

Policy Type: Governance Process
Policy Name: Audit Committee

The role of the audit committee is to ensure the financial health and stability of the organization through oversight of the policy that establishes the Executive Director's responsibility for adequate financial controls, budgeting and financial reporting practices and the facilitation of the annual external audit.

Composition

The audit committee will consist of at least three persons; two members of the board of directors, one of whom will be the treasurer; and one external person who may be either a former board member or someone from an external stakeholder organization. The Executive Director or chief financial officer will be an ex-officio member of the Committee. All members are expected to be financially literate.

Meetings

The Audit Committee shall meet at least twice a year or more frequently at the request of the Board, the Treasurer or Executive Director.

Accountability

The Audit Committee is accountable to the Board of Directors

Responsibilities¹

The audit committee shall:

- Develop, recommend and review the Financial Management Policy of the organization
- Meet annually with the auditor to review the general scope and procedures of the audit and any specific areas of policy requiring special attention.
- Meet with the auditors to receive the audited statement and their recommendations
- Provide the board with the highlights of the external auditor's report.
- Provide advice to the Executive Director, if requested by her/him to do so, on budget priorities and revenue and expenditure predictions.
- Recommend what aspects, if any, of the Financial Management Policy ought to be reviewed in the evaluation of the Executive Director.

¹ Given the responsibilities listed here one could describe this committee as a "financial policy and audit committee". Indeed it should be noted that the committee in this example is not responsible for reviewing or otherwise "digging into" the financial reports of the organization for which the ED is accountable to the Board. In other words it is not a "finance committee", nor would we recommend one be established, except perhaps in the formative stages of the organization's development. Fund raising committees, which some boards may establish, are another matter.