



1) Purpose

- a. The purpose of this policy is to ensure that Jackson Day School's Board coordinates, monitors, and works closely with the Head of School and school staff to prepare an annual independent audit. The Board will form a Finance/Audit Committee who will be responsible for hiring the auditor, evaluating the audit process, and recommending whether or not to reengage the audit firm for subsequent audits. The Finance/Audit Committee will present the auditors' findings to the Board of Directors, ensuring the Board understands recommendations before formally accepting the audit report. Finally, the Finance/Audit Committee recommends changes in practices or reporting in order to maintain or bring the nonprofit into a "best practices" position.

2) Finance/Audit Committee Roles

- a. Committee is responsible for the appointment, compensation, and oversight of the independent auditors' work;
- b. Ask questions of Head of School and the independent auditors to evaluate the audit process;
- c. Receives reports directly from the auditors (not the Head of School) in connection with the audit's findings, and
- d. Receives and considers actions to recommend to the full board as a result of recommendations from the auditors about actions the nonprofit should take to improve its financial reporting and management practices, as needed.

3) Oversight for Financial Best Practices

- a. The audit committee needs to be aware of the overall financial health of the nonprofit.
 - i. The Audit committee should understand the recommendations contained in prior audit reports
 - ii. The Audit committee will work with the Head of School and the Board of directors throughout the year on any financial practices that the auditors note need attention.
- b. During the year after the auditors have conducted the audit, the audit committee members will meet with the Head of School and with the independent auditors to gain a deeper understanding of whether the organization's financial reporting practices and internal controls are adequate.
 - i. Changes to programs and other financial practices from year to year may make this an important inquiry on an ongoing basis.
- c. As a result, the audit committee may recommend policies and procedures to strengthen the nonprofit's internal controls.
 - i. The audit committee may also be delegated by the Board of Directors to investigate/resolve any concerns about financial controls and to proactively take steps to prevent financial mismanagement.

4) Evaluating the Auditors and the Audit Committee

- a. The Finance/audit committee is responsible for evaluating the auditors' performance and for making a recommendation about whether or not to use the same audit firm the following year or recommend that the nonprofit use another firm in the future.
 - i. Part of the evaluation process should be a self-evaluation:
 - 1. How efficient was the audit process?
 - 2. How well did the Finance/audit committee move the process along?

3. Were the school's operations disrupted by the audit process or the auditors' fieldwork? If so, what could be changed next time to limit the disruption?
4. Does the Finance/Audit committee's charter adequately describe its role and the scope of its authority?
5. Are the right Board members serving on the audit committee?
6. Who will be the chair of the committee in the future? Is there a clear leadership succession plan for the committee?
7. Did the audit committee provide a thorough report to the full board?
8. Does the committee or full Board need more preparation or financial literacy education in order to really understand the audit function and the auditors' report?

5) Handling Complaints about Financial Mismanagement

- a. The audit committee is responsible for investigating the any complaints about financial mismanagement.
 - i. The audit committee will report to the Board of Directors on an annual basis or as needed whether any complaints or concerns have been raised by employees or others, and how those complaints/concerns were investigated, managed, and resolved.

6) Adoption

- a. This board policy was initially adopted by Mountain Island Day Schools' governing board on November 30th, 2017. This policy was updated on January 6th, 2022 with schools new name Jackson Day School

Items addressed:

- Audits