



Chautauqua, Cattaraugus, Allegany & Steuben Counties

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John Margeson, Chairman

Audit Committee Report On Review of Audit Committee Charter

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The Audit Committee has a responsibility for annually reviewing its charter and making recommendations for its revision. The Audit Committee Charter is based on the Model Audit Committee Charter provided by the NYS ABO. Accordingly, the general structure and content of the Audit Committee Charter may be assumed to be compliant with New York State expectations for authority audit committee charters with respect to good governance practices. However, certain provisions of the Audit Committee Charter occasionally need to be revised to accommodate changing circumstances, new regulatory requirements, bylaw revisions, the need for improvements in performance and in expectations as to Committee duties and responsibilities, and organizational presentation. The Audit Committee proposes that the STERA Board make the following changes to its Charter:

1. Section 1 (Purpose of the Audit Committee) should be modified as follows:
 - A. In paragraph A1, the phrase "the financial reporting process and the system of risk assessment and internal controls over financial reporting" should be deleted.
 - B. In paragraph A2, the phrase "establishing the" should be changed to "recommending to the Board" and the phrase "in conjunction with the CFO" should be added to the end of this paragraph.
2. Section 3 (Meetings of the Audit Committee) should be modified as follows:
 - A. In paragraph F, the phrase "2 business days" should be changed to "1 week".
3. Section 4 (Powers and Responsibilities of the Audit Committee) should be modified as follows:
 - A. In the header to paragraph A, the phrase "(b) the Authority's internal auditors; (c) oversight of management's internal controls, compliance and risk assessment practices;" should be deleted and the sentence "These responsibilities are outlined in the remaining sections of this Article." should be added before the last sentence of the header.
 - B. In paragraph B1, the phrase "establish the" should be changed to "recommending to the Board".
 - C. Paragraph C should be deleted in its entirety.

- D. In paragraph D1, the phrase “Review management’s assessment of the effectiveness of the Authority’s internal controls and” should be deleted.
 - E. In paragraph D2, the phrase “Report to the Authority Board on the effectiveness of the Authority’s internal controls, and” should be deleted.
 - F. Paragraph F1 should be deleted in its entirety.
 - G. Paragraph F4 should be deleted in its entirety.
4. Section 5 (Resources of the Audit Committee) should be modified as follows:
- A. Paragraph A should be deleted in its entirety.
 - B. Paragraph B should be deleted in its entirety.