act only on the affirmative vote of a majority of the members at a meeting or by unanimous consent. Minutes of these meetings will be recorded.

Responsibilities:

The audit committee shall have responsibilities related to: (a) the independent auditor and annual financial statements; (b) oversight of management's internal controls, compliance and risk assessment practices; (c) special investigations and whistleblower policies; and (d) miscellaneous issues assigned to the Committee by the Board.

A. Independent Auditors and Financial Statements – The audit committee shall:

- a. Appoint, agree to fees, and oversee independent auditors retained by the AGENCY and pre-approve all audit services provided by the independent auditor.
- b. Establish procedures for the engagement of the independent auditor to provide permitted audit services. The AGENCY's independent auditor shall be prohibited from providing non-audit services unless having received previous written approval from the audit committee. Non-audit services include tasks that directly support the AGENCY's operations, such as bookkeeping or other

services related to the accounting records or financial statements of the AGENCY, 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.

- c. Review and approve the AGENCY's audited financial statements, associated management letter, report on internal controls and all other auditor communications.
- d. Review complex or unusual transactions and management decisions of the Agency, and understand their impact on the Agency's financial statements.
- e. Meet with the independent audit firm as necessary to discuss any significant issues that may have surfaced during the course of the audit.
- f. 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.

B. Internal Controls, Compliance and Risk Assessment – The audit committee shall review the report on internal controls by the independent auditor as a part of the financial audit engagement.

C. Special Investigations – The audit committee shall:

- a. Act as the 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 AGENCY or any persons having business dealings with the AGENCY or breaches of internal control.
- b. Develop procedures, once informed of confidential information, for the receipt, retention, investigation and/or referral of complaints concerning accounting, internal controls and auditing to the appropriate body.
- c. Request and oversee special investigations as needed and/or refer specific issues to the appropriate body for further investigation.

D. Other Responsibilities of the Audit Committee – The audit committee shall:

- a. Obtain any information and training needed to enhance the committee members' understanding of the role of internal audits and the independent auditor, the risk management process, internal controls and a certain level of familiarity in financial reporting standards and processes.

- b. Review with the Board, the committee's charter annually, reassess its adequacy, and recommend any proposed changes to the board of the AGENCY. The audit committee charter will be updated as applicable laws, regulations, accounting and auditing standards change.