



## Policy 203 Financial Audits

**Date of Adoption:** September 17, 2018

**Effective Date** September 17, 2018

**Last Revised:** November 6, 2023

**203.1 Purpose.** The purpose of this policy is to establish financial audit guidelines for DC Ranch Association.

**203.2 Scope.** This policy applies to the financial audits of DC Ranch Association.

**203.3 Responsibility/Authority.** The DC Ranch Association Board of Directors.

203.3a Delegation of Authority: The DC Ranch Association Board of Directors delegates some of its responsibilities to the Executive Director, such as the management of its financial operations. The Executive Director authorizes the Director of Financial Operations to send out requests for proposals and provide the auditor with requested information to audit DC Ranch Association's financial statements, accounting systems and controls in place.

**203.4 Introduction.** The Association's mission statement is as follows: To serve all DC Ranch Stakeholders through the professional management and protection of the community's fiscal and environmental assets. DC Ranch Association delivers high quality and consistent operations, landscape, maintenance, and community patrol and gate access with an emphasis on customer care and open communication that result in sustained property values and exceptional quality of life

The Board of Directors serve as fiduciaries to the corporation. As a fiduciary, the Association Board of Director is responsible for ensuring that financial records are accurate and complete, as well as properly representing the financial position of the Association. The objective of a financial audit is to receive an outside opinion on whether the financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles.

**203.5 Frequency.** An audit of the financial statements shall be performed by an independent Certified Public Accountant after the end of each fiscal year.

**203.6 Selection of Auditor.**

203.6.a **Request for Proposal:** A request for proposal for auditing services shall be prepared by the Director of Financial Operations and shall be distributed to a minimum of three qualified auditing firms at least every three years.

203.6.b **Review of Proposals:** All proposals shall be reviewed by the Executive Director, Director of Financial Operations, Treasurer of the Board of Directors, and Budget and Finance Committee.

203.6.c **Recommendation for Auditor for Upcoming Three Years:** The Director of Financial Operations and Executive Director shall recommend to the Board of Directors which auditor to hire for a three-year period.

203.5.d **Approval of Auditor:** The Board of Directors shall vote at a regularly scheduled board meeting to award a three-year contract.

**203.7 Audit Results**

203.7.a Presentation

203.7a(i): **Budget and Finance Committee:** The audit report will be presented to, and reviewed by, the Budget and Finance Committee at the first meeting following the audit's completion. Pursuant to ARS §33- 1810, the audit must be completed no later than 180 days after the end of the fiscal year.

203.7a(ii): **Board:** The audit report will be presented to the Board of Directors at the first regularly scheduled monthly board meeting following the presentation of the audit to the Budget and Finance Committee. The Board of Directors shall vote to accept or dispute the audit.

203.7.b **Management Letter:** Within 30 days of the date of the audit report, the Director of Financial Operations will provide a written response addressing any recommendations from the auditor regarding material weaknesses or significant deficiencies of internal controls as delineated in the management letter. The management letter and response will be presented to the Budget and Finance Committee and Board of Directors.

203.6.c **Distribution and Distribution Means:** The audit will be provided to the Board of Directors. It will also be made available within 30 days after its completion to Association members upon request (ARS §33-1810) and by posting it on the DC Ranch website within 10 days of the audit being accepted by the Board.

Approved by: \_\_\_\_\_

Board President or Secretary

Date: \_\_\_\_\_

11/8/2023

Effective Date: \_\_\_\_\_