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AUDIT COMMITTEE CHARTER

This Audit Committee Charter was adopted by the Counties of Warren and Washington Industrial Development Agency (the “Agency”), a public benefit corporation established under the laws of the State of New York, on this 28th day of January, 2008.

Purpose

Pursuant to Article V, Section 4 of the Agency’s bylaws, the purpose of the audit committee shall be to provide recommendations to the Agency on the hiring of a certified independent accounting firm, establishing the compensation to be paid to the certified independent accounting firm, and providing direct oversight of the performance of the independent annual audit performed by the certified independent accounting firm.

Composition of Committee and Selection of Members

The audit committee shall be established as set forth in and pursuant to Article V, Section 4 of the Agency’s Bylaws. The audit committee shall consist of at least three (3) members of the Agency. The Agency Chairman shall appoint the audit committee members and the audit committee chair. In the event that a member of the Audit Committee is unavailable, the Agency Chairman shall serve as an Alternate Member.

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 receive compensation from any private entity that has material business relationships with the Agency, or be an immediate family member of an individual that engages in private business transactions with the Agency or receives compensation from an entity that has material business relationships with the Agency.

Ideally, all members on the audit committee shall possess or obtain a basic understanding of governmental financial reporting and auditing, including the reporting requirements pursuant to the Public Authorities Accountability Act.

Meetings

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

Meeting agendas will be prepared for each meeting and provided to the audit committee members along with associated materials, if any, five (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. 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) the Agency's internal auditors; (c) oversight of management's internal controls, compliance and risk assessment practices; and (d) miscellaneous issues related to the financial practices of the Agency.

A. Independent Auditors and Financial Statements

The audit committee shall:

Review and report upon the financial statement, financing plan and business plan of all applicants seeking financial assistance from the Agency. Review shall include a cost benefit analysis of the proposed project.

Recommend for appointment and oversee independent auditors retained by the Agency and pre-approve all audit services provided by the independent auditor.

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.

Review and recommend approval of the Agency's audited financial statements, associated management letter, report on internal controls and all other auditor communications.

Review significant accounting and reporting issues, including complex or unusual transactions and management decisions, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.

Meet with the independent audit firm on an as-needed basis to discuss any significant issues that may have surfaced during the course of the audit.

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 Auditors

The audit committee shall:

- Review with the Agency Treasurer, the charter, activities, staffing and organizational structure of the internal audit function.
- Ensure that the internal audit function is organizationally independent from Agency operations.
- Review the reports of internal auditors, and have authority to review and approve the annual internal audit plan.
- Review the results of internal audits and approve procedures for implementing accepted recommendations of the internal auditor.

C. Internal Controls, Compliance and Risk Assessment

The audit committee shall:

Review management's assessment of the effectiveness of the Agency's internal controls and review the report on internal controls by the independent auditor as a part of the financial audit engagement.