

 Prescott College	Policy Number: 115	
	Policy Category: Governance Policies	
	External Independent Audit	
	Policy Summary: <i>The College will have an annual external audit conducted.</i>	
	Approval Date: 06/06/2025	Effective Date: Upon approval
	Policy Owner: <i>Board of Trustees</i>	Policy Approved by: <i>Board of Trustees</i>
		Scheduled for Review: <i>Spring 2029</i>

Policy Statement

As a 501(c)3 not for profit organization over a certain size and recipient of Federal Grant Awards, the College is required by the Federal Government to be audited annually. The audit must be conducted by external independent auditors. The audit must be conducted in accordance with Auditing Standards generally accepted in the United States of America and standards applicable to financial audits contained in "Government Auditing Standards" issued by the Comptroller General of the United States, and the United States Office of Management, and Budget (OMB) Circular A-133, audits of the "State and Local Governments and Non-Profit Organizations."

The audit is conducted to obtain reasonable assurance about whether the financial statements are free of material misstatement. Additionally, the audit includes assessing the accounting principles used, significant estimates made by management, and the overall financial statement presentation. The independent auditors will also report under the single audit act their consideration of the College's internal control over financial reporting and a test of compliance with provisions of laws, regulations, contracts, and grant agreements.

The Audit Committee of the Board of Trustees shall be responsible for engaging an external auditing firm to conduct an examination of the financial records of Prescott College's system at year end. The engagement with the audit firm should be reviewed every five to seven years. Re-approval will be subject to continued satisfaction with the firm's services.

Items to be audited will be spelled out in the initial engagement letter of the audit firm. The audit will include, but not be limited to, financials, payroll, human resources, inventories, internal control, analysis of receipts and disbursements, appraisal of procedures, systems and compliance with policy, computer and information systems capabilities, Federal Title IV funding compliance, other grant and temporarily restricted accounts, permanently restricted accounts, and any special reviews as requested.

In addition to the audit, the auditor will be permitted under this policy to provide other (non- audit) related services as long as they do not conflict with the role of the external auditor.

The Vice President, Finance & Administration is responsible for coordinating with the auditor. The Business and Financial Aid Offices will work directly with individuals of the audit firm in providing the

necessary information to complete the audit. Other offices on campus may be asked to provide information as solicited by the auditors to meet audit requirements.

Reason for Policy

This policy outlines the requirements related to the annual external audit.

Responsibilities

For following policy:	All staff, faculty, administrators, and Board of Trustees
For enforcement of policy:	Vice President, Finance and Administration
For oversight of policy:	Vice President, Finance and Administration
For procedures implementing the policy:	Vice President, Finance and Administration
For notification:	Policy Librarian

Procedures

There will be an initial meeting to discuss the scope of the external audit with the auditor. There will also be an exit conference as a final meeting to discuss the audit review and conclusions, including any audit findings and recommendations. These meetings will be coordinated between the Audit Committee and the external auditor. The Audit Committee has an option, if deemed to be necessary, to request to meet with the auditors without management.

Revision History

Original approval – 7/1/2009

Updated October 2023 slight updates and converted to new template.

Revised June 2025