I. **AUTHORITY**

Article XII, Section 1(B) of the By-laws of the Hot Springs Village Property Owners’ Association. The Audit Committee is accountable to the Board of Directors.

II. **PURPOSE**

Provide approval, oversight and evaluation of the independent auditors. Discuss with auditors the scope and schedule of the annual audits and the discussion of matters relating to the financial operations, controls and financial reporting of the Association.

The committee shall act as liaison between the Board and independent auditors in overseeing the POA’s compliance with legal and regulatory requirements as it relates to generally accepted accounting practices (GAAP).

III. **ORGANIZATION AND APPOINTMENT**

The committee shall consist of a Committee Chair (appointed annually by the Board Chair), and at least two elected Board members (appointed by the Committee Chair). Preference will be giving to Board members who have financial and/or accounting backgrounds. Vacancies in membership of the Committee will be filled by the Committee Chair. The Treasurer and Controller will serve as ex-officio members of the committee.

IV. **DUTIES AND RESPONSIBILITIES**

1. Approve the employment of an independent auditing firm to audit the books and records of the association.

2. Evaluate the independent auditor’s qualifications, performance and independence including internal quality control procedures or peer review of the firm.

3. Discuss with the Auditor the schedule and scope for the Annual Audit and any matters relating to the financial operation, controls and financial reporting of the Association’s financial condition, including any areas of concern.

4. Seek assurance from the auditor that the Association’s financial statements are complete and accurate and in accordance with generally accepted accounting practices (GAAP).

5. Meet with the auditor prior to the end of the year and at the completion of the audit to review the audit plan and annual report.

6. Ensures that the auditors make a complete report to the Board of Directors and Property Owners.
7. Oversee adherence to Chapter One, Article 6, the Audit & Funds Control Policy.
8. Ensures that the Board has adequate knowledge and understanding of the Audit Committee and Board’s roles in assessing the overall financial health of Hot Springs Village. Performs more in depth financial analysis if requested by the Board or audit firm.

The independent auditor reports directly to the Audit Committee. The Committee is expected to maintain free and open communication with the independent auditor and management. This communication will include periodic private executive sessions with each of these parties as required.

V. LIMITATIONS
This committee has no authority to set policy or to take any action on behalf of the Board.

VI. MEETINGS
As an advisory committee to the Board of Directors, meetings of this committee may be closed sessions due to the sensitivity of the subject matter.

B.O.D. Approved 5-16-07, 2-21-18