



Terms of Reference of the Audit Committee

Mandate

The Audit Committee is a statutory committee of the Board constituted in accordance with Section 253.1(1) of the *Education Act* and Ontario Regulation 361/10 *Audit Committees* made under the *Education Act*.

Committee Membership

The Audit Committee shall consist of no fewer than five members, including three (3) Trustees, appointed in accordance with the Board's By-Law, and two (2) independent committee members appointed by a selection committee composed of the Director of Education, the Superintendent of Business and the Chair of the Board.

A person is eligible to be appointed to the board's audit committee as an independent committee member only if they,

- (a) have accounting, financial management or other relevant business experience that would enable them to understand the accounting and auditing standards applicable to the board;
- (b) are not an employee or officer of the board or of any other board at the time of their appointment;
- (c) do not have conflict of interest arising from having a parent, child or spouse employed by the board at the time of their appointment; and
- (d) were identified by the selection committee as a potential candidate for appointment to the audit committee.

Term

The Trustee members of the Audit Committee shall be appointed for a term of four (4) years.

The independent Audit Committee members shall serve for a term of three (3) years, and may be reappointed for more than one term, but may only be reappointed for more than two terms if the board has advertised the position for at least thirty (30) days and after thirty (30) days the selection committee did not identify any potential candidates.

Meeting Dates, Time and Location

The Audit Committee shall meet a minimum of three (3) times in each fiscal year, including on or before September 30 and prior to the Board meeting at which the Audited Financial Statements will be presented for Board approval. All other meetings will occur at the call of the Chair of the Audit Committee.

The Audit Committee shall not have quorum unless a majority of members of the Audit Committee are present in person or by electronic means, including at least one independent committee member.

The Audit Committee shall meet publicly, but may meet *in camera* to discuss a matter described at Section 207(2) of the *Education Act*.

Resource Persons

The Director of Education, Superintendent of Business and Chief Financial Officer shall provide staff support to the Audit Committee.

Chair

At the first meeting of the Audit Committee in each fiscal year, the members of the committee shall elect a Chair and Vice Chair of the committee, to serve for the following fiscal year of the Board.

Decision Making

The Audit Committee shall make decisions by resolution. Each member of the committee shall have one vote. In the event of a tie, the Chair shall cast a second and deciding vote.

Code of Conduct

The Code of Conduct of the Board of Trustees shall apply to the Audit Committee.

Vacancies

An Audit Committee member who is a Trustee vacates their position on the committee if,

- (a) they are convicted of an indictable offence; or
- (b) they are absent from two consecutive regular meetings of the committee and the committee has not authorized those absences by a resolution at the first regular meeting of the committee that follows the second absence.

An independent member of the Audit Committee vacates their position on the committee if,

- (a) they are convicted of an indictable offence;
- (b) they are absent from two consecutive regular meetings of the committee and the committee has not authorized those absences by a resolution at the first regular meeting of the committee that follows the second absence;
- (c) they become an employee or officer of the board or of any other school board; or
- (d) it is discovered that they had a conflict of interest as described herein at the time of their appointment and failed to disclose it.

A vacancy on the Audit Committee shall be filled as soon as possible. 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.

Committee Duties

Financial Reporting Process

The Audit Committee has the following duties related to the board's financial reporting process, as prescribed by Regulation 361/10:

1. To review with the director of education, a senior business official and the external auditor the board's financial statements, with regard to the following:
 - i. relevant accounting and reporting practices and issues;
 - ii. complex or unusual financial and commercial transactions of the board;
 - iii. material judgments and accounting estimates of the board;
 - iv. any departures from the accounting principles published from time to time by the Canadian Institute of Chartered Accountants that are applicable to the board.
2. To review with the director of education, a senior business official and the external auditor, before the results of an annual external audit are submitted to the board:
 - i. the results of the annual external audit;
 - ii. any difficulties encountered in the course of the external auditor's work, including any restrictions or limitations on the scope of the external auditor's work or on the external auditor's access to required information;
 - iii. any significant changes the external auditor made to the audit plan in response to issues that were identified during the audit, and

- iv. any significant disagreements between the external auditor and the director of education or a senior business official and how those disagreements were resolved.
3. To review the board's annual financial statements and consider whether they are complete, are consistent with any information known to the audit committee members and reflect accounting principles applicable to the board.
4. To recommend, if the audit committee considers it appropriate to do so, that the board approve the annual audited financial statements.
5. To review with the director of education, a senior business official and the external auditor all matters that the external auditor is required to communicate to the audit committee under generally accepted auditing standards.
6. To review with the external auditor material written communications between the external auditor and the director of education or a senior business official.
7. To ask the external auditor about whether the financial statements of the board's reporting entities, if any, have been consolidated with the board's financial statements.
8. To ask the external auditor about any other relevant issues.

