

<b>AUDIT COMMITTEE</b>	No.: F-335
	Effective: May 22/18 Revised: Oct 12/21; Nov. 2/21 Reviewed: Apr. 24/18; Nov. 2/21

**ADMINISTRATIVE REGULATIONS**

**AUDIT COMMITTEE POWERS, STRUCTURE AND OPERATIONS**

**1. 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 Audit Committee.
- (b) Meet with or require the attendance of Management, internal or external auditor or legal counsel or representatives from a reporting entity of the Board at meetings of the Audit Committee, and require such persons or entities to provide any information and explanation that may be requested.
- (c) Where the Audit Committee determines it is appropriate, meet with the Board’s external or internal auditor, counsel, accountants or other professionals, without the presence of staff.
- (d) Require the Board’s internal or external auditor to provide reports to the Audit Committee.
- (e) Have access to all records of the Board.

**2. Composition of the Audit Committee**

The Audit Committee will be comprised of three members, including two trustees of the Board as appointed by the Board and one external community member appointed by the Board, who may be as recommended by the Selection Committee.

The majority of Audit Committee members will be trustees of the Board.

**3. Eligibility for Appointment of Persons who are not Trustees of the Board**

A person who is not a trustee of the Board member may be appointed to and serve on the Board’s Audit Committee only if he or she:

- (a) Is a Canadian citizen who is 18 years of age or older and a resident of British Columbia.

- (b) Has accounting, financial management or other relevant business experience that would enable him or her to understand the accounting and auditing standards applicable to the Board.
- (c) Is not an employee or officer of the Board at the time of appointment.
- (d) Does not have a conflict of interest at the time of appointment.
- (e) Is not an undischarged bankrupt or a person who would be disqualified under the *School Act* or any other enactment from being nominated for, being elected to or holding office as a trustee of the Board.
- (f) Was identified by a trustee of the Board or by the Selection Committee as a potential candidate for appointment to the Audit Committee.

A person has a conflict of interest if his or her parent, child or spouse is employed by or an officer of the Board.

#### **4. Selection Committee**

A selection committee (the “**Selection Committee**”) will identify persons who are not trustees of the Board as potential candidates for appointment to the Audit Committee by the Board.

The Selection Committee shall be composed of:

- (a) The superintendent.
- (b) A member of senior management.
- (c) The chair of the Board or a trustee of the Board designated by the chair.

#### **5. Chair of the Audit Committee**

The Chairperson of the Board will designate the Chairperson of the Audit Committee.

If at any meeting of the Audit Committee the chair is not present, the members present may elect a chair for that meeting.

#### **6. Term of Appointment**

The term of office of each member of the Audit Committee shall be determined by the Board Chair upon appointment of the member. The term of office of a member of the Audit Committee who is a trustee of the Board will not exceed four years or the trustee’s term of office as a trustee of the Board. The term of office of a member of the Audit Committee who is not a trustee of the Board will not exceed three years.

A member of the Audit Committee may be reappointed for subsequent terms.

An individual who is not a trustee of the Board may not be appointed to the Audit Committee more than twice unless:

- (a) The position has been advertised for at least 30 days.
- (b) After the 30 days, the Selection Committee did not identify any potential candidates.

When the term of a member of the Audit Committee expires, the member may continue as a member until a successor is appointed or the member is reappointed.

## **7. Meetings**

The Audit Committee will meet at least three times in each fiscal year at the call of the chair of the Audit Committee, and at such other times as the chair considers advisable.

Each member of the Audit Committee who is a trustee of the Board shall have one vote. A member of the Audit Committee who is not a trustee of the Board shall be a non-voting member. The Audit Committee will make decisions by resolution. In the event of a tie vote, the chair is entitled to cast a second vote.

A majority of the members of the Audit Committee constitutes a quorum for meetings of the Audit Committee.

The chair of the Audit Committee will ensure that minutes are taken at each meeting and provided to the members of the Audit Committee before the next meeting.

## **8. Codes of Conduct**

Any code of conduct of the Board that applies to trustees of the Board also applies to members of the Audit Committee who are not trustees of the Board in relation to their functions, powers and duties as members of the Audit Committee.

## **9. Remuneration and Compensation**

A person shall not receive any remuneration for serving as a member of the Audit Committee. The Board will establish policies respecting the reimbursement of members of its Audit Committee for expenses incurred as members of the Audit Committee.

