

## Policy 20

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### AUDIT COMMITTEE

The Audit Committee provides independent oversight to the Board of Education and assists the Board of Education in fulfilling its governance and oversight responsibilities for ensuring compliance with the financial provisions of the School Act and Regulations in relation to financial reporting, the external audit process, risk management and internal controls and compliance matters. The Audit Committee does not relieve the Board of Education of the responsibility of overseeing the school district's finances.

#### MEMBERSHIP

1. The Audit Committee will be comprised of the following members:
  - a. Three Trustees who are appointed by the Chair of the Board of Education
  - b. Two public members recommended by a selection committee.

Trustees serving on the audit committee shall receive financial literacy training to aide them in performing their audit committee duties.

2. Members of the public are identified by a selection committee as potential candidates for appointment to the Audit Committee. The selection committee shall be comprised of at least:
  - a. Chair of the Board of Education or Trustee designated by the Chair
  - b. Superintendent
  - c. Assistant Superintendent and Secretary-Treasurer or designated alternate.

The selection committee shall recommend to the Board of Education the members of the public as potential candidates. The Board of Education approves the appointment of the members of the public.

3. Members of the public appointed to the Audit Committee must:
  - a. Be an objective advisor with experience in financial matters, or other relevant expertise
  - b. Not be an employee or officer of the school district
  - c. Not have a parent, child or spouse employed or be an officer of the school district
  - d. Support the values of the school system
4. Members of the public will receive remuneration of \$250 for each full day / \$125 for each half day. Trustee committee members will be remunerated per Board policy. Any incidental expenses (mileage, parking, etc.) will be reimbursed in accordance with Board processes.

5. The term of office of a Trustee who is a member of the Audit Committee shall be determined by the Board, but must be reviewed on an annual basis and shall not exceed four years. The term of office of a member of the public shall be for a period of two years. Members of the public may be re-appointed for no more than two terms unless:
  - a. The position has been advertised for at least 30 days, and
  - b. After 30 days, the selection committee did not identify and potential candidates.

When the term of a member of the public expires, they continue to be a member of the Audit Committee until a successor is appointed or the member of the public is reappointed.

6. At the first meeting of the Audit Committee in each fiscal year, the Audit Committee shall elect the Chair of the committee from the board members appointed to the committee. If at any meeting of the Audit Committee the Chair is not present, the members present may elect a trustee Chair for that meeting. The Chairperson will set the agenda of the meetings based on the work plan developed by the Audit Committee.
7. The Secretary Treasurer, reporting directly to the Audit Committee for audit matters, will act as its primary resource. The Superintendent or appointed Assistant Superintendent as his delegate are also a resource to the Audit Committee, when required.
8. Any vacancy of a member of the Audit Committee shall be filled as soon as possible in accordance with the Audit Committee Terms of Reference. A person who is appointed to fill a vacancy shall hold the position for the remainder of the term of the member whose position became vacant.

## **CONFIDENTIALITY**

9. Deliberations and information received from the attendance at an Audit Committee meeting will be treated as private and confidential information, and shall not be published, released or disclosed in any manner to any persons other than to Trustees of the Board, the Superintendent, or, as determined by the Committee, or in pursuance of specified duties under the School Act, the district's Organizational Bylaw or the Freedom of Information and Protection of Privacy Act.

## **RESPONSIBILITY**

### ***FINANCIAL REPORTING***

10. The Audit Committee reviews the Board's annual financial statements, quarterly financial reports, and all other financial monitoring reports required by the Board, Ministry of Education, or other agencies.

11. The Audit Committee recommends to the Board, if the Audit Committee considers it appropriate to do so, that the Board approve the annual audited financial statements and any other financial monitoring reports.