Internal Controls

The Audit Committee has the following duties related to the board's internal controls:

1. To review the overall effectiveness of the board's internal controls.
2. To review the scope of the internal and external auditor's reviews of the board's internal controls, any significant findings and recommendations by the internal and external auditors and the responses of the board's staff to those findings and recommendations.
3. To discuss with the board's officials the board's significant financial risks and the measures the officials have taken to monitor and manage these risks.

Internal Auditor

The Audit Committee has the following duties related to the board's internal auditor:

1. To review the internal auditor's mandate, activities, staffing and organizational structure with the director of education, a senior business official and the internal auditor.
2. To make recommendations to the board on the content of annual or multi-year internal audit plans and on all proposed major changes to plans.

3. To ensure there are no unjustified restrictions or limitations on the scope of the annual internal audit.
4. To review at least once in each fiscal year the performance of the internal auditor and provide the board with comments regarding his or her performance.
5. To review the effectiveness of the internal auditor, including the internal auditor's compliance with the document *International Standards for the Professional Practice of Internal Auditing*, as amended from time to time, published by The Institute of Internal Auditors and available on its website.
6. To meet on a regular basis with the internal auditor to discuss any matters that the audit committee or internal auditor believes should be addressed.
7. To review with the director of education, a senior business official and the internal auditor:
 - i. significant findings and recommendations by the internal auditor during the fiscal year and the responses of the board's staff to those findings and recommendations;
 - ii. 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, and
 - iii. any significant changes the internal auditor made to the audit plan in response to issues that were identified during the audit.

External Auditor

The Audit Committee has the following duties related to the board's external auditor:

1. To review at least once in each fiscal year the performance of the external auditor and make 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.
2. To review the external auditor's audit plan, including:
 - i. the external auditor's engagement letter;
 - ii. how work will be co-ordinated with the internal auditor to ensure complete coverage, the reduction of redundant efforts and the effective use of auditing resources, and
 - iii. the use of independent public accountants other than the external auditor of the board.

- 2.1 To make recommendations to the board on the content of the external auditor's audit plan and on all proposed major changes to the plan.
3. To review and confirm the independence of the external auditor.
4. To meet on a regular basis with the external auditor to discuss any matters that the audit committee or the external auditor believes should be discussed.
5. To resolve any disagreements between the director of education, a senior business official and the external auditor about financial reporting.
6. To recommend to the board a policy designating services that the external auditor may perform for the board and, if the board adopts the policy, to oversee its implementation.

Compliance

The Audit Committee has the following duties related to the board's compliance matters:

1. To review 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 the board's director of education, supervisory officers or other persons employed in management positions to address the non-compliance.
2. To review any significant findings of regulatory entities, and any observations of the internal or external auditor related to those findings.
3. To review the board's process for communicating any codes of conduct that apply to board members or staff of the board to those individuals and the board's process for administering those codes of conduct.
4. To obtain regular updates from the director of education, supervisory officers and legal counsel regarding compliance matters.
5. To obtain confirmation by the board's director of education and supervisory officers that all statutory requirements have been met.

Risk Management

The Audit Committee has the following duties related to the board's risk management:

1. To ask the board's director of education, a senior business official, the internal auditor and the external auditor about significant risks, to review the board's policies for risk assessment and risk management and to assess the steps the director of education and a senior business official have taken to manage such risks, including the adequacy of insurance for those risks.
2. To perform other activities related to the oversight of the board's risk management issues or financial matters, as requested by the board.

3. To initiate and oversee investigations into auditing matters, internal financial controls and allegations of inappropriate or illegal financial dealing.

Reporting

The Audit Committee shall report to the board annually, and at any other time that the board may require, on the committee's performance of its duties.

Transparency

The Audit Committee shall make all reasonable efforts to ensure that a copy of this Terms of Reference and Regulation 361/10 is posted on the board's website.

Powers of the Audit Committee

In carrying out its functions and duties, the Audit Committee has the power to:

- (a) with the prior approval of the board, retain counsel, accountants or other professionals to advise or assist the committee;
- (b) meet with or require the attendance of board members, the board's staff, internal or external auditor or legal counsel or representatives from a reporting entity of the board at meetings of the committee, and require such persons or entities to provide any information and explanation that may be requested;
- (c) where the committee determines it is appropriate, meet with the board's external or internal auditor, or with any staff of the board, without the presence of other board staff or board members, other than board members who are members of the committee;
- (d) require the board's internal or external auditor to provide reports to the committee; and
- (e) have access to all records of the board that were examined by the internal or external auditor.

Effective June 30, 2021