## **10. Declaration of Conflicts**

Every member of the Audit Committee will, when he or she is appointed to the Audit Committee for the first time and at the first meeting of the Audit Committee in each fiscal year, submit a written declaration to the chair of the Audit Committee declaring whether he or she has a conflict of interest.

A member of the Audit Committee who becomes aware after his or her appointment that he or she has a conflict of interest will immediately disclose the conflict in writing to the other members of the Audit Committee.

If a member or his or her parent, child or spouse could derive any financial benefit relating to an item on the agenda for a meeting, the member will declare the potential benefit at the start of the meeting and withdraw from the meeting during the discussion of the matter and shall not vote on the matter.

If no quorum exists for the purpose of voting on a matter only because a member is not permitted to be present at the meeting because of the conflict, then the remaining members will be deemed to constitute a quorum for the purposes of the vote.

If a potential benefit is declared, a detailed description of the potential benefit declared will be recorded in the minutes of the meeting.

## **11. Reporting**

The Audit Committee will report to the Board annually, and at any other time that the Board may require, or the Audit Committee may consider appropriate, on the Audit Committee's performance of its duties. The report will include:

- (a) A summary of the work performed by the Audit Committee since the last report.
- (b) The results of any review conducted by the Audit Committee and any findings and recommendations of the Audit Committee to the Board.
- (c) An assessment by the Audit Committee of the Board's progress in addressing any findings and recommendations that have been made by the internal or external auditor.
- (d) A summary of the matters addressed by the Audit Committee at its meetings.
- (e) The attendance record of members of the Audit Committee.
- (f) A written report evaluating the Audit Committee's performance.
- (g) Any other matter that the Audit Committee considers relevant.

## **12. Minutes**

The minutes of the Audit Committee meetings will accurately record each decision reached by the Audit Committee. The secretary treasurer, or such other person as may be designated by the Audit Committee will keep the minutes of the proceedings of all meetings of the Audit Committee. The minutes will be distributed to the Audit Committee members with copies to the superintendent, the external auditor and others as directed by the Audit Committee.

## **13. Audit Committee Performance**

On an annual basis, the Audit Committee will assess its performance in fulfilling the duties and responsibilities set out in this Terms of Reference. The assessment will review the performance of the Audit Committee, as well as the contribution and participation of the individuals that comprise the Audit Committee. The evaluation may be a self-assessment or may involve facilitation or review by an external party.

## **14. Orientation and Education**

All members of the Audit Committee will be provided with an orientation to the Audit Committee's duties and functions upon appointment and be offered financial literacy training.

## **DUTIES OF THE AUDIT COMMITTEE**

### **15. Financial Reporting Processes**

The Audit Committee has the following duties related to the Board's financial reporting process:

1. To review the Board's financial statements, including:
  - a. Relevant accounting and reporting practices and issues.

- b. Complex or unusual financial and commercial transactions.
  - c. Material judgments and accounting estimates.
  - d. Any departures from accounting principles that are applicable to the Board.
2. To review, before the results of an annual external audit are submitted to the Board:
  - a. The results of the annual external audit.
  - b. Any difficulties encountered during 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.
  - c. Any significant changes the external auditor made to the audit plan in response to issues that were identified during the audit.
  - d. Any significant disagreements between the external auditor and the superintendent and/or secretary treasurer 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 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 superintendent or secretary-treasurer.
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.

## **16. 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 senior management the Board's significant financial risks and the measures management have taken to monitor and manage these risks.

## **17. Internal Audit**

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
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 standards for internal auditing.
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 discussed.
7. To review with the superintendent and secretary-treasurer and the internal auditor:
  - a. Significant findings and recommendations by the internal auditor during the fiscal year and the responses of the management to those findings and recommendations.
  - b. Any difficulties encountered during 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.
  - c. Any significant changes the internal auditor made to the audit plan in response to issues that were identified during the audit.

## **18. 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:
  - a. The external auditor's engagement letter.
  - b. How work will be coordinated with the internal auditor to ensure complete coverage, the reduction of redundant efforts and the effective use of auditing resources.
  - c. The use of independent public accountants other than the external auditor of the Board.
3. 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.
4. To review and confirm the independence of the external auditor.
5. 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.

6. To attempt to resolve any disagreements between the superintendent and/or secretary treasurer and the external auditor about financial reporting.

7. 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.