### **EXTERNAL AUDIT PROCESS**

12. The Audit Committee recommends to the Board the appointment of the External Auditor in accordance with Board procurement procedures and s. 158 of the School Act.
13. The Audit Committee reviews the External Auditor's audit plan and audit findings, including:
  - a. The External Auditor's engagement letter and independence letter
  - b. Any management representations made to the External Auditor and those representations not obtained from management, if any.
14. The Audit Committee meets on a regular basis with the External Auditor to discuss any matters that the Audit Committee or the External Auditor believes should be discussed.
15. The Audit Committee reviews at least once in every fiscal year, the performance of the External Auditor and makes recommendations to the Board on the appointment, replacement or dismissal of the External Auditor and on the fee and fee adjustment for the External Auditor.
16. The Audit Committee works to resolve any disagreements between management and the External Auditor about financial reporting.
17. The Audit Committee recommends to the Board the pre-approval of all audit and non-audit services to be performed by the External Auditor.
18. The Audit Committee reviews other direct or indirect external audit reports (e.g. Office of the Auditor General) toward making recommendations to the Board for policy or procedural changes for the school district.

### **RISK MANAGEMENT & INTERNAL CONTROLS**

19. As the primary resource to the Audit Committee, the Internal Audit Officer shall ensure the Audit Committee:
  - a. Reviews the overall effectiveness of the Board's internal controls.
  - b. Understand the inherent risk of fraud and error in the Board.
  - c. Understands the Board's significant risks, the internal controls that mitigate these risks, and management's policies for risk assessment and risk management and to assess the steps management have taken to manage such risks, including the adequacy of insurance for those risks.

20. The Audit Committee reviews and recommends to the Board the content of the annual Internal Audit Plan as prepared by Financial Services and the Internal Audit Officer.
21. The Audit Committee reviews at least once in each fiscal year the performance of the Internal Auditor and provides the Board with comments regarding his or her performance.
22. The Audit Committee meets on a regular basis with the Internal Auditor and management to discuss any matters that the Audit Committee or Internal Auditor believes should be discussed, including:
  - a. Significant findings and recommendations by the Internal Audit Officer and responses of management.
  - b. Any significant changes the internal auditor made to the audit plan in response to issues that were identified during the audit.
  - c. Any difficulties encountered in the course of the internal auditor's work, including any restrictions or limitations on the scope of the Internal Auditor's work or on the Internal Auditor's access to required information.

### **COMPLIANCE MATTERS**

23. The Audit Committee reviews the effectiveness of the Board's system for monitoring compliance with legislative requirements and with the Board's policies and procedures, and where there have been instances of non-compliance, to review any investigation or action taken by management to address the non-compliance.
24. The Audit Committee reviews any significant findings of regulatory entities, and any observations of the Internal Audit Officer or External Auditor related to those findings.
25. The Audit Committee reviews the Board's process for communicating to Board members or staff any codes of conduct that apply to Board members or staff and the Board's process for administering those codes of conduct.
26. The Audit Committee obtains regular updates from management and legal counsel regarding compliance matters.
27. The Audit Committee obtains confirmation by management that all statutory requirements have been met.

### **MEETINGS**

28. The Audit Committee will meet at least three times per year. Additional meetings may be scheduled at the call of the Chairperson if deemed necessary to carry out its responsibilities effectively and efficiently.

29. Minutes will be taken at each meeting and will be presented to the Board of Education.
30. Quorum is achieved when a majority of the members of the Audit Committee are present, one of which must be a member of the public. At least one staff member shall be present for each meeting.
31. Each Audit Committee member who is an elected Trustee has one vote, unless a member has declared a direct or indirect pecuniary interest in an agenda item. In the event of a tie vote, the Chairperson is entitled to cast a second vote.

## **REPORTING & COMMUNICATIONS**

32. The Audit Committee is accountable to the Board of Education for representing the interests of all stakeholders.
33. The Audit Committee maintains an effective communications policy, including disclosure of the Audit Committee's Terms of Reference.
34. Annually, the Audit Committee will report to the Board of Education an evaluation of the performance of the Audit Committee's duties.
35. The Audit Committee shall submit to the Board of Education an annual report that includes:
  - a. The annual Internal Audit Plan prepared by the Internal Audit Officer
  - b. Description of any changes made to an Internal Audit Plan since the last report of the Audit Committee.
  - c. A summary of the work performed by the Internal Audit Officer since the last annual report of the Audit Committee, together with a summary of the work the auditor expected to perform during the period.
  - d. A summary of risks identified and findings made by the Internal Audit Officer.

In the event that members of the public cannot be recruited to the audit committee, the Board will function as a committee as a whole until such time that members of the public can be recruited. Where this situation arises, the committee as a whole will perform the audit committee functions given in this policy.

Adopted: June 2018