



## **AUDIT COMMITTEE**

### **Terms of Reference**

The Audit Committee will assist the Board of Trustees in fulfilling its duties related to risk management, compliance with Ministry of Education Act and Regulations, and control and oversight as prescribed by Ontario Regulation 361/10 – September 2010. Products expected from the committee, and the committee's authority and composition are outlined below. The committee shall perform its work in a manner consistent with the requirements of the above Regulation.

#### **A/ Committee Products**

Reference to Ontario  
Regulation 361/10  
(where applicable)

##### **1. Financial Reporting**

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| a) An annual report to the Board of Trustees highlighting the committee's review of the audited financial statements and any other significant information arising from their discussions with the external auditor, and including an opinion on the integrity of the financial statements.  | 9(1) 1, 3, 4    |
| b) A report to the Board of Trustees highlighting the committee's review of the annual external audit results, including any difficulties encountered in the course of the auditor's work, any significant disagreements between the auditor and administration, any significant changes made to the audit plan, and clarification regarding consolidation of the financial statements of the board's reporting entities, if any, with the board's financial statements. | 9(1) 2, 5, 6, 7 |
| c) Assurance that the Audit Committee's mandate is publicly available.   | 9(8)            |

##### **2. Internal Controls**

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| a) Advice to the Board of Trustees regarding the adequacy of the Executive Limitations regarding internal controls to address the board's significant financial risks.  | 9(2) 1    |
| b) An opinion for the Board of Trustees as to administrative compliance with the Executive Limitations regarding internal controls, based on a review of the findings of the internal and external auditors and the responses of the Director of Education to the findings and recommendations. | 9(2) 2, 3 |

##### **3. Internal Auditor**

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| a) Recommendations to the Board of Trustees as to the content of internal audit plans to ensure sufficient direct inspection monitoring of compliance with Executive Limitations related to financial matters is carried out. | 9(3) 2 |
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| b) An opinion for the Board of Trustees regarding the capacity, effectiveness, and performance of the internal auditor in providing the necessary direct inspection monitoring data to assure compliance with Executive Limitations policies, including whether there are unjustified restrictions on the scope of the annual internal audit. | 9(3) 1, 3, 4, 5 |
| c) A report to the Board of Trustees regarding any significant findings by the internal auditor and the Director of Education's response to those findings.   | 9 (3) 7         |

#### 4. External Auditor

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| a) Options for Board of Trustees decision re: selection of external financial auditor for a term not exceeding five years, and fees.   | 9(4) 1            |
| b) Recommendation for the Board of Trustees regarding scope of the audit, including the audit plan and engagement letter.  | 9(4) 2            |
| c) Liaison with the external auditor on behalf of the Board of Trustees.   | 9(4) 4, 5; 9(1) 8 |
| d) An opinion for the Board of Trustees, based on evidence required of the external auditor, as to whether the independent audit of the organization was performed in an appropriate manner. | 9(4) 3            |
| e) Options for the Board of Trustees regarding which governance policies should be included in the external audit.   | 9(4) 6            |

#### 5. Compliance with Legislation

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| a) Advice to the Board of Trustees regarding the adequacy of Executive Limitations regarding compliance with legislative requirements.  | 9(5) 1, 2    |
| b) An opinion for the Board of Trustees, based on direct inspection, as to the Director of Education's compliance with the General Executive Constraint and any other Executive Limitations relevant to legislative compliance.   | 9(5) 1, 4, 5 |
| c) Advice to the Board of Trustees regarding the adequacy of Executive Limitations and Governance Process policies regarding codes of conduct.  | 9(5) 3       |
| d) A self-monitoring report of the Board of Trustees' own compliance with its Governance Process policies related to Code of Conduct, including the appropriateness of the Board of Trustees' own spending, based on criteria in the board Governance Process policy on Cost of Governance, including periodic random audit of the board members' honoraria and expense accounts. | 9(5) 3       |

6. Risk Management

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| a) An opinion for the Board of Trustees on the adequacy of its Executive Limitations and Governance Process policies to address and manage significant risks.                      | 9(6) 1 |
| b) An opinion for the Board of Trustees semi-annually as to Director of Education compliance with criteria specified in Executive Limitations policies related to risk management. | 9(6) 1 |
| c) Other monitoring of compliance with board policies as requested by the Board of Trustees.   | 9(6) 3 |
| d) Current information for the Board of Trustees on significant new developments in accounting principles or relevant rulings of regulatory bodies that affect the school board.   | 9(6) 2 |

7. Financial Planning and Budgeting

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| a) An opinion for the Board of Trustees on the adequacy of its Executive Limitations policies related to planning and budgeting   |  |
| b) An opinion for the Board of Trustees semi-annually as to Director of Education compliance with criteria specified in Executive Limitations policies related to planning and budgeting. |  |

8. Investigation

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| a) On behalf of the Board of Trustees, investigation of any issue or activity, including but not limited to auditing matters, internal financial controls allegations of inappropriate or illegal financial dealing, illegal acts, fraud, misuse of resources, abuse, or ethics violations, which are brought to its attention. | 9(6) 3 |
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**B/ Committee Authority**

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| 1. The committee has no authority to change or contravene board policies.   |       |
| 2. The committee has authority to spend funds required for travel to meetings if meetings are required. It has no authority to spend or commit other organization funds, unless such funds are specifically allocated by the board. |       |
| 3. The Committee has the authority to retain counsel, accountants or other professionals to advise or assist the committee, with the prior approval of the Board of Trustees.   | 10(a) |

4. The committee has authority to use staff resource time normal for administrative support around meetings.
5. The Committee does not have authority to instruct the Director of Education or any other staff member, other than to require their attendance at meetings of the committee and the provision of information required in the conduct of its duties. 10(b)
6. The Committee has the authority to meet independently with the organization's external auditor, internal auditor, or any staff member, without the presence of other board staff or board members. 10(c)
7. The Committee has the authority to require internal or external auditors to provide reports to the committee and to access all records that were examined by the internal or external auditors. 10(b)

**C/ Committee Composition and Tenure**

1. The Committee shall be composed of four members, including two board members, and two persons who are not board members, appointed by the Board of Trustees in accordance with the board's bylaws. 3(1) 1
2. The committee members who are not board members must have been identified as a potential candidate by the selection committee required in O. Reg. 361/10, s. 5; must have accounting, financial management or other relevant business experience that would enable them to understand the accounting and auditing standards applicable to the board; must not be an employee or officer of the board or of any other board at the time of appointment; and must not have a parent, child or spouse employed by the board. 4
3. The members of the audit committee shall elect the Chair of the committee from among the board members on the committee. 6(1)
4. Committee members who are members of the Board of Trustees shall be appointed for a *four* year term, which may be renewed at the discretion of the board. 7(1)
5. Committee members who are not members of the Board of Trustees shall be appointed for a *three* year term, which may not be renewed more than once unless the position has been advertised for at least 30 days with no potential candidates having been identified. 7(2)
6. When a committee member's term expires, he or she continues to be a member until a successor is appointed. 7(5)

7. A committee member vacates his or her position if convicted of an indictable offence; if absent from two consecutive regular meetings of the committee without committee authorization at the first regular meeting following the second absence; in the case of non-board members on the committee, if the member becomes an employee or officer of the board or of any other board, or is discovered to have had an undisclosed conflict of interest at the time of appointment. S.8 8(1) (2)

**D/ Meetings**

1. The Committee shall meet at least three times in each fiscal year. 11(1)